

CIRCULAR DATED 9 APRIL 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular (as defined herein) is issued by Combine Will International Holdings Limited (聯志國際控股有限公司)(the “**Company**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of EGM (as defined herein) and the attached Proxy Form (as defined herein) to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Proxy Form to be sent to the purchaser or transferee.

If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this Circular with the Notice of EGM and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.



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 Number: MC-196613)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (1) PROPOSED DISPOSAL OF 100% OF THE REGISTERED SHARE CAPITAL OF DONGGUAN LIAN ZHI BUSINESS MANAGEMENT CO., LTD. (东莞联志企业管理有限公司) FOR AN AGGREGATE CONSIDERATION OF RMB100,000,000 (APPROXIMATELY S\$20,538,098)**
- (2) PROPOSED DISPOSAL OF 100% OF THE REGISTERED SHARE CAPITAL OF DONGGUAN ZHONG XIN BUSINESS MANAGEMENT CO., LTD. (东莞忠信企业管理有限公司) FOR AN AGGREGATE CONSIDERATION OF RMB60,000,000 (APPROXIMATELY S\$12,322,859)**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	22 April 2018 at 11:30a.m.
Date and time of Extraordinary General Meeting	:	24 April 2018 at 11:30a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place)
Place of Extraordinary General Meeting	:	10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

Act or Companies Act	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
APTC	:	Has the meaning ascribed to it in Paragraph 1.1(b) of this Circular
APTD	:	Has the meaning ascribed to it in Section 2.2.1 of this Circular
Board	:	The board of Directors of the Company for the time being
Cangwu Government	:	Has the meaning ascribed to it in Section 5.1 of this Circular
Cangwu Production Facility	:	Has the meaning ascribed to it in Section 5.1 of this Circular
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Shareholders dated 9April 2018
Company	:	Combine Will International Holdings Limited (聯志國際控股有限公司)
Completion	:	Has the meaning ascribed to it in Section 3.1 of this Circular
Consideration	:	Has the meaning ascribed to it in Section 2.4.1 of this Circular
CWIC	:	Has the meaning ascribed to it in Section 1.1(a) of this Circular
Depositor Proxy Form	:	The proxy form to be completed and signed by a member who has Shares entered against his name in the Depository Register and who: (a) is unable to attend the EGM and wishes to attend a proxy; (b) is a corporation
DGLZ	:	Has the meaning ascribed to it in Section 1.1(a) of this Circular
DGLZ Equity Interest	:	Has the meaning ascribed to it in Section 1.1(a) of this Circular
DGLZ Property	:	Has the meaning ascribed to it in Section 2.1.1 of this Circular
DGLZ Property Lease Agreement	:	Has the meaning ascribed to it in Section 2.1.2 of this Circular
DGLZ Property Valuation Report	:	Has the meaning ascribed to it in Section 2.4.1(a) of this Circular
DGLZ SPA	:	Has the meaning ascribed to it in Section 1.1(a) of this Circular
DGZX	:	Has the meaning ascribed to it in Section 1.1(b) of this Circular

DEFINITIONS

DGZX Equity Interest	:	Has the meaning ascribed to it in Section 1.1(b) of this Circular
DGZX Property	:	Has the meaning ascribed to it in Section 2.2.1 of this Circular
DGZX Property Valuation Report	:	Has the meaning ascribed to it in Section 2.4.1(b) of this Circular
DGZX SPA	:	Has the meaning ascribed to it in Section 1.1(b) of this Circular
Director(s)	:	Director(s) of the Company for the time being
“Dongguan Qiteng”	:	Has the meaning ascribed to it in Section 2.2.2 of this Circular
EGM	:	The extraordinary general meeting of the Company to be held at 10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315 on 24 April 2018 at 11:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place), notice of which is given in the Notice of Extraordinary General Meeting set out on Pages N-1 to N-3 of this Circular
EPS	:	Earnings per Share
FY	:	The financial year ended, or as the case may be, ending 31 December
Group	:	The Company and its subsidiaries
Guangdong Zheng Liang	:	Has the meaning ascribed to it in Section 2.4.1(a) of this Circular
Hong Kong	:	Hong Kong Special Administrative Region
Interim Period	:	Has the meaning ascribed to it in Section 5.1 of this Circular
Latest Practicable Date	:	The latest practicable date prior to the printing of this Circular for ascertaining information included herein, being 2 April 2018
Listing Manual	:	The listing manual of the SGX-ST, as amended or modified from time to time
LZTG	:	Has the meaning ascribed to it in Section 2.1.1 of this Circular
Market Day	:	A day on which the SGX-ST is open for trading in securities
Member Proxy Form	:	The proxy form to be completed and signed by a member who has Shares registered in his name in the Register of Members of the Company and who is unable to attend the EGM and wishes to attend a proxy

DEFINITIONS

Net Sale Proceeds	:	Has the meaning ascribed to it in Section 5.2 of this Circular
Notice of EGM	:	The notice of EGM as set out on Pages N-1 to N-3 of this Circular
NTA	:	Net tangible assets
PRC	:	Has the meaning ascribed to it in Section 2.1.1 of this Circular
Proposed DGLZ Sale	:	Has the meaning ascribed to it in Section 1.1(a) of this Circular
Proposed DGZX Sale	:	Has the meaning ascribed to it in Section 1.1(b) of this Circular
Proposed Sale	:	Has the meaning ascribed to it in Section 1.1(b) of this Circular
Proxy Form	:	The Member Proxy Form and the Depositor Proxy Form
Securities Account	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
SFA	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
SGX-ST	:	Singapore Exchange Securities Trading Limited
Share(s)	:	Ordinary share(s) in the capital of the Company
Shareholders or members	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “ Shareholders ” or “ members ” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
Substantial Shareholders	:	Shareholders who are beneficial owners of five per cent (5%) or more of Shares
Valuation Reports	:	Has the meaning ascribed to it in Section 2.4.1(b) of this Circular
Veken	:	Has the meaning ascribed to it in Section 1.1(a) of this Circular
HK\$ or HK cents	:	Dollars and cents respectively of the currency of Hong Kong
RMB	:	Renminbi of the currency of the People’s Republic of China
S\$ or cents	:	Dollars and cents respectively of the currency of Singapore
%	:	Per centum or percentage

DEFINITIONS

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it under Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act, the SFA or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancy in the figures included in this Circular, the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, an exchange rate of S\$1.00 : RMB4.869 or S\$1.00 : HK\$5.726, being the applicable exchange rates as at 23 October 2017, have been applied to the figures included in this Circular.

