

**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)

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**PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF FAITH AND HOPE HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

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**1. INTRODUCTION**

The board of directors (the “**Board**” or “**Directors**”) of Combine Will International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to announce that the Company has on 30 March 2019 entered into a sale and purchase agreement (the “**SPA**”) with Mr. Hung Kam Tim (the “**Purchaser**”) to acquire one share (the “**Sale Share**”) representing 100% of the total issued and paid-up share capital of Faith and Hope Holdings Limited (the “**FHHL**”), a wholly-owned subsidiary of the Company, for a cash consideration of HK\$14,832,869 (approximately S\$2,588,182) (the “**Sale Share Consideration**”) on the terms and conditions of the SPA (the “**Proposed Disposal**”).

**2. INFORMATION ON THE PURCHASER AND THE TARGET**

*The information on the Purchaser was provided by the Purchaser and/or extracted from publicly available sources. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

**2.1 Faith and Hope Holdings Limited**

FHHL is a company incorporated in the Cayman Islands on 4 August 2009 with its registered office address at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. FHHL, a wholly-owned subsidiary of the Company, is an investment holding company. The subsidiaries of FHHL are engaged in the business of machines trading (i.e., the Machine Sales Business Unit of the Group).

Based on the consolidated management financial statements of FHHL made up to 31 December 2018, the book value and net tangible asset (“**NTA**”) value of the Sale Share as at 31 December 2018 was HK\$14,737,536 (approximately S\$2,571,547) and the net profit of FHHL and its subsidiaries for the financial year ended 31 December 2018 (“**FY2018**”) was HK\$71,824 (approximately S\$12,533). The open market value of the Sale Share is not available as the share of FHHL is not publicly traded. No valuation was conducted on FHHL or the Sale Share.

The excess of the proceeds from the Proposed Disposal over the book value of the Sale Share is HK\$95,333 (approximately S\$16,635). The amount of gain on the Proposed Disposal is HK\$95,333 (approximately S\$16,635)

## **2.2 Information on the Purchaser**

The Purchaser, Mr Hung Kam Tim, has been the General Manager, Head of Machine Sales Business Unit of the Group since 2000 and is responsible for the management and operational activities of the Group in relation to its Machine Sales business segment. Prior to joining the Group, he was a regional sales manager at Leeport Machine Tools Co., Ltd. and was involved in the sales and marketing, strategic planning and operational activities of the company for approximately eight years. The Purchaser also holds 30% of the issued share capital of Hopewell Precision Machine Tools Company Limited and Unifaith Machine Tools Company Limited, subsidiaries of FHHL.

Save as disclosed herein, the Purchaser is not related to the Group, the Directors, the controlling shareholders of the Company, or their respective associates. As at the date of this announcement, the Purchaser does not hold any shares in the share capital of the Company (“**CWIHL Shares**”) or any other shareholding interests (direct or indirect) in the Company.

## **3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL**

After having undertaken a strategic review of the Group’s various business segments, the Board has determined that it would be in the best interests of the Group to exit the Machine Sales business. The Proposed Disposal is accordingly an implementation of the Group’s long-term restructuring and development strategy.

## **4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

The principal terms of the Proposed Disposal are as follows:

### **4.1 Consideration**

The aggregate consideration for the Proposed Disposal is HK\$14,832,869 (approximately S\$2,588,182) which was determined pursuant to commercial negotiations between the Company and the Purchaser in good faith and on an arm’s length basis, taking into account the book value and NTA value of the Sale Share as at 31 December 2018, which is HK\$14,737,536 (approximately S\$2,571,547);

### **4.2 Method of Payment**

The Purchaser shall pay the Sale Share Consideration to the Company by remitting the same to the Company’s designated account, the details of which shall be notified by the Company to the Purchaser at least five working days prior to the first payment date. The Sale Share Consideration shall be paid in the following tranches:

|             |                  |               |
|-------------|------------------|---------------|
| 1st payment | 31 December 2019 | HK\$3,000,000 |
| 2nd payment | 31 December 2020 | HK\$3,000,000 |
| 3rd payment | 31 December 2021 | HK\$8,832,869 |

