

**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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**RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S  
COMMENTS ON THE 2018 ANNUAL REPORT**

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The Board of Directors (the “**Board**”) of Combine Will International Holdings Limited (the “**Company**”) wishes to respond to comments received on 22 April 2019 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 2018 (the “**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. The Board should also explain why any such director should be considered independent.*

*As required under Listing Rule 710, please make disclosures as recommended in the Code or otherwise explain the reason(s) for the deviation.*

**Company's Response**

As disclosed on Page 24 of the 2018 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.

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 had an improved gross profit margin in 2018 (compared to 2017) 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 has embarked on a number of initiatives including the expansion of the Group's business and production into Indonesia and the 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**

*As disclosed in Note 18 to the Financial Statements that some of the subsidiaries are not required to be audited according to the laws of the country of incorporation, please clarify as to whether and how the Company has complied with Listing Rule 715(2) which states that an issuer must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies.*

### **Company's Response**

The following foreign-incorporated subsidiaries are not required to be audited according to the laws of country of incorporation as disclosed in Note 18 to the Financial Statements:

<b>Foreign-incorporated Subsidiary</b>	<b>Country of Incorporation</b>
Combine Will Holdings Limited	Cayman Islands
APT International Holdings Limited	Cayman Islands
Faith and Hope Holdings Limited	Cayman Islands
Triple Wise Co., Ltd	British Virgin Islands
Combine Will Industrial (Overseas) Company Limited	British Virgin Islands
Million Favour Inc	Samoa
Altrust Precision Tooling Company Limited	Samoa

The Company confirms that these foreign-incorporated subsidiaries are mainly investment holding companies; and that, in relation to each of them, neither its net tangible assets nor pre-tax profits represent 20% or more of the Group's consolidated net tangible assets or pre-tax profits respectively and thus they are not significant subsidiaries of the Group. The Group has closely monitored the activities of these subsidiaries, and the Board and audit committee of the Group have agreed that the activities of the subsidiaries do not pose any significant risk to the financial report. The accounting records of these subsidiaries were also reviewed by the Group auditors and no material misstatement was noted on the consolidated financial statement.

The following foreign-incorporated subsidiaries were disposed of during the year.

<b>Foreign-incorporated Subsidiary</b>	<b>Country of Incorporation</b>
Dongguan Zhong Xin Business Management Co., Ltd.	Dongguan, Guangdong, PRC
Dongguan Lian Zhi Business Management Co., Ltd.	Dongguan, Guangdong, PRC

The Company confirms that in relation to each of these foreign-incorporated subsidiaries, neither its net tangible assets nor pre-tax profits represent 20% or more of the Group's consolidated net tangible assets or pre-tax profits respectively and thus they are not significant subsidiaries of the Group prior to being disposed of. The accounting records of these subsidiaries as of the date of disposal were reviewed by the Group auditors.

In addition, the Company confirms that P.T. Combine Will Industrial Indonesia, an Indonesia-incorporated subsidiary, is not a significant subsidiary of the Group since neither its net tangible assets nor pre-tax profits represent 20% or more of the Group's consolidated net tangible assets or pre-tax

profits respectively. The Group has closely monitored the activities of this subsidiary, and the Board and audit committee of the Group have agreed that the activities of the subsidiary do not pose any significant risk to the financial report. The accounting records of the subsidiary were also reviewed by the Group auditors and no material misstatement was noted on the consolidated financial statement.

### **SGX-ST Query 3**

*As disclosed in Note 8 to the Financial Statements relating to Related Party Transactions, please clarify as to whether and how the Company has complied with Listing Rule 907 which states that an issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. 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:-*

Name of interested person	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
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### **Board Response**

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

Name of interested person	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Crownington International Holdings Limited (Mr. Ning Li, a director of the Company, holds 60% of Crownington International Holdings Limited's shares and Mr. Simon Chiu, a director of the Company, is the sole director of Crownington International Holdings Limited) <sup>1</sup>	- nil -	- nil -

<sup>1</sup> Pursuant to the announcement of the Company dated 9 September 2018, the Group had entered into a share subscription agreement with Crownington International Holdings Limited pursuant to which the Group had been granted the option to subscribe for 1,111 fully paid redeemable ordinary shares representing 10% of the capital of Crownington International Holdings Limited for an aggregate consideration of HK11.7 million (approximately S\$2,049,701) (the "Consideration"). As ~~the option has not been exercised by the Group completion of the transaction has not taken place~~ as of the date hereof, the Consideration has not been paid to Crownington International Holdings Limited.

**By Order of the Board**

Tam Jo Tak Dominic  
Executive Chairman and Chief Executive Officer

24 April 2019