LETTER TO SHAREHOLDERS

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 Number: MC-196613)

Directors

Tam Jo Tak, Dominic (Executive Chairman / Chief Executive Officer)
Chiu Hau Shun, Simon (Executive Director)
Li Hin Lun, Alan (Executive Director)
Cheung Hok Fung, Alexander (Lead Independent Director)
Chia Seng Hee, Jack (Independent Director)
Ning Li (Independent Director)

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

9 April 2018

To: The Shareholders of Combine Will International Holdings Limited

Dear Shareholders,

- (1) **PROPOSED DISPOSAL OF 100% OF THE REGISTERED SHARE CAPITAL OF DONGGUAN LIAN ZHI BUSINESS MANAGEMENT CO., LTD. (东莞联志企业管理有限公司) FOR AN AGGREGATE CONSIDERATION OF RMB100,000,000 (APPROXIMATELY S\$20,538,098)**
- (2) **PROPOSED DISPOSAL OF 100% OF THE REGISTERED SHARE CAPITAL OF DONGGUAN ZHONG XIN BUSINESS MANAGEMENT CO., LTD. (东莞忠信企业管理有限公司) FOR AN AGGREGATE CONSIDERATION OF RMB60,000,000 (APPROXIMATELY S\$12,322,859)**

1. INTRODUCTION

1.1. Background

On 30 October 2017, the Company announced that:

- (a) Combine Will Industrial Company Limited (联志工业有限公司) (“**CWIC**”) has entered into a share transfer agreement dated 27 October 2017 (the “**DGLZ SPA**”) with Veken Group Co., Ltd. (维科控股集团股份有限公司) (Company Registration No.: 91330200704847832K) (“**Veken**”) for the proposed sale of 100% of the registered share capital (the “**DGLZ Equity Interest**”) of Dongguan Lian Zhi Business Management Co., Ltd. (东莞联志企业管理有限公司) (“**DGLZ**”) for an aggregate consideration of RMB100,000,000 (approximately S\$20,538,098) (the “**Proposed DGLZ Sale**”); and
- (b) Altrust Precision Tooling Company Limited (忠信制模有限公司) (“**APT**”) has entered

LETTER TO SHAREHOLDERS

into a share transfer agreement dated 27 October 2017 (the “**DGZX SPA**”) with Veken for the proposed sale of 100% of the registered share capital (the “**DGZX Equity Interest**”) of Dongguan Zhong Xin Business Management Co., Ltd. (东莞忠信企业管理有限公司) (“**DGZX**”) for an aggregate consideration of RMB60,000,000 (approximately S\$12,322,859) (the “**Proposed DGZX Sale**”) and together with the Proposed DGLZ Sale, the “**Proposed Sale**”).

The Company also refers to the announcement dated 30 October 2017 in relation to the investment agreement entered into between the Group and the Cangwu Government relating to the Cangwu Production Facility. Please refer to **Appendix B** for a summary of the key terms.

The announcements referred to above are available on the SGX-ST’s website at www.sgx.com.

1.2. EGM

As set out in Section 4 of this Circular, the Proposed DGLZ Sale and the Proposed DGZX Sale when aggregated pursuant to Rule 1005 of the Listing Manual constitute a major transaction under Chapter 10 of the Listing Manual. Accordingly, the Directors are convening the EGM to be held on 24 April 2018 at 11:30a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place) at 10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315 to seek approval from the Shareholders for the Proposed DGLZ Sale and the Proposed DGZX Sale. Please refer to Section 2 of this Circular for further information on the Proposed DGLZ Sale and the Proposed DGZX Sale. The Notice of EGM is set out on Pages N-1 to N-3 of this Circular.

1.3. Purpose of this Circular

The purpose of this Circular is to provide the Shareholders with the relevant information pertaining to, and to seek approval from the Shareholders for, the Proposed DGLZ Sale and the Proposed DGZX Sale at the EGM. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.

2. THE PROPOSED SALE

2.1. Information on DGLZ and the Proposed DGLZ Sale

2.1.1. DGLZ was incorporated in Dongguan, Guangdong, the People’s Republic of China (the “**PRC**”) on 27 April 2017 and has a registered share capital of HK\$17,447,600¹. The registered share capital of DGLZ was contributed in the form of the DGLZ Property. It is a

¹The registered share capital of DGLZ (which was incorporated as a spin-off of LZTG) of HK\$17,447,600 was determined by Guangdong Zhongcheng Antai Accounting Firm (广东忠诚安泰会计师事务所有限公司), which was appointed by LZTG to advise on the spin-off exercise, in accordance with the national Accounting Standards for Enterprises and the national Enterprise Accounting System of the PRC, as well as the financial status of LZTG as at 30 September 2016.

LETTER TO SHAREHOLDERS

wholly-owned subsidiary of CWIC, which is in turn an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, DGLZ is not engaged in any business activities although pursuant to the DGLZ SPA, the registered ownership of a property comprising five buildings with a land area of 32,685.72 square metres and a total building area of 57,023.16 square metres located at Hengli Town, Xincheng Industrial Zone, Dongguan, Guangdong, the PRC (the “**DGLZ Property**”) shall be transferred from Lian Zhi Toys Gift (Dongguan) Co., Ltd. (联志玩具礼品(东莞)有限公司) (“**LZTG**”) to DGLZ prior to completion of the Proposed DGLZ Sale. LZTG is also a wholly-owned subsidiary of CWIC, and was incorporated in Dongguan, Guangdong, the PRC on 7 November 2001. It is principally engaged in the manufacturing of plastic toys, die casting and premium items on an original equipment manufacturer basis and as at 31 December 2017, has a registered share capital of HK\$82,552,400.

2.1.2. The DGLZ Property is currently being used by the Group as factory premises for toys and consumer products manufacturing operations and is not subject to any existing tenancies or mortgages. As a condition precedent to the completion of the Proposed DGLZ Sale, DGLZ and LZTG, an indirect wholly-owned subsidiary of the Company, will enter into a lease agreement (the “**DGLZ Property Lease Agreement**”) pursuant to which LZTG will lease the DGLZ Property to be used as factory premises in the Interim Period. Please refer to Section 2.5.3.1(a) of this Circular for further details on the DGLZ Property Lease Agreement and Section 5.1 of this Circular for the rationale behind the DGLZ Property Lease Agreement.

