

Combine Will International Holdings Limited

(Incorporated in Cayman Islands)

(Co. Reg. No: MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND THREE MONTHS ENDED 30 JUNE 2015**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) A statement of Profit or Loss (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Statement of profit or loss for the quarter ended 30 June 2015

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2015	2014	Change	%	2015	2014	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	566,338	501,085	65,253	13.02	1,087,021	900,621	186,400	20.70
Cost of sales	(515,045)	(461,077)	53,968	11.70	(994,066)	(828,220)	165,846	20.02
Gross Profit	51,293	40,008	11,285	28.21	92,955	72,401	20,554	28.39
Other income	7,998	9,078	(1,080)	(11.90)	15,348	21,855	(6,507)	(29.77)
Selling and distribution expenses	(7,233)	(5,947)	1,286	21.62	(11,710)	(10,580)	1,130	10.68
Administrative expenses	(39,833)	(32,767)	7,066	21.56	(71,892)	(65,709)	6,183	9.41
Profit From Operations	12,225	10,372	1,853	17.87	24,701	17,967	6,734	37.48
Finance costs	(5,450)	(4,888)	562	11.50	(10,786)	(10,856)	(70)	(0.64)
Profit Before Tax	6,775	5,484	1,291	23.54	13,915	7,111	6,804	95.68
Income tax expenses	(351)	(425)	(74)	(17.41)	(542)	(571)	(29)	(5.08)
Profit for the period	6,424	5,059	1,365	26.98	13,373	6,540	6,833	104.48
Attributable to:								
Owners of the Company	5,221	6,367	(1,146)	(18.00)	11,957	8,143	3,814	46.84
Non-controlling interests	1,203	(1,308)	2,511	191.97	1,416	(1,603)	3,019	188.33

1(a)(ii) Statement of Profit or Loss and other Comprehensive Income for the quarter ended 30 June 2015

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2015	2014	Change	%	2015	2014	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit for the period	6,424	5,059	1,365	26.98	13,373	6,540	6,833	104.48
Other comprehensive income								
Exchange difference on translating foreign operations	5,849	(7,277)	13,126	180.38	(7,216)	(9,237)	2,021	21.88
Other comprehensive income for the period, net of tax	5,849	(7,277)	13,126	180.38	(7,216)	(9,237)	2,021	21.88
Total comprehensive income for the period	12,273	(2,218)	14,491	653.34	6,157	(2,697)	8,854	328.29
Attributable to:								
Owners of the Company	11,070	(910)	11,980	1,316.48	4,741	(1,094)	5,835	533.36
Non-controlling interests	1,203	(1,308)	2,511	191.97	1,416	(1,603)	3,019	188.33

Note:

The Group's Profit before tax is arrived at after charging / (crediting):

	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	11,982	12,630	24,168	25,099
Gain on disposals of property, plant and equipment	-	(2,144)	(29)	(1,533)
Interest income	(3,796)	(1,945)	(7,359)	(6,545)
Interest on bank loans and overdrafts	5,450	4,888	10,786	10,856
Exchange difference, net	(4,847)	9,673	3,723	23,034

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	At 30.06.2015	At 31.12.2014	At 30.06.2015	At 31.12.2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	241,459	246,865	-	-
Investments In subsidiaries	-	-	461,263	461,263
Goodwill	2,417	2,417	-	-
	243,876	249,282	461,263	461,263
Current assets				
Inventories	533,154	557,146	-	-
Trade and bills receivables	431,141	408,293	-	-
Prepayments, deposits and other receivables	185,496	205,758	-	-
Current tax assets	6,965	4,429	-	-
Pledged bank deposits	456,889	303,601	-	-
Bank and cash balances	46,228	53,860	109	109
	1,659,873	1,533,087	109	109
Total assets	1,903,749	1,782,369	461,372	461,372
Current liabilities				
Trade and bills payables	282,338	335,990	-	-
Accruals and other payables	157,029	155,723	-	-
Term loans	448,500	297,500	-	-
Short-term borrowings	294,187	254,590	-	-
Long-term borrowings	20,400	29,443	-	-
Current tax liabilities	7,865	11,683	-	-
	1,210,319	1,084,929	-	-
Non-current liabilities				
Long-term borrowings	8,200	18,367	-	-
Deferred tax liabilities	3,140	3,140	-	-
	11,340	21,507	-	-
Total liabilities	1,221,659	1,106,436	-	-
Equity attributable to owners of the Company				
Share capital	246,000	246,000	246,000	246,000
Reserves	422,226	417,485	215,372	215,372
	668,226	663,485	461,372	461,372
Non-controlling interests	13,864	12,448	-	-
Total equity	682,090	675,933	461,372	461,372
Total liabilities and equity	1,903,749	1,782,369	461,372	461,372

