

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

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (THE “ANNUAL REPORT 2013”)

- QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”)

The board of directors of Combine Will International Holdings Limited (the “**Company**”) refers to the Annual Report 2013 issued to shareholders on 14 April 2014. Unless otherwise defined, all capitalized terms used in this announcement shall bear the same meanings ascribed to them in the Annual Report 2013.

In relation to the Annual Report 2013, the SGX-ST has raised certain queries and the Company’s responses to the said queries are set out against each of them:

1. *It was disclosed on page 55 that the following significant subsidiaries of the Group were audited by RSM Nelson Wheeler (i) Combine Will Industrial Company Limited, (ii) Loong Run Industrial Company Limited, (iii) Unifaith Machine Tools Company Limited, and (iv) Hopewell Precision Machine Tools Company Limited. To explain how the Company has complied with Listing Rule 712 when the group auditors registered with ACRA, RSM Chio Lim LLP, had not audited any of the significant subsidiaries.*

Company’s response: As RSM Nelson Wheeler (“**RSM NW**”) does not satisfy the requirements under Listing Rule 712, the Company appointed RSM Chio Lim LLP (“**RSM CL**”) as joint auditors for the financial year ended 31 December 2013 to meet the requirements under Listing Rule 712. In performing their roles as joint auditors, RSM CL and RSM NW had worked together from the pre-planning, planning and fieldwork to completion of the audit of the Company, which was in compliance with the “AGS 10 Joint Audits” guidance statement issued by the Institute of Certified Public Accountants of Singapore in December 2012. Pursuant to this guidance statement, joint auditors would have to apply the same auditing principles and guidance as they are jointly and severally responsible for the audit and for the audit opinion expressed on the financial statements.

In considering RSM CL’s appointment as joint auditor, the AC had taken into account RSM CL’s adequacy of resources, experience and audit engagements in view of the Group’s operations, the number of supervisory and professional staff assigned to the audit of the Group and their audit arrangements for the Group. In particular, the AC had taken into account the fact that RSM NW and RSM CL had acted as joint reporting accountants and joint auditors for the Company’s initial public offering, with the current audit partner of RSM CL assigned to the Company being the same audit partner who was in charge at that time.

Having previously cooperated on the Group’s audit during the initial public offering and being members of the same RSM network, the Company is of the view that RSM NW and RSM CL would be well-positioned to work together as joint auditors for the purposes of the Group’s annual audit.

Accordingly, after considering all the abovementioned factors, the Company is of the view that the appointment of RSM CL as joint auditors with RSM NW has enabled the Company to meet the objective and spirit of Rule 712.

2. *It was disclosed on page 55 that the following significant subsidiaries of the Group were audited by He Cheng Certified Public Accountants (“**He Cheng**”) (i) Combine Will (Dongguan) Ind. Co., Limited, (ii) Dongguan Loong Run Toys Company Limited, (iii) Altrust Precision Tooling (Dongguan) Co., Ltd., and (iv) Heyuan Loong Run Toys Company Limited. To explain*

how the Company has complied with Listing Rule 715. To provide specific details on the considerations of the suitability of He Cheng by the Audit Committee of the Company.

Company's response: The Company wishes to clarify that Heyuan Loong Run Toys Company Limited was audited by Da Chuan Certified Public Accountants ("**Da Chuan**") as disclosed on page 55 of the Annual Report 2013, and not He Cheng as stated in the above query from the SGX-ST.

According to Article 165 of the Company Law of the People's Republic of China (2005 Revision) (中华人民共和国公司法 (2005 修订) 第 165 条) and Article 31 of Accounting Law of the People's Republic of China (1999 Revision) (中华人民共和国会计法 (1999 修订) 第 31 条), the financial statements of companies incorporated in the People's Republic of China (the "**PRC**") must be audited by auditing firms that are registered in the PRC and whose accountants are members of the China Institute of Certified Public Accountants. Accordingly, the Company had engaged He Cheng and Da Chuan as the statutory auditors of its PRC-incorporated subsidiaries.

He Cheng was set up in 1995 and has mainly acted as the statutory auditors of companies incorporated in the PRC as well as a provider of other professional services. Based on information previously provided to the Company, the Company understands that He Cheng has staff strength of 38 people, of which eleven are Certified Public Accountants in the PRC, and it also has approximately 300 audit clients. He Cheng has assigned four professional staff, of whom one is a Certified Public Accountant in the PRC, to audit, amongst others, each of Combine Will (Dongguan) Ind. Co., Limited, Dongguan Loong Run Toys Company Limited and Altrust Precision Tooling (Dongguan) Co., Ltd..

Da Chuan was set up in 2009 and has mainly acted as the statutory auditors of companies incorporated in the PRC as well as a provider of other professional services. The Company understands that Da Chuan has staff strength of 19 people, of which three are Certified Public Accountants in the PRC, and it also has approximately 400 audit clients. Da Chuan has assigned three professional staff, of whom one is a Certified Public Accountant in the PRC, to audit Heyuan Loong Run Toys Company Limited.

The Board and the AC had formed their views that each of He Cheng and Da Chuan is a suitable auditing firm for the Company's PRC subsidiaries based on the above. Thus, the Company has complied with Rule 715.

3. *It was disclosed on page 55 that Altrust Precision Tooling Company Limited and Million Favour Inc. are two significant subsidiaries but they are not required to be audited according to the laws of Samoa, its country of incorporation. Listing Rule 715(2) requires an issuer to engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies. Please explain how the Company has complied with Listing Rule 715(2).*

Company's response: Altrust Precision Tooling Company Limited ("**APT**") Million Favour Inc. ("**Million Favour**") are companies that are incorporated in Samoa. Although APT and Million Favour are significant subsidiaries of the Group, there was no statutory audit report issued for either entity because it is not required according to the laws of Samoa. However, for the purpose of preparing the consolidation account, APT and Million Favour as well as the other companies in the Group which are not subject to statutory audit requirements have been audited by RSM NW (as mentioned in Note 17 to the financial statements on page 55 of the Annual Report 2013). As such, the Company has complied with Listing Rule 715(2).

By Order of the Board

Chiu Hau Shun, Simon
Executive Director

12 May 2014