2.1.3. Based on commercial discussions and negotiations between the Group and Veken, the sale of the DGLZ Property will be undertaken via the sale of the entity which is the registered owner of the DGLZ Property. As LZTG has other assets in addition to the DGLZ Property, the transaction was structured such that the registered ownership of the DGLZ Property would be transferred from LZTG to DGLZ, and that Veken would purchase the DGLZ Equity Interest (and accordingly, the DGLZ Property). Please refer to **Appendix A** for an illustration of the Proposed Sale.

2.2. Information on DGZX and the Proposed DGZX Sale

2.2.1. DGZX was incorporated in Dongguan, Guangdong, the PRC on 24 April 2017 and has a registered share capital of HK\$5,121,650². The registered share capital of DGZX was contributed in the form of the DGZX Property. It is a wholly-owned subsidiary of APTC, which is in turn an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, DGZX is not engaged in any business activities although pursuant to the DGZX SPA, the registered ownership of a property comprising seven buildings with a land area of 32,994.88 square metres and a total building area of 28,255.30 square metres located at Hengli Town, Xincheng Industrial Zone, Dongguan, Guangdong, the PRC (the “**DGZX Property**”) shall be transferred from Altrust Precision Tooling (Dongguan) Co., Ltd. (忠信制模(东莞)有限公司) (“**APTD**”) to DGZX prior to completion of the Proposed DGZX Sale. APTD is also a wholly-owned subsidiary of APTC.

²The registered share capital of DGZX (which was incorporated as a spin-off of APTD) of HK\$5,121,650 was determined by Guangdong Zhongcheng Antai Accounting Firm (广东忠诚安泰会计师事务所有限公司), which was appointed by APTD to advise on the spin-off exercise, in accordance with the national Accounting Standards for Enterprises and the national Enterprise Accounting System of the PRC, as well as the financial status of APTD as at 30 September 2016.

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- 2.2.2. The DGZX Property is currently being used by the Group as factory premises for mould manufacturing operations and is not subject to any existing tenancies or mortgages. The Group will not enter into any lease agreements to lease the DGZX Property. Instead, during the Interim Period, APTD will continue its mould manufacturing operations at premises leased from Dongguan Qiteng Industrial Investment Co., Ltd. (东莞市企腾实业投资有限公司) (which, for the avoidance of doubt, is an independent third party and not related to Veken or the Group) (“**Dongguan Qiteng**”) located at Qishi Hubin South Road, Dongguan, Guangdong, the PRC with an area of 5,000 square metres for a lease term of three (3) years at a monthly rental of RMB108,000 (approximately S\$22,181). The Group has decided to lease premises from Dongguan Qiteng as: (a) the DGLZ Property (which will be leased from Veken pursuant to the DGLZ Property Lease Agreement) is not suitable for mould manufacturing operations; and (b) the size of the premises leased from Dongguan Qiteng (as compared with the size of the DGZX Property) is more suitable for the Group’s mould manufacturing production requirements in the Interim Period.
- 2.2.3. Based on commercial discussions and negotiations between the Group and Veken, the sale of the DGZX Property will be undertaken via the sale of the entity which is the registered owner of the DGZX Property. As APTD has other assets in addition to the DGZX Property, the transaction was structured such that the registered ownership of the DGZX Property would be transferred from APTD to DGZX, and that Veken would purchase the DGZX Equity Interest (and accordingly, the DGZX Property). Please refer to Appendix A for an illustration of the Proposed Sale.

2.3. Information on Veken

Veken is incorporated in the PRC and has its registered address at Room 20-1 No. 225 Liuting Street, Haishu District, Ningbo, the PRC, and is principally engaged in businesses relating to the textile, trade, real estate, investment and energy technology industries. It is an independent third party who was introduced to the Group by the investment department of Zhong Yuan (China) Real Estate Agency Co., Ltd. (中原(中国)房地⌘代理有限公司), a real estate agency company. LZTG and APTD (which are both indirect wholly-owned subsidiaries of the Company) will pay an introduction fee amounting to 1.2% of the total consideration for the Proposed Sale (i.e., RMB1,920,000, which is approximately S\$394,331.50).

2.4. Consideration and Value of the Sale Assets

- 2.4.1. The aggregate consideration for the Proposed DGLZ Sale is RMB100,000,000 (approximately S\$20,538,098) and the aggregate consideration for the Proposed DGZX Sale is RMB60,000,000 (approximately S\$12,322,859) (collectively, the “**Consideration**”). The Consideration will be fully satisfied in cash and was arrived at pursuant to arm’s length negotiations between the parties on a willing-buyer willing-seller basis, after taking into account the following:
- (a) the independent valuation of the DGLZ Property (the “**DGLZ Property Valuation Report**”) as at 30 April 2017 based on the valuation report dated 10 May 2017 prepared by Guangdong Zheng Liang Real Estate Assets Appraisal Co., Ltd. (广东正量土地房地产资产评估有限公司) (“**Guangdong Zheng Liang**”), which was appointed by LZTG on 30 April 2017. The DGLZ Property Valuation Report states the estimated market value of the DGLZ Property as RMB102,450,000 (approximately S\$21,041,282);

LETTER TO SHAREHOLDERS

- (b) the independent valuation of the DGZX Property (the “**DGZX Property Valuation Report**”, and together with the DGLZ Property Valuation Report, the “**Valuation Reports**”) as at 30 April 2017 based on the valuation report dated 10 May 2017 prepared by Guangdong Zheng Liang, which was appointed by APTD on 30 April 2017. The DGZX Property Valuation Report states the estimated market value of the DGZX Property as RMB60,520,000 (approximately S\$12,429,657); and
- (c) the book value of the DGLZ Property and the DGZX Property, which as at 30 June 2017 is RMB16,272,056 (approximately S\$3,341,971) and RMB5,216,192 (approximately S\$1,071,307) respectively.

The valuation was only conducted in respect of the DGLZ Property and the DGZX Property, being the only assets of DGLZ and DGZX respectively. No valuation was conducted in respect of DGLZ and DGZX.

Guangdong Zheng Liang has over 15 years of experience in property appraisal and has been awarded the Top Level Qualification Certificate for Real Estate Appraisal Companies in the PRC. In August 2017, Guangdong Zheng Liang was one of the eligible appraisal companies selected by the provincial enterprises of Guangdong Province in a list published by the State-Owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province.³ Guangdong Zheng Liang holds a record and credit grade certificate (备案与信用等级证书) issued by the Guangdong Land Assessment Agency (广东省土地评估机构) (Certificate No.: B201844007), as well as a qualification certificate for real estate appraisal company in the People’s Republic of China (房地产估价机构资质证书) issued by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China (中华人民共和国住房和城乡建设部制) (Certificate No.: (2013) 095号).