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30 June 2015	As at 31 December 2014
Secured	Secured
HK\$'000	HK\$'000
763,087	581,533

Amount repayable after one year

As at 30 June 2015	As at 31 December 2014
Secured	Secured
HK\$'000	HK\$'000
8,200	18,367

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies, and the Group's pledged bank deposits of HK\$456.9 million.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			
	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	6,775	5,484	13,915	7,111
Adjustments for :				
Depreciation	11,982	12,630	24,168	25,099
(Gain)/Loss on disposal of property, plant and equipment	-	(2,114)	(29)	(1,533)
Interest income	(3,796)	(1,945)	(7,359)	(6,545)
Finance costs	5,450	4,888	10,786	10,856
Operating profit before working capital changes	20,411	18,943	41,481	34,988
(Increase)/ Decrease in inventories	(27,506)	(32,004)	23,992	(38,961)
(Increase)/Decrease in trade and bills receivables	(64,587)	(36,555)	(22,848)	3,785
(Increase)/Decrease in prepayments, deposits and other receivables	(7,181)	23,531	20,262	27,082
Increase/(Decrease) in trade and bills payables	22,874	98,152	(53,652)	96,325
Increase/(Decrease) in accruals and other payables	6,157	7,027	1,306	(15,606)
Cash (used in)/generated from operations	(49,832)	79,094	10,541	107,613
Interest paid	(5,450)	(4,888)	(10,786)	(10,856)
Income tax paid	(3,531)	(2,398)	(6,896)	(5,962)
Net cash (used in)/generated from operating activities	(58,813)	71,808	(7,141)	90,795
Cash flows from investing activities				
Decrease /(Increase) in pledged bank deposits	96,905	190,787	(153,288)	458,885
Purchase of property, plant and equipment	(7,436)	(7,230)	(15,774)	(13,381)
Proceeds from disposals of property, plant and equipment	-	2,525	-	2,525
Interest received	3,796	1,945	7,359	6,545
Net cash generated from/(used in) investing activities	93,265	188,027	(161,703)	454,574
Cash flows from financing activities				
Inception of new term loans	-	-	-	-
(Repayment)/Inception of term loans	(99,000)	(200,000)	151,000	(450,000)
Repayment of long-term borrowings	(8,605)	(11,237)	(19,210)	(23,026)
Net advance/(repayment) of trust receipt and import loans	12,019	(22,239)	39,597	(62,724)
Net cash (used in)/generated from financing activities	(95,586)	(233,476)	171,387	(535,750)
Net increase/(decrease) in cash and cash equivalents	(61,134)	26,359	2,543	9,619
Cash and cash equivalents at beginning of the period	100,997	48,758	53,860	67,458
Net effect of exchange rate changes in consolidating subsidiaries	6,365	(7,277)	(10,175)	(9,237)
Cash and cash equivalents at end of the period	46,228	67,840	46,228	67,840

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to the owners of the Company						Minority interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Subtotal HK\$'000		
At 1 January 2015	246,000	26,488	2,033	64,485	324,479	663,485	12,448	675,933
Total comprehensive income for the period	-	-	-	(7,216)	11,957	4,741	1,416	6,157
At 30 June 2015	246,000	26,488	2,033	57,269	336,436	668,226	13,864	682,090
At 1 January 2014	246,000	26,488	2,033	69,726	305,837	650,084	12,480	662,564
Total comprehensive income for the period	-	-	-	(9,237)	8,143	(1,094)	(1,603)	(2,697)
At 30 June 2014	246,000	26,488	2,033	60,489	313,980	648,990	10,877	659,867

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2015	246,000	26,488	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-
At 30 June 2015	246,000	26,488	130,205	58,679	461,372
At 1 January 2014	246,000	26,488	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-
At 30 June 2014	246,000	26,488	130,205	58,679	461,372

