

**Combine Will International Holdings Limited**  
(Incorporated in Cayman Islands)  
(Co. Reg. No: MC-196613)

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2014**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**1(a)(i) Statement of profit and loss for the quarter ended 31 March 2014**

	<b>The Group</b>			
	<b>3 months ended 31 March</b>			
	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>%</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	
<b>Revenue</b>	<b>399,536</b>	<b>270,454</b>	<b>129,082</b>	<b>47.73</b>
Cost of sales	(367,143)	(255,666)	111,477	43.60
<b>Gross Profit</b>	<b>32,393</b>	<b>14,788</b>	<b>17,605</b>	<b>119.05</b>
Other income	12,777	14,326	(1,549)	(10.81)
Selling and distribution expenses	(4,633)	(7,130)	(2,497)	(35.02)
Administrative expenses	(32,942)	(27,457)	5,485	19.98
<b>Profit / (Loss) From Operations</b>	<b>7,595</b>	<b>(5,473)</b>	<b>13,068</b>	<b>238.77</b>
Finance costs	(5,968)	(3,852)	2,116	54.93
<b>Profit / (Loss) Before Tax</b>	<b>1,627</b>	<b>(9,325)</b>	<b>10,952</b>	<b>117.45</b>
Income tax expense	(146)	(1,222)	(1,076)	(88.05)
<b>Profit / (Loss) for the period</b>	<b>1,481</b>	<b>(10,547)</b>	<b>12,028</b>	<b>114.04</b>
<b>Attributable to:</b>				
Owners of the Company	1,776	(7,075)	8,851	125.10
Non-controlling interests	(295)	(3,472)	3,177	91.50

**1(a)(ii) Statement of profit or loss and other Comprehensive Income for the quarter ended 31 March 2014**

	The Group			
	3 months ended 31 March			
	2014	2013	Change	%
	HK\$'000	HK\$'000	HK\$'000	
<b>Profit / (Loss) for the period</b>	<b>1,481</b>	<b>(10,547)</b>	<b>12,028</b>	<b>114.04</b>
<b>Other comprehensive income</b>				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange difference on translating foreign operations	(1,960)	(417)	(1,543)	370.02
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,960)</b>	<b>(417)</b>	<b>(1,543)</b>	<b>370.02</b>
<b>Total comprehensive income for the period</b>	<b>(479)</b>	<b>(10,964)</b>	<b>(10,485)</b>	<b>(95.63)</b>
<b>Attributable to:</b>				
Owners of the Company	(184)	(7,492)	(7,308)	(97.54)
Non-controlling interests	(295)	(3,472)	(3,177)	(91.50)
	<b>(479)</b>	<b>(10,964)</b>	<b>(10,485)</b>	<b>(95.63)</b>

**Note:**

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

	3 months ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Depreciation	12,469	13,627
Interest income	(4,600)	(219)
Loss/(Gain) on disposals of property, plant and equipment	581	-
Interest on bank loans and overdrafts	6,439	3,852
Exchange difference, net	(13,361)	375

**1(b)(i) A balance sheet (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 31.03.2014	At 31.12.2013	At 31.03.2014	At 31.12.2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	253,822	260,721	-	-
Investments In Subsidiaries	-	-	461,263	461,263
Goodwill	2,417	2,417	-	-
	256,239	263,138	461,263	461,263
<b>Current assets</b>				
Inventories	517,747	510,790	-	-
Trade and bills receivables	325,432	365,772	-	-
Prepayments, deposits and other receivables	195,905	199,456	-	-
Current tax assets	9,487	8,425	-	-
Due from Subsidiaries	-	-	-	-
Pledged bank deposits	495,095	763,193	-	-
Bank and cash balances	48,758	67,458	109	109
	1,592,424	1,915,094	109	109
<b>Total assets</b>	<b>1,848,663</b>	<b>2,178,232</b>	<b>461,372</b>	<b>461,372</b>
<b>Current liabilities</b>				
Trade and bills payables	232,405	234,232	-	-
Accruals and other payables	98,399	121,032	-	-
Term loans	497,500	747,500	-	-
Short-term borrowings	256,933	297,418	-	-
Long-term borrowings	44,842	46,089	-	-
Current tax liabilities	16,140	18,496	-	-
	1,146,219	1,464,767	-	-
<b>Non-current liabilities</b>				
Long-term borrowings	37,219	47,761	-	-
Deferred tax liabilities	3,140	3,140	-	-
	40,359	50,901	-	-
<b>Total liabilities</b>	<b>1,186,578</b>	<b>1,515,668</b>	<b>-</b>	<b>-</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	246,000	246,000	246,000	246,000
Reserves	403,900	404,084	215,372	215,372
	649,900	650,084	461,372	461,372
Non-controlling interests	12,185	12,480	-	-
<b>Total equity</b>	<b>662,085</b>	<b>662,564</b>	<b>461,372</b>	<b>461,372</b>
<b>Total liabilities and equity</b>	<b>1,848,663</b>	<b>2,178,232</b>	<b>461,372</b>	<b>461,372</b>