2.4.2. The valuation of the DGLZ Property and the DGZX Property was conducted by Guangdong Zheng Liang in accordance with the relevant PRC laws and regulations, as well as the PRC National Standard Code for Real Estate Appraisal (GB/T50291-2015), the PRC National Standard Basic Terminology Standards of Real Estate Appraisal (GB/T50899-2013) and the PRC National Standard Urban Land Evaluation Procedures (GB/T 18508-2014), and based on, amongst others, the following factors:

- (a) the quality of the construction of the property;
- (b) the environmental conditions in the area in which the property is located;
- (c) the fact that the real estate market in Dongguan City has been active in recent years; and
- (d) the RMB interest rates released by the People’s Bank of China.

³ Information extracted from the website of the State-Owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province available at http://www.gdgc.gov.cn/detail/XWZX_TZGG/XWZX_TZGG/17412

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- 2.4.3. As at 30 June 2017, the book value and net tangible asset value of the DGLZ Equity Interest is RMB16,272,056 (approximately S\$3,341,971) and RMB16,272,056 (approximately S\$3,341,971) respectively, and the book value and net tangible asset value of the DGZX Equity Interest is RMB5,216,192 (approximately S\$1,071,307) and RMB5,216,192 (approximately S\$1,071,307) respectively.
- 2.4.4. As at 30 June 2017, as the DGLZ Property is the only asset held by DGLZ, the book value of the DGLZ Property is equal to the book value and net tangible asset value of the DGLZ Equity Interest. There are no other items on the financial statements of DGLZ as the DGLZ Property is the only asset of DGLZ. For the avoidance of doubt, the book value of the DGLZ Property is equal to the purchase cost of the DGLZ Property (before depreciation), whereas the valuation of the DGLZ Property is based on the current market value of the land and factory premises. Similarly, as the DGZX Property is the only asset held by DGZX, the book value of the DGZX Property is equal to the book value and net tangible asset value of the DGZX Equity Interest. There are no other items on the financial statements of DGZX as the DGZX Property is the only asset of DGZX. For the avoidance of doubt, the book value of the DGZX Property is equal to the purchase cost of the DGZX Property (before depreciation), whereas the valuation of the DGZX Property is based on the current market value of the land and factory premises.
- 2.4.5. As at 30 June 2017, the excess of the consideration received over the book value of the DGLZ Equity Interest is RMB83,727,944 (approximately S\$17,196,127), and the excess of the consideration received over the book value of the DGZX Equity Interest is RMB54,783,808 (approximately S\$11,251,552).

2.5. Principal Terms of the Proposed Sale

The principal terms of the DGLZ SPA and the DGZX SPA are set out as follows.

2.5.1. Sale and Purchase

Veken shall purchase 100% of the registered share capital of DGLZ and 100% of the registered share capital of DGZX free from all encumbrances and together with all rights, benefits and entitlements attaching thereto.

2.5.2. Payment Terms

2.5.2.1. *Proposed DGLZ Sale*

- (a) Prior to the execution of the DGLZ SPA, Veken shall pay to CWIC a deposit of RMB10,000,000 (approximately S\$2,053,810) and an initial payment of RMB20,000,000 (approximately S\$4,107,620) to a bank account designated by CWIC.
- (b) Upon completion of the relevant real estate registrations in respect of the DGLZ Property, CWIC shall provide a copy of the real estate certificate registered in the name of DGLZ to Veken who shall, within seven (7) business days from the date of receipt, pay to CWIC an additional sum of RMB 80,000,000 (approximately S\$16,430,479) to a bank account jointly managed by CWIC and Veken.

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- (c) Upon payment of the amounts pursuant to Section 2.5.2.1(a) and Section 2.5.2.1(b) of this Circular, CWIC or DGLZ shall apply for the relevant share transfer registration in connection with the Proposed DGLZ Sale on or prior to 11 May 2018. Upon completion of the relevant share transfer registration, Veken shall, within three (3) business days from receiving the relevant written instructions from CWIC, unconditionally cooperate with CWIC to procure the release of the amounts paid pursuant to Section 2.5.2.1(b) of this Circular (less an approximate sum of RMB10,000,000 (approximately S\$2,053,810), which shall be applied towards tax payments) to a special account for cross-border payments⁴, and such amounts will then subsequently be transferred to CWIC's bank account in Hong Kong or, if such transfer is not in compliance with the relevant PRC laws, a bank account mutually agreed between CWIC and Veken.

2.5.2.2. *Proposed DGZX Sale*

- (a) Prior to the execution of the DGZX SPA, Veken shall pay to APTC a deposit of RMB6,000,000 (approximately S\$1,232,286) and an initial payment of RMB12,000,000 (approximately S\$2,464,572) to a bank account designated by APTC.
- (b) Upon completion of the relevant real estate registrations in respect of the DGZX Property, APTC shall provide a copy of the real estate certificate registered in the name of DGZX to Veken who shall, within seven (7) business days from the date of receipt, pay to APTC an additional sum of RMB50,000,000 (approximately S\$10,269,049) to a bank account jointly managed by APTC and Veken.
- (c) Upon payment of the amounts pursuant to Section 2.5.2.2(a) and Section 2.5.2.2(b) of this Circular, APTC or DGZX shall apply for the relevant share transfer registration in connection with the Proposed DGZX Sale on or prior to 11 May 2018. Upon completion of the relevant share transfer registration, Veken shall, within three (3) business days from receiving the relevant written instructions from APTC, unconditionally cooperate with APTC to procure the release of the amounts paid pursuant to section 2.5.2.2(b) of this Circular (less an approximate sum of RMB8,000,000 (approximately S\$1,643,048), which shall be applied towards tax payments) to a special account for cross-border payments⁵, and such amounts will then subsequently be transferred to APTC's bank account in Hong Kong or, if such transfer is not in compliance with the relevant PRC laws, a bank account mutually agreed between APTC and Veken.

2.5.3. Conditions Precedent

2.5.3.1. *Proposed DGLZ Sale*

Completion of the Proposed DGLZ Sale shall be conditional upon the following conditions precedent having been fulfilled:

⁴This arrangement is for the purposes of compliance with the relevant foreign exchange regulations in the PRC. While the special account for cross-border payments shall be jointly managed by CWIC and Veken, the beneficial ownership of the amounts in the special account for cross-border payments shall vest solely with CWIC.

