

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
(the "Company")

PROPOSED DUAL LISTING ON THE KOREAN SECURITIES DEALERS AUTOMATED QUOTATIONS ("KOSDAQ") AND PROPOSED SHARE CONSOLIDATION IN CONNECTION THEREWITH

1. Introduction

The Board of Directors (the "**Board**") of the Company (together with its subsidiaries, the "**Group**") refers to its announcement released on 19 April 2010 relating to the potential dual listing of the Company's ordinary shares ("**Shares**") on KOSDAQ Market Division of the Korea Exchange (the "**Dual Listing**"). This announcement provides an update on the status of the Dual Listing. In connection with the Dual Listing, the Company is also proposing to: (i) undertake a consolidation of the Shares (the "**Share Consolidation**" and the consolidated Shares thereof, the "**Consolidated Shares**"); (ii) undertake an offering of new Consolidated Shares; and (iii) amend its memorandum and articles of association (the "**Amendments to the Articles**") to fulfil the requirements set by the Korea Exchange (the "**KRX**") and ensure compliance with the relevant laws and regulations in Korea.

2. Dual Listing

2.1 Status Update

As at the date of this announcement, the Company is still in the process of preparing for the Dual Listing. In conjunction with the Dual Listing, the Company is presently proposing to allot and issue up to 11,000,000 new Consolidated Shares (the "**New Consolidated Shares**") through an offering in Korea (the "**Offering**"). Such offering will either be at a premium or at a discount to the weighted average price, for trades of the Consolidated Shares done on Singapore Exchange Securities Trading Limited ("**SGX-ST**"), in such number of full market days (as may determined at a later point of time by the Board) before the Offer Price is determined and during which book-building for the Offering is carried out (the "**Offer Price**") up to the time the Offer Price is determined, subject to a minimum offer price of S\$2.30 per New Consolidated Share. In the event of offering the New Consolidated Shares at a discount, there is a maximum discount allowable of 15%. The Offer Price will be determined by the Company and Shinyoung Securities Co., Ltd. (the "**Underwriter**"), which has been appointed the lead manager, underwriter and placement agent, through the aforesaid book-building process after taking into consideration, *inter alia*, the demand for the New Consolidated Shares and the prevailing market price(s) of the Consolidated Shares closer to the date of commencement of the Offering. Accordingly, shareholders of the Company (the "**Shareholders**") should be aware that the number of New Consolidated Shares and the Offer Price are subject to final determination. Assuming completion of the Share Consolidation, the 11,000,000 New Consolidated Shares will represent approximately 33.5% of the existing issued and paid-up share capital, which is currently HK\$246,000,000 comprising 328,000,000 Shares, and approximately 25.1% of the enlarged issued and paid-up share capital of the Company.

The initial public offering for the shares of the Company on Singapore Exchange Securities Trading Limited was sponsored by HL Bank. HL Bank assumes no responsibility for the contents of this announcement.

2.2 Proceeds ⁽¹⁾

Based on the maximum number of 11,000,000 New Consolidated Shares and an illustrative Offer Price of S\$2.30 for each New Consolidated Share, the gross proceeds from the Offering will be approximately S\$25.3 million (equivalent to approximately HK\$139.6 million) (the “**Gross Proceeds**”), and the net proceeds would be approximately HK\$119.9 million (after deducting approximately HK\$19.7 million for costs, expenses and commissions in relation to the Offering, which comprises approximately 14% of the Gross Proceeds). The estimated expenses of the Offering will be adjusted depending on the exact number of New Consolidated Shares issued and the exact Offer Price to be determined.

The net proceeds are currently proposed to be applied by the Company in the following approximate proportions:

| Intended use of net proceeds | Percentage allocation |
|---|------------------------------|
| Investments in additional plant, machinery and production facilities to cater to the Company’s business expansion | 29% |
| Expanding the Company’s sales and marketing network | 21% |
| Enhancing the Company’s research and development capabilities | 17% |
| Working capital ⁽²⁾ | 33% |
| Total | 100% |

As and when the net proceeds from the Offering are materially disbursed, the Company will make the appropriate announcements as may be required, on the website of SGX-ST at <http://www.sgx.com>.

Pending the use of the net proceeds to the Company from the Offering for the purposes described above, and to the extent permitted under the relevant laws, the Company intends to deposit such net proceeds in short-term demand deposits and/or money market instruments.

Note:

- (1) Figures are calculated based on an exchange rate of S\$1.00 : HK\$5.5193.
- (2) A portion of the proceeds currently allocated for the purposes of working capital may be used to repay outstanding borrowings of the Company if the directors of the Company are of the opinion that the liquidity position of the Company will not be adversely affected.

