

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

**RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S
COMMENTS ON THE 2017 ANNUAL REPORT**

The Board of Directors (the “**Board**”) of Combine Will International Holdings Limited (the “**Company**”) wishes to respond to comments received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the Annual Report issued by the Company in respect of the financial year ended 31 December 2017 (the “**2017 Annual Report**”).

Unless otherwise defined, capitalised terms used herein shall have the meanings ascribed to them in the 2017 Annual Report.

SGX-ST Query 1

Guideline 2.4 of the Code of Corporate Governance 2012 (the “Code”) states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

As required under Listing Rule 710, please make disclosure as recommended in the Code; or otherwise disclose and explain any deviation from the recommendation.

Company’s Response:

As disclosed on Page 24 of the 2017 Annual Report, the Independent Directors provide a strong independent element on the Board, being free from business or other relationships which could materially interfere with the exercise of their judgment. These Directors continue to provide stability to the Board and the Company has benefited greatly from the presence of individuals who are specialists in their own field. Furthermore, their length of service on the Board has not only allowed them to gain valuable insight into the Group, its business, markets and industry, but has also given them the opportunity to bring the full breadth and depth of their business experience to the Company. They provide a strong independent element on the Board, being free from business or other relationships which could materially interfere with the exercise of their judgment. These Directors continue to provide stability to the Board and the Company has benefited greatly from the presence of individuals who are specialists in their own field. Furthermore, their length of service on the Board has not only allowed them to gain valuable insight into the Group, its business, markets and industry, but has also given them the opportunity to bring the full breadth and depth of their business experience to the Company.

In addition to the above-mentioned disclosure, the Company would like to state the following:

Notwithstanding that two of the Independent Directors, namely, Mr. Alexander Cheung Hok Fung and Mr. Jack Chia Seng Hee, have served on the Board for more than 9 years as at the time of the publication of the 2017 Annual Report, the Board is of the view that both Mr. Cheung and Mr. Chia have continued to demonstrate strong independence in character and judgment as well as when undertaking their respective roles as independent directors on the Board and as chairpersons and members of the various Board committees.

- The Board has also noted the active and effective contributions of Mr. Cheung and Mr. Chia at each Board meeting and they have been providing impartial and autonomous views. Accordingly, the Board is of the view that Mr. Cheung and Mr. Chia have acted independently of the controlling shareholder, the Executive Directors and the Management of the Company. Each of them has been subjected to the same rigorous review and assessment which the Board and the Nominating Committee would in the ordinary course carry out in respect of an appointment of a new Independent Director.
- The Board has also ensured that each of them do not have any interests (whether in terms of shareholding in the Company, customers, suppliers, contracts entered into by the Group or otherwise) that would be in conflict with the interests of the Company or the Shareholders as a whole.

In arriving at the decision that the Company should continue to have each of them continue to serve as Independent Directors notwithstanding that they have each served more than 9 years from their respective dates of first appointment, the Board has also taken into account the fact that the Company has recently returned back to profitability in 2017 (after recording losses for 2016) and accordingly would continue to benefit from the participation and views of each of them as Directors of the Company going forward. The Board also notes that the Group is embarking on a number of initiatives including the expansion of the Group's business and production into Indonesia and the proposed relocation of its manufacturing facilities from Dongguan, Guangdong Province, the People's Republic of China. The familiarity of each of them with the aforesaid projects would be valuable in providing effective guidance to the Group whilst looking after the interests of the Shareholders as a whole.

SGX-ST Query 2

Guideline 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) regarding the effectiveness of the company's risk management and internal control systems.

(emphasis added)

As required under Listing Rule 710, please make disclosure as recommended in the Code; in particular, whether the Board has received assurance from the CEO and the CFO (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.

Company's Response:

As disclosed on Page 32 of the 2017 Annual Report, for the purposes of compliance with the Code, the Board would obtain assurance from the Chief Executive Officer and Acting Chief Financial Officer that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, and an effective risk management and internal controls system has been put in place. Based on the existing framework of financial, operational and compliance controls established and the reviews conducted by Management and the internal and external auditors, the Board opines, with the concurrence of the AC, that there were adequate internal controls and risk management processes in place within the Group addressing material financial, operational and compliance risks to meet the needs of the Group, taking into account the nature and scope of its operations. The system of internal control and risk management established by Management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board wishes to clarify that it has obtained assurance from the Chief Executive Officer and Acting Chief Financial Officer that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, and an effective risk management and internal controls system has been put in place.

SGX-ST Query 3

As required under Listing Rule 907, please disclose the aggregate value of interested person transactions entered into during the financial year under review. The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format:-

<i>Name of interested person</i>	<i>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</i>	<i>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</i>

Company's Response:

As required, the Board wishes to provide the disclosure in the format provided under Listing Rule 907 as follows:

<i>Name of interested person</i>	<i>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</i>	<i>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</i>
No interested person has entered into any interested person transaction with the Company or the Group for the financial year ended 31 December 2017	- Nil -	- Nil -

By Order of the Board

Chiu Hau Shun, Simon
Executive Director

30 May 2018