⁵This arrangement is for the purposes of compliance with the relevant foreign exchange regulations in the PRC. While the special account for cross-border payments shall be jointly managed by APTC and Veken, the beneficial ownership of the amounts in the special account for cross-border payments shall vest solely with APTC.

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- (a) the execution of the DGLZ Property Lease Agreement for a term of three (3) years between DGLZ and LZTG in respect of the DGLZ Property which shall be effective from the date on which the relevant share transfer registration in connection with the Proposed DGLZ Sale is completed. The key terms of the DGLZ Property Lease Agreement are as follows:
- (i) the monthly rental payable under the DGLZ Property Lease Agreement is RMB627,255 (approximately S\$128,826), which is comparable to monthly rentals for similar properties in the area;
 - (ii) during the first and second year of the lease term, neither party shall be entitled to terminate the DGLZ Property Lease Agreement;
 - (iii) during the third year of the lease term, provided that six (6) months' notice in writing is provided to DGLZ, LZTG (but not DGLZ) may terminate the DGLZ Property Lease Agreement or reduce the gross floor area being leased;
 - (iv) on the third anniversary of the date on which the lease term commenced, the monthly rental shall be subject to an increment of five per cent (5%), which is a common practice for the lease of similar properties in the area; and
 - (v) in the event that DGLZ intends to sell the DGLZ Property, it shall provide six (6) months' prior notice in writing to LZTG who shall have a first right of refusal to purchase the DGLZ Property on the same terms and conditions which are offered by DGLZ to the third party purchaser. This right of first refusal was granted to LZTG to protect the interest of the Group in the event that DGLZ intends to sell the DGLZ Property within the Interim Period, and shall be effective for the entire term of the lease pursuant to the DGLZ Property Lease Agreement;
- (b) where necessary, the approval of the Shareholders for the Proposed DGLZ Sale pursuant to Chapter 9 (Interested Person Transaction) and/or Chapter 10 (Acquisitions and Realisations) of the Listing Manual having been obtained at the EGM. For the avoidance of doubt, the Proposed DGLZ Sale is not an interested person transaction under Chapter 9 of the Listing Manual; and
- (c) all other relevant approvals, authorisations, clearances, confirmations, consents and/or waivers, as may be required, in connection with the Proposed DGLZ Sale having been obtained and not withdrawn or revoked.

2.5.3.2. Proposed DGZX Sale

Completion of the Proposed DGZX Sale shall be conditional upon the following conditions precedent having been fulfilled:

- (a) where necessary, the approval of the Shareholders for the Proposed DGZX Sale pursuant to Chapter 9 (Interested Person Transaction) and/or Chapter 10 (Acquisitions and Realisations) of the Listing Manual having been obtained at the EGM. For the avoidance of doubt, the Proposed DGZX Sale is not an interested person transaction under Chapter 9 of the Listing Manual; and

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- (b) all other relevant approvals, authorisations, clearances, confirmations, consents and/or waivers, as may be required, in connection with the Proposed DGZX Sale having been obtained and not withdrawn or revoked.

In order for Veken to facilitate the commencement of its business operations at the DGZX Property, APTC shall also ensure that the DGZX Property is vacated and that Veken is able to occupy and use the DGZX Property on or prior to 31 May 2018. No such arrangement has been agreed to in respect of the DGLZ Property as LZTG will be leasing the DGLZ Property from DGLZ pursuant to the DGLZ Property Lease Agreement.

3. FINANCIAL EFFECTS OF THE PROPOSED SALE

3.1. Bases and Assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group after completion of the Proposed Sale (“**Completion**”). The financial effects of the Proposed Sale on the Group as set out below are based on the Group’s audited financial statements for the year ended 31 December 2017 and the following assumptions:

- (a) the financial effects on the Group’s NTA attributable to the Shareholders and the NTA per Share have been computed assuming that Completion took place on 31 December 2017; and
- (b) the financial effects on the Group’s earnings attributable to the Shareholders and the EPS have been computed assuming that Completion took place on 1 January 2017.

3.2. Share Capital

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

3.3. NTA per Share

	Before the Proposed Sale	After Completion
NTA ⁽¹⁾ attributable to the Shareholders (S\$’000) ⁽¹⁾	100,597	125,470
Number of Shares (’000)	32,327	32,327
NTA per Share (dollars) ⁽¹⁾	3.11	3.88

Notes:-

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).
- (2) For the purposes of this Section 3.3, an exchange rate of S\$1.00 : HK\$5.845 (being the relevant exchange rate as at 31 December 2017) has been applied.

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3.4. EPS

	Before the Proposed Sale	After Completion
Profit after taxation and non-controlling interests (S\$'000) ⁽¹⁾	1,956	29,067
Weighted average number of Shares ('000)	32,327	32,327
EPS (dollars) ⁽¹⁾	0.06	0.90

Note:-

- (1) For the purposes of this Section 3.4, an exchange rate of S\$1.00 : HK\$5.3625 (being the average exchange rate as at 1 January 2017) has been applied.

3.5. Gearing

	Before the Proposed Sale	After Completion
Net borrowings / cash ⁽¹⁾ as at 31 December 2017 (S\$'000) ⁽²⁾	Net borrowings 24,334	Net cash 8,485
Shareholders' equity (S\$'000) ⁽²⁾	100,597	125,470
Gearing (times)	0.24	0.07

Notes:-

- (1) Net borrowings means total borrowings less cash and bank balances. Net cash means cash and bank balances are more than total borrowings.
- (2) For the purposes of this Section 3.5, an exchange rate of S\$1.00 : HK\$5.845 (being the relevant exchange rate as at 31 December 2017) has been applied.

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. Rule 1014(1) of the Listing Manual states that where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceed 20%, a transaction is classified as a major transaction. Rule 1014(2) of the Listing Manual further states that such major transaction must be made conditional upon approval by shareholders in a general meeting.

The relative figures of the Proposed DGLZ Sale and the Proposed DGZX Sale (which have been aggregated for this purpose pursuant to Rule 1005 of the Listing Manual) computed on the bases as set out in Rule 1006 of the Listing Manual and based on the latest audited

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financial statements of the Group for FY2017 are set out as follows:

	Bases Under Rule 1006	Relative Figure
(a)	The NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	7.3%
(b)	The net profits / (loss) ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	0% ⁽²⁾⁽³⁾
(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.	124.0% ⁽⁴⁾
(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.	N.A.
(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.	N.A.

