

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
聯志國際控股有限公司
(Incorporated in the Cayman Islands on 8 October 2007)
(Registration No. MC-196613)
(the "Company")

MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE OFFICES OF STAMFORD LAW CORPORATION, OCEAN FINANCIAL CENTRE #27-00, 10 COLLYER QUAY, SINGAPORE 049315 ON TUESDAY, 26 APRIL 2019 AT 10.00 A.M.

PRESENT: AS PER ATTENDANCE SHEET ATTACHED

1. INTRODUCTION

Mr. Chiu Hau Shun, Simon ("Mr. Chiu"), the Executive Director of the Board of Directors and Chairman of the Meeting greeted the shareholders. Mr. Ng Joo Khin ("Mr Ng"), the Company Secretary, was requested by Mr. Chiu to help with the conduct of the Company's Annual General Meeting ("Meeting") on behalf of the Chairman.

2. QUORUM

Having ascertained that a quorum was present, the Meeting was called to order at 10.05 a.m..

3. NOTICE OF MEETING

As the notice of the Meeting dated 8 April 2019 ("Notice") had been circulated to the shareholders, the Notice was taken as read.

4. EXPLANATION ON POLL PROCEDURES

As the resolutions tabled at the meeting were to be conducted by way of poll in accordance with the listing rules of The Singapore Exchange Securities Trading Limited (the "SGX-ST"), the poll voting procedures were explained to shareholders.

ORDINARY BUSINESS

**5. RESOLUTION 1
AUDITED FINANCIAL STATEMENTS**

On behalf of the Chairman, Mr. Ng tabled the first business on the agenda, namely, Resolution 1 which read as follows:

"To receive and adopt the Director's Statement, Audited Financial Statements and the Auditor's Report of the Company for the financial year ended 31 December 2018."

The floor was open for questions from shareholders.

On behalf of the Management, Mr. Chiu shared with the shareholders that the cost for their workers in Indonesia is about USD\$110 per worker per month excluding overtime and social security benefits, while in China, it is about USD\$300 per worker per month excluding overtime and social security benefits in response to questions raised by a shareholder, Mr. Khoo Wooi Chee ("Mr. Khoo"). In response to Mr. Khoo's query on the progress of the factory in Indonesia, Mr. Chiu mentioned that they have launched a grand opening last September, and they currently have

over 2,000 workers in the factory. The results thus far have been satisfactory and the Group is expanding the factory hoping to increase the capacity line by about 30%. Mr. Khoo further asked what is the difference in dealing with Chinese and Indonesian workers and what is the net cost for the workers' wages. In response, Mr. Chiu said the difference is primarily in the culture and education of the workers and that the Group will need to train and educate them, and consider certain incentives. Mr. Chiu noted that it would be difficult to respond to Mr. Khoo's question regarding net cost for the workers' wages at this stage, and the Group can only share with him their target. Mr. Khoo further noted that the fourth quarter results seemed to be negative. Mr. Chiu responded that there were 2 aspects to look at. Firstly, from an operations standpoint, there are different timelines for the Group's customers. The sales in the fourth quarter are not as much as the other quarters. Secondly, because of certain events performed on a non-recurring basis, namely the Group's arrangement with one of the PRC companies relating to the selling of land in Dongguan, and the costs incurred in the restructuring conducted to eliminate businesses that are less profitable or that do not fit in to the Group's future growth plans.

Mr. Koh Chin Hwa ("Mr. Koh") referred the Management to "improved growth margin" on page 10 of the annual report and asked what was the target growth profit margin in Indonesia. Mr. Chiu replied that since the operations in Indonesia are still small, and they are still ramping up operations in 2019, the Management is unable to provide a definitive answer as they are still trying to stabilize this new operation. However, on a conservative basis, because the labour cost is less in Indonesia than China, there will likely be 1-2% improvement in the profit margin. Mr Koh further asked whether the Indonesia growth profit margin, assuming the Indonesia operations are fully operational, would be higher than the present 10%. Mr. Chiu responded that he was not in a position to provide such a specific answer, but that the Group was working on ramping up the profit margin as much as possible. Mr. Koh further queried whether the Group presently had 1 major customer in Indonesia or if there were other major customers. Mr. Chiu replied that the Group was evaluating the balancing of orders between Indonesia and China, and they predict eventually 2-3 customers whereby we make products for in Indonesia. Mr. Koh further queried whether the two customers mentioned in the IPO document were the customers in Indonesia. Mr. Chiu replied that one of the two customers was a customer in Indonesia.

