

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

**RESPONSES TO SHAREHOLDERS ON QUESTIONS RAISED FOR
AND IN CONNECTION WITH THE ANNUAL GENERAL MEETING
TO BE HELD ON THURSDAY, 21 APRIL 2022 AT 10.00AM**

The Board of Directors (the “**Board**”) of Combine Will International Holdings Limited (the “**Company**”) would like to inform Shareholders that the Company has received a number of questions ahead of its Annual General Meeting (“**AGM**”) to be held by electronic means on Thursday, 21 April 2022 at 10.00 a.m..

The Board would like to respond to these questions (which are reproduced below *ad verbum*, i.e., in its original form including without any editorial amendments).

Question 1

“The Company’s revenue has declined from HKD 1965 m in FY2019 to HKD 1140 m in FY 2021, what is management’s plan to return back to 2019 revenue levels?”

Company’s Response

The Group recorded a drop in revenue from HKD 1765 million in its financial year ended 31 December 2019 (“**FY2019**”) to HKD 957 million in its financial year ended 31 December 2020 (“**FY2020**”) due primarily to the depression faced by the global economy as a result of the outbreak of the COVID-19 pandemic in early 2020. Whilst the management team saw this as a macroeconomic operational challenge, it took the opportunity strengthen the Group’s partnership with its customers and successfully recorded a slight rebound in the Group’s revenue to HKD 1140 million in its financial year ended 31 December 2021 (“**FY2021**”). Unfortunately, for its financial year ending 31 December 2022 (“**FY2022**”), the Company expects the macroeconomics to remain uncertain in view of the COVID-19 pandemic, geopolitical and economic challenges (including the impact of higher inflation and the on-going Russia-Ukraine conflicts). The Group will continue with its efforts to enhance cost efficiencies through investing in automation and expanding operational capacity. The Group intends to further explore in paper products and the use of sustainable raw materials in its production. The management team is committed to bringing the best value and returns to Shareholders in the coming years.

Question 2

“Company’s earnings has also been volatile, could the management share its plans to make its earnings more stable?”

Company’s Response

In the past few years, the Company generated a consistent gross profit margin of 8.3% to 8.4%. The Company will continue investing in automation and new technologies for quality enhancements and productivity improvements to build a stable operating environment.

Question 3

“Can the company share its thinking behind its capex in the coming years? Eg as % of revenue? Any major capex expected?”

Company’s Response

Being progressive and innovative are core values of the Company. The Group intends to increase its investment in cost-efficient manufacturing bases in all factories and the development of paper product capability in its facilities at Heyuan (China) and Indonesia, which investment includes purchasing new machinery and equipment as well as upgrading its factories, among others. The Company reinvested approximately 8% to 15% of its revenue in capex in the past few years and will continue its trend of innovation in the coming years. The company does not have a fixed percentage capex investment policy. The percentage stated therein are statistical or historical.

Question 4

“Can the company share if it is planning to buy back its shares since it is trading way below its NAV?”

The Company will continue to renew its share purchase mandate at the forthcoming AGM and will undertake share buyback as and when appropriate and in the interest of Shareholders generally. Any share buyback will be undertaken in compliance with the Main Board listing rules of the Singapore Exchange Securities Trading Limited including the making of the requisite announcement following the completion of any share buyback.

Question 5

“Can the company share its revenue contribution from top 1 to 3 customers? is there any customer concentration risk for the company?”

The Group’s top 3 customers respectively account for 59%, 24% and 5% in terms of revenue of the Group. The Group’s core customers are leading enterprises in the markets that they operate. The Group has had long-term business relationship with them for over 15 years, all of which are strategic partners. The Company is cognizant of the concentration risk associated with the Group’s top customer. However, the Company believes that such risk is somewhat mitigated in light of the long-term business relationship that the Group has had with this customer as well as its relatively strong market positioning and standing.

Question 6

“With supply chain and Ukraine war issues, can the company share its strategies to overcome current challenges?”

The worldwide supply chain has been affected by challenges presented by the COVID-19 pandemic, such challenges include inordinate delays and disruptions. The Company notes that most of the Group’s customers and suppliers are facing the same challenges. The Group has taken efforts to develop better communication channels with its customers and suppliers in order to stabilise its supply chain, minimizing negative effect on the Group’s production, thereby maintaining the ability to deliver to customers on schedule. This, the Company believes, has contributed to a 19% increase in its revenue for FY2021 despite the macroeconomic challenges alluded to above.

In so far as the Russia-Ukraine conflicts are concerned (including any sanction-related issues arising), the management team had performed a risk analysis based on the figures pertaining to the first quarter of FY2022 and noted that there had not been any material impact to the Group’s operations.

Question 7

“With china lock downs, can the company share any plan Bs, if its production capacity in China is affected?”

The Company has had put in place a Business Continuity Plan (“**BCP**”) for many years, aimed at preventing and, when necessary, recovering the Group’s operations in the event of material disruptions. The Company has updated its BCP in early 2020 in response to the outbreak of the COVID-19 pandemic, the update of which was aimed at enabling the Group to quickly and effectively respond to any lockdowns (including enabling the Group to resume operations as soon as possible and ensuring all employees’ health and safety).

In addition, the Board would like to note that the Group has been expanding its production lines in its factory in Sragen, Indonesia. The Indonesian factory had a 30% increase in plastic product capacity in FY2021 and is currently scheduled to commence paper printing operations in the last quarter of FY2022. Other than increasing cost efficiencies and ensuring that the Group is able to satisfy the requirements of its major customers, the Company has been diversifying production geographically to minimize the impact of any single localised event.

By Order of the Board

Chiu Hau Shun, Simon
Chief Executive Officer

20 April 2022