### **4.3 Conditions Precedent**

The obligation of the Company to sell the Sale Share is conditional upon the satisfaction of the

following conditions being fulfilled on or before the date on which the Proposed Disposal is deemed completed (the "**Completion Date**"), unless otherwise expressly waived in writing by the Company:

- (a) the SPA and the transactions contemplated thereunder (the "**Transactions**") not being prohibited by any statute, order, rule or regulation;
- (b) the receipt of any such approvals, waivers, notifications, authorisations and consents (and such approvals, waivers, notifications, authorisations and consents not having been withdrawn or revoked on or prior to the Completion Date) in respect of the SPA and the Transactions from relevant domestic and/or foreign governmental, administrative or regulatory bodies or authorities or courts as the case may be, and any other relevant third parties; and
- (c) no order or judgment of any relevant governmental body having been issued or made prior to the Completion Date which has the effect of making the SPA or the Transactions unlawful or otherwise prohibiting the Company from selling the Sale Share to the Purchaser on completion of the Proposed Disposal ("**Completion**").

#### **4.4 Representations, Warranties and Undertakings**

- (a) The Company, in its capacity as the vendor of the Sale Share, has given and made, among others, the following representations, warranties and undertakings:
  - (i) the Company represents and warrants to the Purchaser that it is the legal and beneficial owner of the Sale Share, and that no declaration of trust, power of attorney, nomination, or any right of pre-emption, option, lien, charge, claim or other encumbrance is attached to the Sale Share on the date of the SPA or shall be attached to the Sale Share on the Completion Date;
  - (ii) the Company undertakes to the Purchaser to procure that FHHL will not, after the signing of the SPA but prior to Completion, allot further shares or incur further liability after the date of the SPA save in the ordinary course of business of FHHL;
  - (iii) the Company represents and warrants to the Purchaser that to the best of its knowledge and belief, having made reasonable enquiries, there is no potential or existing claim or litigation against FHHL, including but not limited to any claim by a government department, bank, employee, contractor, landlord, agent, supplier, or vendor. The Company undertakes to notify the Purchaser in writing as soon as practicable upon becoming aware of any such claim or litigation;
  - (iv) the Company undertakes to procure that FHHL will not, after the signing of the SPA but prior to Completion, enter into any agreement, guarantee or undertaking, or dispose of any assets of FHHL, save for those disclosed to the Purchaser on the date of the SPA or those undertaken in the ordinary course of the business of FHHL; and

- (v) the Company represents and warrants to the Purchaser that the accounts provided by the Company represent a true and fair view of the financial affairs of FHHL on the respective dates which they are made up to. The Company undertakes to notify the Purchaser in writing as soon as practicable upon becoming aware of any material change to such financial affairs before the Completion Date.
- (b) The Purchase has given its undertaking to the Company to procure that FHHL will not allot further shares or any other securities, or declare, pay or make any bonus, distribution or dividend, without the written consent of the existing director appointed to FHHL by the Company for so long as any Sale Share Consideration remains outstanding.

## 5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 5.1 Bases and assumptions

The following are presented purely for illustrative purposes only and are neither indicative nor do they represent the actual future financial situation or any projection of the financial performance or position of the Group following completion of the Proposed Disposal. The financial effects of the Proposed Disposal on the Company as set out below are based on the Group's latest announced financial statements for FY2018, as well as the following bases and key assumptions:

- (a) the financial effects of the Proposed Disposal on the Group's NTA per CWIHL Share are computed based on the assumption that the Proposed Disposal was completed on 31 December 2018; and
- (b) the financial effects of the Proposed Disposal on the Group's earnings per CWIHL Share ("EPS") are computed based on the assumption that the Proposed Disposal was completed on 1 January 2018.

### 5.2 Share Capital

As no new CWIHL Shares will be issued by the Company in connection with the Proposed Disposal, the Proposed Disposal will have no impact on the Company's issued share capital.

### 5.3 NTA per CWIHL Share

|  | Before the Proposed Disposal | After the Proposed Disposal |
|--|------------------------------|-----------------------------|
| NTA as at 31 December 2018<br>(HK\$'000) | 627,294                      | 627,389                     |
| Number of CWIHL Shares                   | 32,327,400                   | 32,327,400                  |
| NTA per CWIHL Share(HK\$)                | 19.40                        | 19.41                       |

**Note:-**

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).