2.3 Shareholders’ Approval

Shareholders’ approval for the allotment and issue of the New Consolidated Shares (the “**Share Issue**”) will be sought at an extraordinary general meeting to be convened by the Company (the “**EGM**”) at the appropriate time.

2.4 Preparatory Work and Application to the KRX

The Board wishes to highlight to the Shareholders that the Dual Listing involves fairly extensive preparatory work and that such preparatory work may involve an uncertain time frame. In addition, whether or not an application is made to the KRX and whether the Offering will be proceeded with, will depend on, amongst others, the result of the

preparatory work undertaken, prevailing market conditions and the circumstances then existing of the Group.

Appropriate announcement(s) will be made by the Company to update Shareholders as and when such application to the KRX is made and, as and when appropriate, further material information on the Dual Listing.

3. Share Consolidation

3.1 General

In conjunction with the Dual Listing, the Company proposes to undertake a share consolidation of every ten existing Shares of par value HK\$0.75, registered in the name of each Shareholder as at a books closure date to be determined by the Board (the “**Books Closure Date**”), into one consolidated share of par value HK\$7.50 (the “**Consolidated Share(s)**”).

Shareholders should note that the number of Consolidated Shares which they will be entitled to as a result of the Share Consolidation, are based on their holdings of the Shares as at the Books Closure Date and will be rounded down to the nearest whole Consolidated Share. Any fraction of a Consolidated Share arising from the Share Consolidation will be disregarded. The Board may settle as it considers expedient and in the interest of the Company, any difficulty which arises in relation to the implementation of the Share Consolidation. All fractional entitlements arising will be dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company, including aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

Each Consolidated Share shall rank *pari passu* in all respects with each other and, subject to the approval of SGX-ST, will be traded on SGX-ST in board lots of 100 Consolidated Shares (or such other number of Consolidated Shares as may be approved by SGX-ST). A further announcement on the board lot size (i.e., trading units of 10, 100 or 1000 shares, for example) will be made by the Company when finalised.

Immediately following the completion of the Share Consolidation, the Company will have an issued share capital of HK\$246,000,000 divided into approximately 32,800,000 Consolidated Shares.

The Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and will have no significant effect on the equity of the Group. Shareholders will not be required to make any payment to the Company in respect of the Share Consolidation.

3.2 Rationale for the Share Consolidation

The Company proposes to undertake the Share Consolidation as the trading of shares on KOSDAQ Market Division of the Korea Exchange is through single shares and not in board lots. Accordingly, the price range of a single share traded on KOSDAQ Market Division of the Korea Exchange would have to be comparatively higher than the price range of a single share traded on SGX-ST. The investors in the Korean securities market are also generally accustomed to dealing with shares of higher price ranges.

4. Approvals

4.1 The Dual Listing and Offering are conditional upon, *inter alia*, the following:

- (i) the receipt of regulatory and other approvals in Singapore and Korea;
- (ii) the prevailing market conditions; and
- (iii) agreement on the Offer Price between the Company and the Underwriter.

4.2 The Share Consolidation is subject to, *inter alia*, the following:

- (i) the in-principle approval from SGX-ST for the Share Consolidation and the dealing in, listing of and quotation for the Consolidated Shares and New Consolidated Shares on SGX-ST; and
- (ii) the approval of the Shareholders at the EGM for the Share Consolidation, the Amendments to the Articles and the Share Issue.

4.3 An application will be made to SGX-ST for the Share Consolidation and permission to deal in and for the listing of and quotation for the Consolidated Shares and New Consolidated Shares on SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

5. Extraordinary General meeting

A circular containing, *inter alia*, the notice of the EGM and further details on the Share Issue, the Share Consolidation and the Amendments to the Articles will be despatched to Shareholders in due course.

6. Shareholders Advised to Act with Caution

Given that the Dual Listing, the Share Consolidation and the Share Issue are subject to various approvals such as the approval of the KRX and SGX-ST and the approval of the Shareholders at the EGM, there is no certainty or assurance that the Dual Listing, the Share Consolidation and/or the Offering will be completed, or that no changes will be made to the terms thereof. Shareholders and other investors are advised to exercise caution when dealing in the Shares.

The Company will make the necessary announcements when there are further developments on the Dual Listing, the Share Consolidation, the Offering and other related matters as contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully.

Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Tam Jo Tak, Dominic
Executive Chairman and Chief Executive Officer

21 June 2010