Notes:-

- (1) Net profits / loss means profit or loss before income tax, minority interest and extraordinary items.
- (2) As described in Section 2.1.1 and Section 2.2.1 of this Circular, DGLZ and DGZX were incorporated on 27 April 2017 and 24 April 2017 respectively, and do not currently have any operations. As such, there are no net profits / (loss) attributable to the DGLZ Equity Interest and the DGZX Equity Interest.
- (3) Based on the aggregate net profits / (loss) attributable to the DGLZ Equity Interest and the DGZX Equity Interest of nil (even assuming that the registered ownership of the DGLZ Property has been transferred from LZTG to DGLZ and that the registered ownership of the DGZX Property has been transferred from APTD to DGZX as at 31 December 2017) and the net profits attributable to the Group for FY2017 of HK\$10,489,000 (approximately S\$1,856,694). For the purposes of this Note (3), an exchange rate of S\$1.00: HK\$5.649 (being the relevant exchange rate as at 31 December 2017) has been applied. Please note that no net profits / (loss) are attributable to the DGLZ Property and the DGZX Property since they are currently being used by the Group as factory premises and are not subject to any existing third party tenancies or mortgages.
- (4) Based on the Consideration of RMB160,000,000 (approximately S\$32,860,957) and the market capitalisation of the Company being S\$26,508,468, which is calculated based on the weighted average price of S\$0.82 per Share on 26 October 2017 (being the market day preceding the date of the DGLZ SPA and the DGZX SPA) and 32,327,400 Shares in issue as at 27 October 2017 (being the date of the DGLZ SPA and the DGZX SPA).

Accordingly, the Proposed Sale is a major transaction pursuant to Chapter 10 of the Listing Manual

LETTER TO SHAREHOLDERS

5. RATIONALE FOR THE PROPOSED SALE AND USE OF NET SALE PROCEEDS

5.1. Rationale for the Proposed Sale

- 5.1.1. On 30 October 2017, the Company announced that the Company and LZTG have on 27 October 2017 entered into an investment agreement with the Cangwu County People's Government of the PRC (the "**Cangwu Government**") pursuant to which, the Group and the Cangwu Government will jointly invest in the construction of a production facility for the manufacture of products including toys, plastic gifts, plastic hardware products and computer accessories with an approximate floor area of 59,000 square metres in Cangwu County Industrial Park, Guangxi, the PRC (the "**Cangwu Production Facility**"). Please refer to **Appendix B** for a summary of the key terms.
- 5.1.2. This is in line with the Group's strategy to enhance its production base and with this relocation, the greater cost efficiencies in the lower-cost county, coupled with ample labour supply and attractive municipal government incentives and subsidies, will provide the Company with higher margins to enhance the core competitiveness of the Group's production capabilities.
- 5.1.3. As such, the Group has decided to sell its interests in the DGLZ Property and the DGZX Property through the Proposed Sale. While the Group owns other production facilities, the DGLZ Property and the DGZX Property are located side by side and their geographical proximity makes a collective sale more attractive to potential buyers.
- 5.1.4. In the interim period prior to the commencement of full operations at the Cangwu Production Facility (the "**Interim Period**"), the Group will: (a) continue to undertake its toys and consumer products manufacturing operations at the DGLZ Property which will be leased by LZTG from DGLZ. Please refer to Section 2.5.3.1(a) of this Circular for further details on the DGLZ Property Lease Agreement; and (b) continue to undertake its mould manufacturing operations at the premises leased from Dongguan Qiteng. Please refer to Section 2.2.2 of this Circular for further details on the lease from Dongguan Qiteng.

5.2. Use of Net Sale Proceeds

The net sale proceeds from the Proposed Sale will be approximately RMB157,500,000 (approximately S\$32,347,505) (after deducting taxes and expenses of approximately RMB2,500,000 (approximately S\$513,452) incurred in connection with the Proposed Sale) (the "**Net Sale Proceeds**"). The intended use of the Net Sale Proceeds is as follows:

- (a) approximately RMB80,000,000 (approximately S\$16,430,479) will be used to reduce the overall indebtedness of the Group amounting to HK\$287,527,000 (approximately S\$50,214,286) which was incurred for working capital and business operation purposes, which will increase the liquidity of the Group; and
- (b) the remainder of approximately RMB77,500,000 (approximately S\$15,917,026) will be used to fund the Group's working capital requirements to carry out the core businesses of the Group and/or such other purposes as the Directors may deem fit. Pending the deployment of the Net Sale Proceeds for such purpose, the Net Sale Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis as the Directors may in their absolute discretion, deem fit.

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For the avoidance of doubt, none of the Net Sale Proceeds will be distributed to the Shareholders as dividends.

The Company will establish a team comprising members of the Company's finance department, which will be led by an executive Director of the Company, to approve and review the use of the Net Sale Proceeds, and to report to the Audit Committee on the same, every quarter.

The Company estimates that expenses relating to the Cangwu Production Facility to be borne by the Group will be approximately RMB 20 million (approximately S\$4.1 million). Based on such estimate, the Company is of the view that it will be able to fund such expenses from its current working capital reserves, without having to utilise any part of the Net Sale Proceeds. In the event that the expenses relating to the Cangwu Production Facility to be borne by the Group are higher than originally estimated, and the Company has to utilise the Net Sale Proceeds in order to fund these additional expenses, such utilisation of the Net Sale Proceeds will have to be approved by the team described above.

The Company will regularly update the Shareholders with specific details relating to the utilisation of the Net Sale Proceeds as and when it is used to fund the Group's working capital requirements and/or (if relevant) any expenses in connection with the Cangwu Production Facility.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders (both direct and deemed) in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings of the Company as at the Latest Practicable Date are set out below. The percentages shown are based on the issued capital of the Company as at the Latest Practicable Date.

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Tam Jo Tak, Dominic ⁽¹⁾⁽²⁾	-	-	24,100,000	74.55
Chiu Hau Shun, Simon ⁽¹⁾⁽²⁾	-	-	24,100,000	74.55
Li Hin Lun, Alan	-	-	-	-
Cheung Hok Fung, Alexander	-	-	-	-
Chia Seng Hee, Jack	-	-	-	-
Ning Li	-	-	-	-
Substantial Shareholders (other than Directors)				
DJKS Holdings Limited ⁽³⁾	-	-	24,100,000	74.55
Yau Hing Wah, John ⁽¹⁾⁽²⁾	-	-	24,100,000	74.55

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Notes:-

- (1) Mr. Tam Jo Tak, Dominic, Mr. Chiu Hau Shun, Simon and Mr. Yau Hing Wah, John hold 57.14%, 14.29% and 28.57% respectively of the equity interest in DJKS Holdings Limited and thus they are deemed to be interested in DJKS Holdings Limited's shareholding in the Company.
- (2) As at 21 January 2018 (the 21st day after the end of the financial year), the direct and deemed interest of each of Mr. Tam Jo Tak, Dominic, Mr. Chiu Hau Shun, Simon and Mr. Yau Hing Wah, John is the same as at the Latest Practicable Date, and each of Mr. Tam, Mr. Chiu and Mr. Yau do not have any direct or deemed interest in convertible securities. Save as disclosed, none of the directors has any direct or deemed interest in the shares and convertible securities of the Company as at the Latest Practicable Date.
- (3) DJKS Holdings is holding the shares through its nominee, HL Bank Nominees (S) Pte Ltd.