Mr. Chiu shared with the shareholders that the CAPEX for Indonesia was about USD\$20 million, and that costs were even cheaper than China in response to a query by Mr. Francis Bong ("Mr. Bong"). However, the Group is looking to further expand their capacity in Indonesia by about 30%, and hence have begun purchasing land around the factory. In Guangxi, the land and factory premises are provided by the government, and they have brought some of the equipment over from the Dongguan factory. The CAPEX of USD\$1-2 million in Guangxi is hence substantially less than in Indonesia. Mr. Bong further queried whether the USD\$1-2 million in Guangxi had already been provisioned and catered for. Mr. Chiu replied that for Guangxi, about 70% was already spent in the latest financial statements in the Annual Report, and that for Indonesia, more than half was already spent.

Ms. Chee Kwai Fun ("Ms Chee") queried whether the was inclusive of the 30% expansion of capacity in Indonesia. Mr. Chiu replied that it was not as the Group was in the course of ramping up the capacity in Indonesia and was in the stage of purchasing the land. At the moment, they have not planned for the timeline and the capacity, and they will have to evaluate before they proceed with the second stage of their expansion. The Group is looking at a 2-3 year timeline. Ms. Chee further asked what is the contribution to revenue between the two factories in Cangwu and Indonesia without taking into account the expansion in Indonesia. Mr. Chiu replied that currently approximately 50% of the Group's capacity was in Guangdong, approximately 20% in Indonesia and 10% in Guangxi. Guangxi's operations only began after the Chinese New Year, and they still were in the process of training the workers.

Mr. Bong noted that the outlook mentioned higher sales and queried where the Group derived the confidence that there would be higher sales in the next year. Mr. Chiu emphasized that the topline was not the Group's major target and that the bottomline is what they are expecting. Mr. Chiu further clarified that "higher sales" was only with respect to quality sales and that when progress was made, they would let shareholders know through the quarterly announcements. Mr. Bong further queried whether the customers who were keen to manufacture in Indonesia the same customers as those in China. Mr. Chiu replied that those were the same customers and further elaborated that the Indonesia capacity is seen as a valuable asset to the Group's customers, and that the Group would only share this with their loyal customers. These customers are also happy to provide orders in China as well. Mr. Bong further queried whether sales were simply moved to Indonesia, or if the Group had more sales. Mr. Chiu replied that they had more sales.

Mr. Khoo asked why did customers choose Indonesia and whether it was for political or cost reasons. Mr. Chiu replied that he could not answer on behalf of their customers. However, based on publicly-available information, Mr. Chiu noted that there is the tension between US and China, and Indonesia is also more cost-effective. Mr. Khoo further queried whether the rest of the plants in Guangdong would be closed. Mr. Chiu replied that this was not necessarily the case. In Guangdong, apart from business, the Group also has corporate social responsibility. If they are meeting the KPIs, the factory will continue to run. The Group has no plans to close down the factories in Guangdong even though the factories in Guangdong will eventually be less profitable. The Group would like to make Dongguan the R&D centre so that the Group can take up more sophisticated and value-added orders. This will help the factories to continue to run profitably. Mr. Khoo further noted that he believed that Combine Will's share price was undervalued and that the Company pays good dividends. He further asked what was the Chairman's view on his opinion that the Combine Will shares were hard to trade. Mr. Chiu noted that the Company cannot control the share price. However, their objective is to deliver to their shareholders. Mr. Chiu noted that on that basis, the Group will spend more time on IR to make the Company more well known to shareholders and potential shareholders.

Mr. Koh referred to page 42 of the Annual Report. He proceeded to ask why the Group put HKD78 million in financial assets when it could be used to reduce borrowing whether at a non-current or current level. Mr. Chiu replied that in general, the Group is putting effort to improve the balance sheet. For expansions, they are trying to fund it using term loan from the Hong Kong banks. For general trading purposes, the Group finances it using their trade facilities. The Group would like to save the cash obtained from the disposal of the Dongguan property for future development. Mr. Chiu proceeded to mention 3 aspects: 1) the CAPEX line 30-50% financed by 3-5 year bank loans; 2) Inventory mainly financed by bank trading facilities; 3) Some buffer left for cases of contingency and/or future growth. Mr. Chiu proceeded to explain that the cash obtained from the disposal of the Dongguan property would be partly used for investment in investment grade bonds. On that base, they would be offsetting the cost of borrowing to allow flexibility. Mr. Chiu noted that it takes time to arrange bank financing in Hong Kong, hence they would like to prepare in advance all the financing commitments on a conservative basis. Mr. Chiu further noted that the bonds were all investment grade and short term bonds, and that there were no high yield bonds or any convertibles.