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the three months ended 30 June 2015, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 30 June 2015, there were no outstanding share options / warrants / convertible securities / treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

32,800,000 ordinary shares of HK\$7.50 each as at 31 December 2014.
32,800,000 ordinary shares of HK\$7.50 each as at 30 June 2015.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in the audited financial statements for the year ended 31 December 2014.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for the accounting period beginning on 1 January 2015. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group			
	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK cents	HK cents	HK cents	HK cents
Earnings per ordinary share for the period based on the net profit for the period				
(a) Based on weighted average number of ordinary shares on issue; and	15.92	19.41	36.45	24.83
(b) On a fully diluted basis	N/A	N/A	N/A	N/A

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$5,221,000 (Q2 2014: HK\$6,367,000) by the weighted average number of ordinary shares in issue of 32,800,000 (Q2 2014: 32,800,000) during the Q2 2015 period.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$11,957,000 (HY 2014: HK\$8,143,000) by the weighted average number of ordinary shares in issue of 32,800,000 (HY 2014: 32,800,000) during the HY 2015 period.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the Q2 2015 and Q2 2014 periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
- (a) **current financial period reported on; and**
- (b) **immediately preceding financial year.**

	The Group		The Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
	HK \$	HK \$	HK \$	HK \$
Net asset value per ordinary share based on issued share capital at the end of the year:	20.37	20.23	14.07	14.07
Number of ordinary shares in issue	32,800,000	32,800,000	32,800,000	32,800,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Revenue

In Q2 2015, the Group's overall revenue increased by HK\$65.3 million or 13.0%, from HK\$501.0 million in Q2 2014 to HK\$566.3 million in Q2 2015. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+53.2m	+11.8	The increase in revenue was mainly due to the sustained orders by our core customers and the delivery scheduled for this period.
Moulds and Tooling	-9.6m	-41.3	The decrease in revenue was mainly due to continued streamlining of our Moulds & Tooling operations.
Machine Sales	+21.7m	+80.9	The increased revenue was due to the increased delivery of products.

Increase/Decrease in revenue by geographical segments for Q2/2015

Region	(+/-) in HK\$	%	Comments
Asia	+101.4m	+27.5	The increase in revenue from Asia was mainly due to increased orders of our ODM/OEM business segment and Machine Sales business segment.
North America	-9.4m	-92.3	The decrease in revenue from North America was mainly due to decrease orders from our Moulds and Tooling business segment.
Europe	-26.7m	-21.8	The decrease in revenue from Europe was due to decreased orders from our ODM/OEM business segment in this region.

8.2 Gross profit and gross profit margin

In Q2 2015, the Group's gross profit increased by 28.2% or HK\$11.3 million, generating gross profit margin of 9.1% (Q2 2014: 8.0%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+0.1m	+0.3	The increase in gross profit was mainly due to the increase in sales which was partially offset by increases in labor cost.
Moulds and Tooling	+5.6m	+128.0	The increase in gross profit was due to the restructuring completed in 2014 which resulted in decreased operating and overhead costs.
Machine Sales	+5.6m	+114.0	The increase in gross profit was due to higher margin sales.

8.3 Other Income

The Group's other income decreased by HK\$1.1 million or 11.9%, from HK\$9.1 million in Q2 2014 to HK\$8.0 million in Q2 2015 mainly due to a decrease of HK\$0.9 million mould development income.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$1.3 million or 21.6%, from HK\$5.9 million in Q2 2014 to HK\$7.2 million in Q2 2015 mainly due to the increase of HK\$1.3 million in the ODM/OEM business segment arising from the increase in sales.

8.5 Administrative expenses

The Group's administrative expenses increased by HK\$7.0 million or 21.6%, from HK\$32.8 million in Q2 2014 to HK\$39.8 million in Q2 2015 due to provision made for further restructuring expense in Moulds and Tooling business segment comprising HK\$ 18.6 million. The increased provisions were partially offset by positive recognition of foreign exchange difference of HK\$13.4 million due to HK\$4.8 million exchange gain in Q2 2015 compare with HK\$ 8.6 million exchange loss in 2014.