Save for their respective interests in the Shares as disclosed above, none of the Directors or Substantial Shareholders or their respective Associates, has any interest, direct or indirect, in the Proposed Sale.

7. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 24 April 2018 at 11:30a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place) at 10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315 to seek approval from the Shareholders for the purpose of considering and, if thought fit, passing, with or without modification the ordinary resolutions set out in the Notice of EGM attached in this Circular. The Notice of EGM is set out on Pages N-1 to N-3 of this Circular.

8. SERVICE CONTRACTS

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

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Member Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive 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, not less than 48 hours before the time fixed for the holding of the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he subsequently wishes to do so. For the avoidance of doubt, a Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to vote thereat. Depositors who wish to attend and vote at the EGM and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the EGM supplied by CDP to the Company, may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can attend and vote at the EGM without the lodgement of the Depositor Proxy Form. Such individual Depositors who are unable to attend personally and wish to appoint nominees to attend and vote on their behalf, and such Depositors who are not individuals, will find included with this Circular a Depositor Proxy Form, which they are requested to complete, sign and return in accordance with the instructions printed thereon as

LETTER TO SHAREHOLDERS

soon as possible, and in any event, so as to arrive 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, not less than 48 hours before the time fixed for the holding of the EGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person at the EGM in place of his nominee(s) if he finds that he is able to do so.

10. DIRECTORS' RECOMMENDATION

The Directors, having considered and reviewed, the rationale for, and benefit of the Proposed DGLZ Sale and the Proposed DGZX Sale, are of the opinion that the Proposed DGLZ Sale and the Proposed DGZX Sale are in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolutions set out in the Notice of EGM attached in this Circular.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Sale, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement herein misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. DOCUMENTS FOR INSPECTION

The following documents are available for inspection 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 during normal business hours from the date of this Circular, up to and including, the date of the EGM:

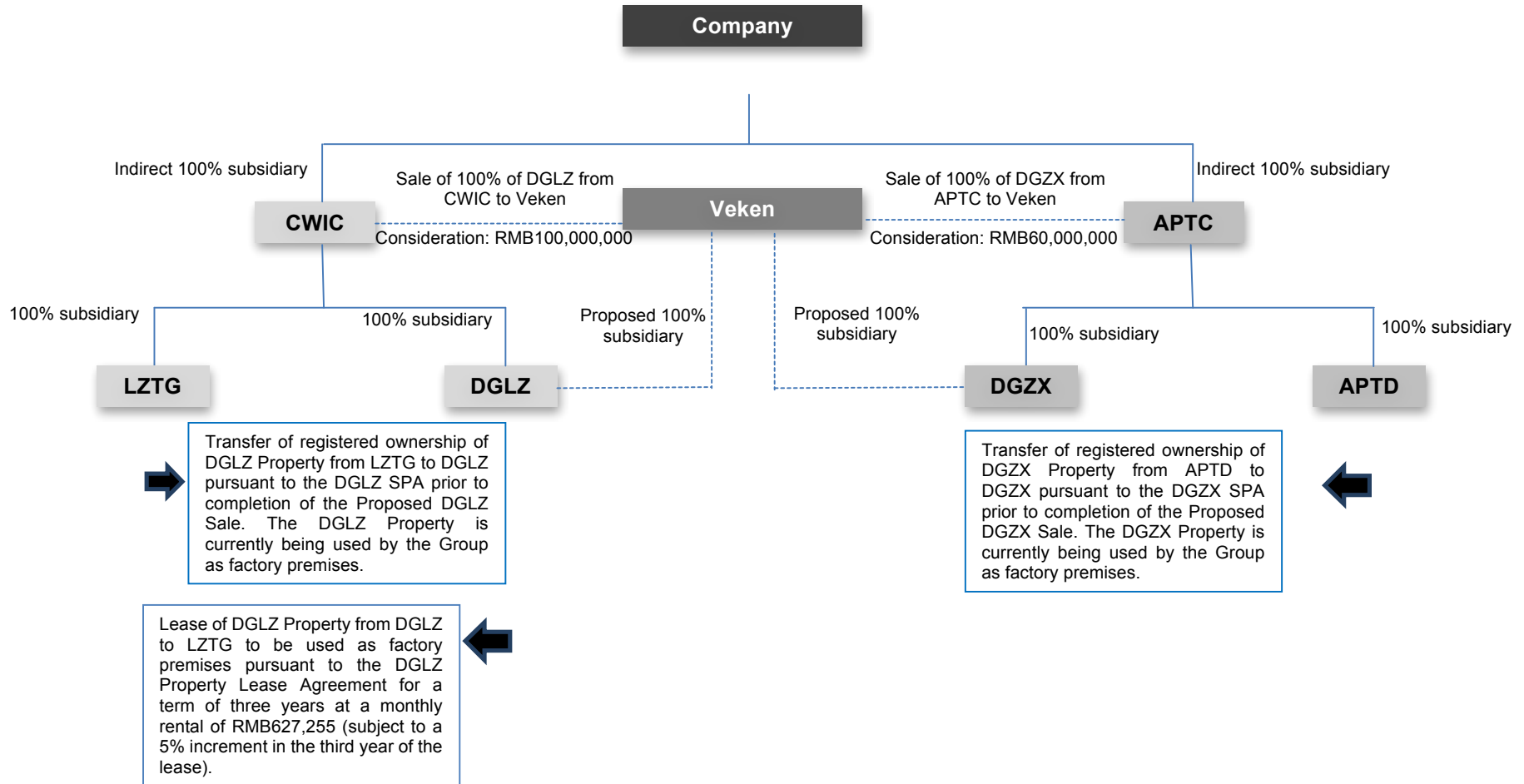
- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2017;
- (c) the DGLZ SPA;
- (d) the DGZX SPA;
- (e) the DGLZ Property Lease Agreement, which has been appended to the DGLZ SPA;
and
- (f) the Valuation Reports.