Mr. Koh further noted that money was put into new businesses such as lifestyle ageing products, and requested that the Chairman explain the diversifications. Mr. Chiu replied that the Group had no plan to diversify, but they instead sought to outwardly integrate. However, he noted that this was still in the preliminary and planning stage, and the Group did not have much details to share this year. The industry that the Group has identified is in relation to elderly products, and they have a small team to identify the products and plan how to exploit this business opportunity, though it is rather premature to be able to share anything concrete at this stage. Mr. Chiu further emphasized that the Group is seeking to strengthen their core businesses and expand through outward integration by leveraging on the Group's current competitive advantage in the OEM/ODM

business. Mr. Koh further requested clarification on whether cash was expended. Mr. Chiu explained that a small amount of money was expended but, from an investment standpoint, they have not invested yet. The Group wants to do some business that is more value-added, and they are exploring elderly products in this respect. Mr. Chiu assured that the Group will share more details when more progress has been made.

Ms. Chee referred the Management to page 43 of the Annual Report and noted that the inventory was more than 30% of the revenue, and queried how the business was conducted such that there was such a high inventory. Mr. Chiu replied that firstly, in respect of their major customers, when they place orders, they have different shipment schedules. The Group hence is building up the finished goods inventories for them. Secondly, the Group has to make sure that they have enough workers and give such workers enough overtime in China, and hence they would sometimes have to halt works-in-progress to fulfil social requirements. Mr. Chiu further assured that all inventories built by the Group are secured by confirmed orders from reputable worldwide customers and hence the risk was not high.

Mr. Bong queried whether the fourth quarter inventory referred to finished goods? Mr. Chiu replied that it was just a general provision for prudence, and that they did not know which inventory it was. In the event that the Group had some inventory that could not deliver the expected results, the Group would use this provision to offset against the potential costs. For finished goods, Mr. Chiu mentioned that he believed that the provision could not be logically assigned to finished goods.

Mr. Koh sought confirmation that the inventory was not related to any event such as the bankruptcy of Toys'r'Us. Mr. Chiu replied in the negative, and noted that toys represented less than 20% of the Group's products. Mr. Koh suggested that this should be highlighted in the Annual Report. Mr. Koh further queried whether for confirmed orders, the customer has to take the finished product no matter what. Mr. Chiu replied that it depends on the situation: 1) for accidents, the insurer would pay for it; 2) if the customers want to stop the programme, they have to pay for it; 3) if the customer has financial difficulty. Mr. Chiu noted that situation 3 would be rare due to the types of customers that the Group deals with.

Mr. Khoo queried how many other companies supply similar products to the Group's major customers. Mr. Chiu replied that there were 7 or 8 companies and the Group was one of the key core vendors. Mr. Khoo further queried whether there were other core vendors supplying the same products. Mr. Chiu replied that different vendors have different value-add to the customers. For the Group, Mr. Chiu noted that their strengths were their production capabilities in Indonesia, their early involvement to build work on engineering part of the inventory, and that the Group is part of the council committee between the customer and vendors. Mr. Chiu noted that the Group was consistently one of the top vendors with the most awards from the customers year-on-year.

Mr. Koh referred to page 82 of the Annual Report and queried what was the relationship with the supplier in relation to fee payments. Mr. Chiu replied that some of these were borne from unique situations, for example, in China, the Group has to pay the landlord in advance. In such cases, the landlord owns the factories, while the Group has the workers. This is one of the instances that the Group has to prepay, but usually the party that the Group has to prepay is different from the vendors. Mr. Koh further queried whether such payments could be put in bonds. Mr. Chiu replied that the counterparty would not agree to such an arrangement. Mr. Koh further queried whether such arrangements were in relation to only Dongguan and Cangwu, and not for Indonesia. Mr. Chiu replied in the affirmative, as the Group owned the factory in Indonesia. Mr. Koh further queried about what were the "deposits and other receivables paid". Mr. Chiu replied that the deposits paid were in the regular operations and that the other receivables were similar to what had previously been mentioned.