#### 5.4 EPS per CWIHL Share

|  | Before the Proposed Disposal | After the Proposed Disposal |
|--|------------------------------|-----------------------------|
| Profit after taxation and non-controlling interests (HK\$'000) | 52,747                       | 52,842                      |
| Weighted average number of CWIHL Shares                        | 32,327,400                   | 32,327,400                  |
| EPS (HK cents)   | 163.16                       | 163.46                      |

#### 5.5 Gearing

|  | Before the Proposed Disposal | After the Proposed Disposal |
|--|------------------------------|-----------------------------|
| Net borrowings / (cash) <sup>(1)</sup> as at 31 December 2018 (HK\$'000) | 239,613                      | 236,399                     |
| Shareholders' equity (HK\$'000)  | 629,221                      | 629,317                     |
| Gearing (times)  | 0.52                         | 0.51                        |

**Note:-**

- (1) Net borrowings means total borrowings less cash and bank balances. Net cash means cash and bank balances are more than total borrowings.

#### 6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced consolidated financial statements of the Group for FY2018, the relative figures determined in respect of the Proposed Disposal as computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") are as follows:

|     | Bases Under Rule 1006  | Relative Figure               |
|-----|--|-------------------------------|
| (a) | The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.  | 2.34%                         |
| (b) | The net profits <sup>(1)</sup> attributable to the assets acquired or disposed of, compared with the Group's net profits.  | 0.08% <sup>(2)</sup>          |
| (c) | The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.  | 7.93% <sup>(3)</sup>          |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.  | Not applicable <sup>(4)</sup> |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil & gas company, but not to an acquisition of such assets. | Not applicable                |

**Notes:-**

- (1) Net profits means profit or loss before income tax, minority interest and extraordinary items.
- (2) Based on the net profits attributable to the Sale Share of HK\$43,095 (approximately S\$7,520) compared to the net profits / (loss) attributable to the Group for FY2018 of HK\$52,747,032 (approximately S\$9,203,809).
- (3) Based on the consideration of HK\$14,832,869 (approximately S\$2,588,182) compared to the Company's market capitalisation of approximately S\$32,650,674. The market capitalisation of the Company was computed based on the weighted average price of S\$1.01 per CWIHL Share on 29 March 2019 (being the market day preceding the date of the SPA) and 32,327,400 CWIHL Shares in issue as at 29 March 2019 (being the date of the SPA).
- (4) Rule 1006(d) of the Listing Manual is not applicable as the Company is not issuing equity securities as consideration for the Proposed Disposal.

Accordingly, the Proposed Disposal will constitute a discloseable transaction under Chapter 10 of the Listing Manual.

**7. USE OF PROCEEDS**

The net sale proceeds from the Proposed Disposal will be HK\$13,333 (approximately S\$2,326) (after deducting taxes and expenses of approximately HK\$82,000 (approximately S\$14,308)) incurred in connection with the Proposed Disposal) (the "**Net Sale Proceeds**"). The intended use of the Net Sale Proceeds is as working capitals.

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors (other than in his capacity as a Director or shareholder of the Company) or controlling Shareholders of the Company and their respective associates (other than through their respective shareholding interests in the Company) has any interests, direct or indirect, in the Proposed Disposal.

**9. SERVICE CONTRACTS**

There are no Directors who are proposed to be appointed to the Board in connection with the Proposed Disposal. Accordingly, no service contract in relation to the Company is proposed to be entered into between the Company and any such person.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA will be made available for inspection during normal business hours, on any weekday (public holidays excepted), at the office of the Company's local share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 for a period of three (3) months from the date of this announcement.

**11. CAUTION IN TRADING**

**Shareholders and potential investors are advised to exercise caution in trading their CWIHL Shares as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Disposal. Shareholders are advised to read this announcement and any**

**further announcements by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

**BY ORDER OF THE BOARD**

Tam Jo Tak, Dominic  
Executive Director

30 March 2019