8.6 Finance Costs

Finance costs increased by HK\$0.6 million or 11.5%, from HK\$4.9 million in Q2 2014 to HK\$5.5 million in Q2 2015 mainly due to the increase on term loans.

8.7 Income Tax Expense

Income tax expense decreased by HK\$0.1 million or 17.4%, from HK\$0.4 million in Q2 2014 to HK\$0.3 million in Q2 2015, mainly due to lower tax provisions relating to decrease in profit on PRC region for FY2015.

Financial position

8.8 Non-current assets

The Group's non-current assets decreased by 2.2% or HK\$5.4 million, from HK\$249.3 million as at 31 December 2014 to HK\$243.9 million as at 30 June 2015. This was mainly due to HK\$24.2 million depreciation expense of charged for the period ended 30 Jun 2015 which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$15.8 million.

8.9 Current assets

As at 30 June 2015, the Group's current assets increased by HK\$126.8 million or 8.3%, from HK\$1,533.1 million as at 31 December 2014 to HK\$1,659.9 million mainly due to:

- an increase in pledged bank deposits of HK\$153.3 million;
- an increase in trade and bills receivables of HK\$22.8 million in line with the increased revenue; and
- an increase in current tax assets of HK\$2.5 million;

which were partially offset by :

- a planned reduction in inventories held of HK\$24.0 million which was undertaken in anticipation of a reduced product deliveries scheduled for 2H 2015;
- a decrease in prepayments, deposits and other receivables of HK\$20.2 million mainly due to the decrease on purchase deposit paid for machinery and material; and
- a decrease in bank and cash balances of HK\$7.6 million.

8.10 Current liabilities

As at 30 June 2015, the Group's current liabilities increased by HK\$125.4 million or 11.6%, from HK\$1,084.9 million as at 31 December 2014 to HK\$1,210.3 million mainly due to:

- an increase in term loans of HK\$151.0 million;
- an increase in short-term borrowings amounting to approximately HK\$39.6 million mainly due to finance the Group's working capital requirement; and
- an increase in accruals and other payables of HK\$1.3 million;

which were partially offset by :

- a decrease in trade and bills payables of HK\$53.7 million, mainly due decreased materials purchases in ODM/OEM business segment;
- a decrease in the current portion of long-term borrowings amounting to approximately HK\$9.0 million due to loan repayments in accordance with the payment schedule; and
- a decrease in current tax liabilities of HK\$3.8 million due to the payment of taxes net of the income tax charged for the period;

8.11 Non-current liabilities

The decrease in long-term borrowings is mainly due to the repayment of long-term borrowings undertaken in accordance to the payment schedule.

8.12 Statement of Cash Flows

As at 30 June 2015, the Group's cash resources of HK\$46.2 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$7.6 million held by the Group for the 6 months ended 30 June 2015 comprised:

- Net cash used in operating activities of HK\$7.1 million mainly due to finance the working capital needs;
- Net cash used in investing activities of HK\$161.7 million, mainly due to an increase in pledged bank deposits;
- Net cash generated from financing activities of HK\$171.4 million, mainly due to the inception of term loans.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Whilst our performance for the 1H 2015 have been good, we will be faced with increased employees' wages, margins pressure and potentially slower demand due to the uncertain global economic conditions for 2H 2015.

In the face of long term price competition in the China market, it is not expected that the Moulds and Tooling segment can continue to operate at its optimal capacity. We have adopted the strategy of maintaining the Moulds and Tooling division as an internal service centre to serve the requirements of ODM/OEM segment. Further restructuring of the Moulds and Tooling division is envisaged to commence from 3Q 2015.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the current period reported on.

13. If the group has obtained a general mandate from shareholders of IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained for the current period reported on.

14. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company for the financial period ended 30 June 2015.

15. Negative Assurance Confirmation Pursuant To Rule 705(4) of the Listing Manual

We, Tam Jo Tak, Dominic and Chiu Hau Shun, Simon, being two Directors of Combine Will International Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 6 months financial period ended 30 June 2015 to be false or misleading.

On behalf of the Board of Directors,

Tam Jo Tak, Dominic
Executive Chairman

Chiu Hau Shun, Simon
Executive Director

BY ORDER OF THE BOARD

Tam Jo Tak, Dominic
Executive Chairman

11 August 2015