Mr. Bong queried on how engineering income was different from the Moulds and Tooling segment and why it was at a net level. Mr. Chiu replied that those were two different things. For mould engineering, it is a production supplement. The Group's engineer needs to spend time to work with the mould-maker so that the moulds can be delivered according to their specifications. Hence, the Group does not pass on 100% of the amount to the mould-maker as the Group is adding value. This difference accounts for the engineering income. Mr. Bong further queried whether this item is a consistent and regular item. Mr. Chiu replied in the affirmative, because this operation model has been there since the year that he joined and has not changed since then.

Ms. Chee queried about any measures that would be taken if the price of raw materials became too expensive. Mr. Chiu replied that all raw material costs are marked to market, and that if prices went up, the Group would charge the customer more. In the event that the customer is unable to afford such increase, the Group would have to make enhancements on design features of the order in order to cut certain costs.

No further question was raised from the floor.

Ms. Nicole Han proposed and Ms. Nancy Xiao seconded the motion.

**6. RESOLUTION 2
DIRECTORS' FEES**

On behalf of the Chairman, Mr. Ng tabled the next agenda item which related to the following Resolution 2:

"To approve the payment of Directors' Fees of S\$240,000 for the financial year ending 31 December 2019."

Mr. Koh asked whether the Directors' Fees were for this year and Mr. Ng replied in the affirmative, and that the fees included the fees to be given to the new director to be appointed this year.

No further question was raised from the floor.

The motion was proposed by Ms. Nicole Han and seconded by Ms. Nancy Xiao.

**7. RESOLUTION 3
RE-ELECTION OF MR. CHIA SENG HEE, JACK**

Moving on to the next agenda item, Mr. Ng presented the next agenda item that related to the proposed re-election of Mr. Chia Seng Hee, Jack as Director of the Company.

Resolution 3 read:

"To re-elect Mr. Chia Seng Hee, Jack, a Director retiring pursuant to Article 86 of the Company's Articles of Association."

Mr. Ng noted that the background, role and responsibilities of Mr. Chia were set out in the Annual Report.

Mr. Koh asked if the details on the re-election of a director were a new requirement and Mr. Ng replied in the affirmative.

No further question was raised from the floor.

The motion was proposed by Ms. Nicole Han and seconded by Ms. Nancy Xiao.

**8. RESOLUTION 4
RE-APPOINTMENT OF JOINT AUDITORS**

On behalf of the Chairman, Resolution 4 which related to the proposed re-appointment of RSM Hong Kong and RSM Chio Lim LLP as joint Auditors of the Company was tabled to shareholders.

Resolution 4 read:

“To re-appoint Messrs RSM Hong Kong and RSM Chio Lim LLP as joint Auditors, and to authorise the Directors of the Company to fix their remuneration.”

No question was raised from the floor.

The motion was proposed by Ms. Nicole Han and seconded by Ms. Nancy Xiao.

**9. RESOLUTION 5
DECLARATION OF FINAL DIVIDEND**

On behalf of the Chairman, Resolution 5 which related to the proposed declaration of a final tax-exempt one-tier dividend of S\$5.0 cents per ordinary share in respect of the financial year ended 31 December 2018 was tabled to shareholders.

Resolution 5 read:

“To declare a final tax-exempt one-tier dividend of S\$5.0 cents per ordinary share in respect of the financial year ended 31 December 2018.”

Mr. Koh asked the Management to explain the rationale of recommending S\$5.0, and whether there was any restriction on the repatriation of the profits derived from the sale of the companies as dividends. Mr. Chiu replied in the negative in respect of the second question. In respect of the first question, Mr. Chiu replied that the dividend was determined after consideration of the following points: 1) The Group has not been paying dividends so frequently, and the Group should pay some dividends to express appreciation to shareholders and to demonstrate their financial ability. However, they cannot commit on the profit that they have made from the sale of the companies; 2) The Group understands that they have a reasonable bank debt at the moment, as well as the Indonesia and Guangxi expansion and that they are looking to explore further business opportunities. Hence, they may need funds for existing operations and future growth. After considering these factors, the Management came up with the dividend amount. Mr. Chiu further noted that the amount of S\$5.0 cents was a figure which makes sense and is affordable by the company.

