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

PROPOSED ACQUISITION OF LAND IN CENTRAL JAVA, INDONESIA

---

1. INTRODUCTION

The board of directors (the "**Directors**" or the "**Board**") of Combine Will International Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that PT Combine Will Industrial Indonesia (the "**Purchaser**"), a newly established indirect wholly-owned subsidiary of the Company, has entered into sale and purchase agreements (the "**SPA**") with 25 individual owners (the "**Vendors**", and together with the Purchaser, the "**Parties**") in connection with the acquisition (the "**Acquisition**") of 28 plots of industrial land with a total land area of 5.6 hectares located in Karang Malang, Masaran, Sragen, Central Java, Indonesia (the "**Properties**") for a cash consideration of IDR 30 billion (approximately S$3.1 million[1]) (the "**Consideration**").

2. INFORMATION ON THE PROPERTIES

Each of the Properties is a leasehold property with remaining land tenure of approximately 25 years which will expire on 22 July 2041. The Properties will be sold on an 'as-is-where-is' basis.

3. RATIONALE FOR THE ACQUISITION

In line with the Group's strategy to diversify its production base and relocate its labour-intensive production operations to enjoy greater cost efficiencies, the Group intends to build a new factory with a total production area of 30,000 sq m on the Properties. The construction of the new factory will take place in three phases. Production is estimated to commence in the first quarter of 2017.

The Purchaser has an authorised capital of IDR 136.5 billion (approximately US$10.5 million[2]) and an initial issued and paid-up capital of IDR 39 billion (approximately US$3.0 million[3]). The Company intends to increase the Purchaser's issued and paid-up capital to IDR 104 billion (approximately US$8.0 million[4]) no later than the commencement of production. The total amount that would be committed to purchase the Properties and the payment for the building costs in the initial phase as well as for the purchase of equipment and machinery is currently envisaged to be approximately IDR 104 billion (approximately US$8.0 million).

---

[1] Using an exchange rate of S$1.00 : IDR 9,685.48
[2] Using an exchange rate of US$1.00 : IDR 13,000.00
[3] Using an exchange rate of US$1.00 : IDR 13,000.00
[4] Using an exchange rate of US$1.00 : IDR 13,000.00

4. CONSIDERATION

The Consideration of IDR 30 billion (approximately S$3.1 million[5]) was arrived at on a willing-buyer willing-seller basis, and will be funded using internally generated funds.

5. KEY TERMS OF THE ACQUISITION

The key terms of the Acquisition include the following:

(a) *Consideration*

A deposit of IDR1.2 billion (approximately S$0.1 million[6]) (the "**Deposit**") has been paid to the Vendors upon the signing of the SPA, and the Consideration (less the Deposit) (the "**Balance Amount**") must be fully paid to the Vendors on Completion which is targeted to be 5 August 2016 (the "**Balance Amount Due Date**"). In the event that any part of the Balance Amount remains outstanding after the Balance Amount Due Date, a daily interest rate of 0.1% will be applicable to the outstanding sum.

(b) *Termination*

The SPA may be terminated by mutual agreement between the Vendors and the Purchaser. In the event that the Vendors elect to terminate the SPA without the prior consent of the Purchaser, a penalty fee (the "**Penalty Fee**") amounting to ten times the Deposit will be payable by the Vendors to the Purchaser , failing which, a daily interest rate of 0.3% will be applicable to the Penalty Fee.

(c) *Costs*

Any stamp duty or taxes payable in connection with the SPA or the Acquisition shall be borne by the Parties.

6. VALUE OF THE PROPERTIES

The Properties have a book value of IDR2.6 billion. Assuming that the Acquisition had been completed on 31 December 2015, the net profit attributable to the Properties is nil.

7. FINANCIAL EFFECTS OF THE ACQUISITION

The pro forma financial effects of the Acquisition, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**"), being the most recently completed financial year, are set out below. They are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Acquisition.

[5] Using an exchange rate of S$1.00 : IDR 9,685.48
[6] Using an exchange rate of S$1.00 : IDR 9,685.48

(a) *Net Tangible Asset per Share*

Assuming that the Acquisition had been completed on 31 December 2015, the effect of the Acquisition on the Company's net tangible asset ("**NTA**") per share as at 31 December 2015 would have been as follows:

	Before the Acquisition	**After the Acquisition**
NTA[1] attributable to the shareholders (HK$'000)	648,009	648,009
Number of shares ('000)	32,800	32,800
NTA per share	HKD 19.76	HKD 19.76

Note:-

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

(b) *Earnings per Share*

Assuming that the Acquisition had been completed on 1 January 2015, the effect of the Acquisition on the Company's earnings per share ("**EPS**") for FY2015 would have been as follows:

	Before the Acquisition	**After the Acquisition**
Profit after taxation and non-controlling interests (HK$'000)	17,539	17,539
Number of shares ('000)	32,800	32,800
EPS	HKD 0.53	HKD 0.51

8. CHAPTER 7 AND CHAPTER 10 OF THE LISTING MANUAL

(a) *Rule 704(17)(c)*

In compliance with Rule 704(17)(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the Board wishes to inform Shareholders that the Company has established an indirect wholly-owned subsidiary in Indonesia, PT Combine Will Industrial Indonesia, for the purposes of the Acquisition.

(b) *Rule 1006*

Based on the latest unaudited financial statements of the Group for the financial period commencing 1 January 2016 and ending 31 March 2016 ("**1Q2016**"), the relative figures for the Acquisition as computed in accordance with 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)	NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	Not applicable as the Acquisition involves an acquisition of assets.
(b)	Net profits / (loss)[(1)] attributable to the assets acquired or disposed of, compared with the Group's net profits.	0%[(2)]
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	16.98%[(3)]
(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 as the Consideration will be paid in cash.
(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 the Company is not a mineral, oil and gas company.

Note:-

(1) "**Net profits / (loss)**" means profit or loss before income tax, minority interests and extraordinary items.

(2) Based on the net profits / (loss) attributable to the Properties of S$0.00 and the net profits / (loss) attributable to the Group for 1Q2016 of S$2.376 million.

(3) Based on the Consideration of S$3.1 million and the market capitalisation of the Company being S$18.26 million, which is calculated based on the weighted average price of S$0.565 per share on 21 July 2016 (being the market day preceding the date of the SPA) and 32,327,400 shares in issue as at 21 July 2016 (being the date of the SPA).

The Board notes that the relative figures computed on the bases set out above exceed 5.0% (but are less than 20.0%). Accordingly, the Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

9. SERVICE CONTRACT

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

10. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors (other than in his capacity as a Director or shareholder of the Company) or controlling shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the Acquisition.

11. DOCUMENTS FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

By Order of the Board

Chiu Hau Shun, Simon
Executive Director
22 July 2016