LETTER TO SHAREHOLDERS

Yours faithfully
For and on behalf of the Board of Directors of
COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Chiu Hau Shun, Simon
Executive Director

Illustration of the Proposed Sale



APPENDIX B – KEY TERMS OF THE INVESTMENT AGREEMENT ENTERED INTO BETWEEN THE GROUP AND THE CANGWU GOVERNMENT

On 27 October 2017, LZTG (a wholly-owned subsidiary within the Group) entered into an investment agreement (the “**Investment Agreement**”) with the Cangwu Government. The key terms of the Investment Agreement are as follows:

1. Purpose of the Investment Agreement

Pursuant to the Investment Agreement, the Group and the Cangwu Government will jointly invest in the construction of the Cangwu Production Facility for the manufacture of products including toys, plastic gifts, plastic hardware products and computer accessories with an approximate gross floor area of 59,000 square metres in Cangwu County Industrial Park, Guangxi, the PRC (the “**Project**”). The Project is estimated to cost approximately RMB 200 million, and the Cangwu Government will bear the cost of the construction of the production facility while the Group will invest in renovation, installation and production equipment.

2. Lease of the Cangwu Production Facility

Construction of the Cangwu Production Facility is expected to be completed by September 2018 and upon the handover of the premises, LZTG shall enter into a ten-year tenancy agreement (the “**Tenancy Agreement**”) with Cangwu County Town Construction Investment Co., Ltd. (苍梧县城镇建设投资有限公司), a city investment corporation under the purview of the Cangwu Government, pursuant to which:

- (a) from the first to third year of the lease, the lease shall be rent free;
- (b) thereafter, the monthly rent for the fourth to sixth year of the lease shall be RMB 6 per square metre; and
- (c) thereafter, the monthly rent for the seventh to tenth year of the lease shall be RMB 6.6 per square metre.

Upon the expiry of the Tenancy Agreement, the Group has the option to renew the lease term on terms and conditions to be discussed between the parties.

3. The Group’s Obligations

Under the terms of the Investment Agreement:

- (a) production at the Cangwu Production Facility shall commence within three months from the date of the handover; and
- (b) LZTG has committed to an annual output value of RMB 200 million and an annual tax contribution of RMB 12 million in the first year of operation, and an annual output value of RMB 250 million and an annual tax contribution of at least RMB 13.8 million in and from the second year of operation.

4. The Cangwu Government’s Obligations

LZTG is also entitled to subsidies from the Cangwu Government in relation to the social security support policy, the poverty alleviation support policy and the enterprise employment support policy.

NOTICE OF EXTRAORDINARY MEETING

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 Number: MC-196613)

All capitalised terms in this Notice of EGM and defined in the circular dated 9 April 2018 (the "Circular") shall, unless otherwise defined herein, bear the respective meanings ascribed thereto in the Circular.

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("EGM") of Combine Will International Holdings Limited (聯志國際控股有限公司)(the "**Company**") will be held at 10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315 on 24 April 2018 at 11:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing (with or without any modifications) the following ordinary resolutions:-

ORDINARY RESOLUTION 1: THE PROPOSED DGLZ SALE

That:

- (1) approval be and is hereby given for the Company to carry out and implement the Proposed DGLZ Sale;
- (2) the Directors and/or each of them be and are hereby authorised to do all acts and things, enter into all transactions, arrangements and agreements, and approve, execute and deliver all documents as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the above paragraph of this Ordinary Resolution or the transactions contemplated by the Proposed DGLZ Sale as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group; and
- (3) to the extent that any action in connection with the matters referred to in the above paragraphs of this Ordinary Resolution or the transactions contemplated by the Proposed DGLZ Sale has been performed or otherwise undertaken (whether partially or otherwise), they be and are hereby approved, ratified and confirmed.

ORDINARY RESOLUTION 2: THE PROPOSED DGZX SALE

That:

- (1) approval be and is hereby given for the Company to carry out and implement the Proposed DGZX Sale;
- (2) the Directors and/or each of them be and are hereby authorised to do all acts and things, enter into all transactions, arrangements and agreements, and approve, execute and deliver all documents as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the above paragraph of this Ordinary Resolution or the transactions contemplated by the Proposed DGZX Sale as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group; and

NOTICE OF EXTRAORDINARY MEETING

- (3) to the extent that any action in connection with the matters referred to in the above paragraphs of this Ordinary Resolution or the transactions contemplated by the Proposed DGZX Sale has been performed or otherwise undertaken (whether partially or otherwise), they be and are hereby approved, ratified and confirmed.

BY ORDER OF THE BOARD

Ng Joo Khin
Company Secretary

Singapore, 9 April 2018

Notes:-

1. A member of the Company entitled to attend and vote at the EGM of the Company is entitled to appoint not more than two (2) proxies to attend in his stead. Where a member appoints more than one proxy, he shall specify the proportion of shares to be represented by each proxy.
2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the EGM. A Relevant Intermediary is either:
 - (a) a banking corporation licensed under the Banking act (Cap 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap 289) and holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap 36), in respect of shares purchased on behalf of CPF investors.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be deposited at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for the holding of the EGM.
5. If a member is unable to attend the EGM and wishes to appoint a proxy to attend and vote at the EGM in his stead, then he should complete and sign the Member Proxy Form and deposit the duly completed Member Proxy Form at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not later than 48 hours before the time set for the holding of the EGM.
6. A Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore) as at a time not earlier than 48 hours prior to the time of the EGM who/which is (i) an individual but is unable to attend the EGM personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, at least 48 hours before the time of the EGM.
7. If a member who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members of the Company is unable to attend the EGM and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and the Shares registered in his name in the Register of Members of the Company.
8. A Depositor who is an individual and whose name is shown in the Depository Register as at a time not earlier than 48 hours prior to the time of the EGM and who wishes to attend the EGM in person need not take any further action and can attend and vote at the Annual General Meeting as CDP’s proxy without the lodgement of any proxy form.

NOTICE OF EXTRAORDINARY MEETING

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. It is the Depositor(s)' responsibility to ensure that the Depositor Proxy Form and/or the Member Proxy Form is properly completed. Any decision to reject the Depositor Proxy Form and/or the Member Proxy Form on the grounds that it is incomplete, improperly completed or illegible will be final and binding and neither the Company, CDP nor Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility for the consequences of such a decision. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Depositor, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM or adjourned meeting, as certified by CDP to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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