No further question was raised from the floor.

The motion was proposed by Mr. Nicole Han and seconded by Ms. Nancy Xiao.

SPECIAL BUSINESS

**10. RESOLUTION 6
APPOINTMENT OF MR. WEE SUNG LENG AS DIRECTOR**

The Meeting then moved on to the Special Business to be transacted.

On behalf of the Chairman, Mr. Ng presented Resolution 6 as a special business for shareholders' approval and adoption, the appointment of Mr. Wee Sung Leng as Director.

Resolution 6 read:

"To appoint Mr. Wee Sung Leng as a Director, pursuant to Article 85(1) of the Company's Articles of Association, to hold office from the date of this Annual General Meeting."

Mr. Ng noted that the background, role and responsibilities of Mr. Wee were set out in the Annual Report.

No question was raised from the floor.

The motion was proposed by Ms. Nicole Han and seconded by Ms. Nancy Xiao.

**10. RESOLUTION 7
SHARE ISSUE MANDATE**

On behalf of the Chairman, Mr. Ng presented Resolution 7 as a special business for shareholders' approval and adoption, the Share Issue Mandate. Mr. Ng informed shareholders that the full text of Resolution 7 could be found in the Annual Report.

Mr. Ng noted that the proxy form should be read as "issued pursuant to the Share Issue Mandate".

Mr. Koh queried whether the mandate included bonus issues. Mr. Ng replied that bonus issues would be separate from the mandate.

No further question was raised from the floor.

The motion was proposed by Ms. Nicole Han and seconded by Ms. Nancy Xiao.

**11. RESOLUTION 8
RENEWAL OF SHARE PURCHASE MANDATE**

On behalf of the Chairman, Mr. Ng presented the next item of Special Business on the agenda which was to approve and adopt the renewal of the Share Purchase Mandate. Mr. Ng referred shareholders to the full text of Resolution 8 in the Annual Report.

Mr. Koh noted that because of the 2010 share price, the shares of the Company were consolidated then. However, the price has now come up to S\$1. He shared the practice of another company, whether they similarly consolidated, but engaged in 2 bonus issues when their business improved as a way of de-consolidation. Mr. Koh suggested that this could help increase liquidity of the Company's shares. Mr. Chiu noted his suggestion with thanks.

No further question was raised from the floor.

Ms. Nicole Han proposed the motion and Ms. Nancy Xiao seconded the motion.

12. ANY OTHER BUSINESS

Mr. Ng noted that Mr. Ning Li will be retiring as a director of the Company at the Annual General Meeting and, on behalf of the Company, recorded a note of thanks to Mr. Ning Li.

13. POLL VOTING AND POLL RESULTS

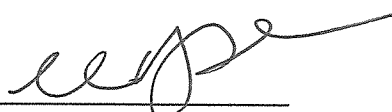
There being no further question, shareholders were asked to complete, sign and hand their voting slips for counting. After the votes were counted and verified by the Scrutineers, the Chairman announced the results of the poll as follows:

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
As Ordinary Business					
1. To receive and adopt the Directors' Statement, Audited Financial Statements and the Auditors' Report of the Company for the financial year ended 31 December 2018.	26,520,600	26,520,600	100%	0	0%
2. To approve the payment of Directors' Fees of S\$240,000 for the financial year ending 31 December 2019.	26,520,600	26,520,600	100%	0	0%
3. To re-elect Mr. Chia Seng Hee, Jack, a Director retiring pursuant to Article 86 of the Company's Articles of Association.	26,520,600	26,520,600	100%	0	0%
4. To re-appoint Messrs RSM Hong Kong and RSM Chio Lim LLP as	26,520,600	26,520,600	100%	0	0%

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
of this Annual General Meeting.					
7. To approve and adopt the Share Issue Mandate.	26,517,600	26,017,600	98.11%	500,000	1.89%
8. To approve and adopt the renewal of the Share Purchase Mandate.	26,520,600	26,020,600	98.11%	500,000	1.89%

14. CONCLUSION

There being no other business, the Meeting concluded at 11.30 a.m. with a note of thanks to all shareholders present for their attendance.



Mr. Chiu Hau Shun, Simon
Chairman of the Meeting