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

As at 31 March 2014	As at 31 December 2013
Secured	Secured
HK\$'000	HK\$'000
799,275	1,091,007

**Amount repayable after one year**

As at 31 March 2014	As at 31 December 2013
Secured	Secured
HK\$'000	HK\$'000
37,219	47,761

**Details of collaterals**

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies, the guarantee issued by the Government of the Hong Kong Special Administrative Region and the Group's pledged bank deposits of HK\$495.1 million.

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

	<b>The Group</b>	
	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	1,627	(9,325)
Adjustments for :		
Depreciation and amortization	12,469	13,627
Loss/(Gain) on disposals of property, plant and equipment	581	-
Interest income	(4,600)	(219)
Finance costs	5,968	3,852
<b>Operating profit before working capital changes</b>	<b>16,045</b>	<b>7,935</b>
(Increase)/Decrease in inventories	(6,957)	2,203
Decrease in trade and bills receivables	40,340	8,763
Decrease in prepayments, deposits and other receivables	3,551	677
Decrease in trade and bills payables	(1,827)	(35,116)
Decrease in accruals and other payables	(22,633)	(41,629)
<b>Cash generated/(used in) from operations</b>	<b>28,519</b>	<b>(57,167)</b>
Income tax paid	(3,564)	(7,836)
Interest paid	(5,968)	(3,852)
<b>Net cash generated/(used in) from operating activities</b>	<b>18,987</b>	<b>(68,855)</b>
<b>Cash flows from investing activities</b>		
Decrease/(Increase) in pledged bank deposits	268,098	(249,289)
Purchase of property, plant and equipment	(6,151)	(4,119)
Interest received	4,600	219
<b>Net cash generated/(used in) investing activities</b>	<b>266,547</b>	<b>(253,189)</b>
<b>Cash flows from financing activities</b>		
Inception of new term loans	-	250,000
Repayment of term loans	(250,000)	-
Repayment of long-term borrowings	(11,789)	(11,790)
Net (repayment)/generated of trust receipt and import loans	(40,485)	117,040
<b>Net cash (used in)/generated from financing activities</b>	<b>(302,274)</b>	<b>355,250</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,740)</b>	<b>33,206</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>67,458</b>	<b>54,796</b>
Net effect of exchange rate changes in consolidating subsidiaries	(1,960)	(417)
<b>Cash and cash equivalents at end of the period</b>	<b>48,758</b>	<b>87,585</b>

**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
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Subtotal HK\$'000		HK\$'000
	At 1 January 2014	246,000	26,488	2,033	69,726	305,837		650,084
Total comprehensive income for the period	-	-	-	(1,960)	1,776	(184)	(295)	(479)
<b>At 31 March 2014</b>	<b>246,000</b>	<b>26,488</b>	<b>2,033</b>	<b>67,766</b>	<b>307,613</b>	<b>649,900</b>	<b>12,185</b>	<b>662,085</b>
At 1 January 2013	246,000	26,488	2,033	58,997	298,572	632,090	17,955	650,045
Total comprehensive income for the period	-	-	-	(417)	(7,075)	(7,492)	(3,472)	(10,964)
<b>At 31 March 2013</b>	<b>246,000</b>	<b>26,488</b>	<b>2,033</b>	<b>58,580</b>	<b>291,497</b>	<b>624,598</b>	<b>14,483</b>	<b>639,081</b>

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2014	246,000	26,488	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-
<b>At 31 March 2014</b>	<b>246,000</b>	<b>26,488</b>	<b>130,205</b>	<b>58,679</b>	<b>461,372</b>
At 1 January 2013	246,000	26,488	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-
<b>At 31 March 2013</b>	<b>246,000</b>	<b>26,488</b>	<b>130,205</b>	<b>58,679</b>	<b>461,372</b>

- 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 31 March 2014, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 31 March 2014, 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\$7.5 each as at 31 December 2013.

32,800,000 ordinary shares of HK\$7.5 each as at 31 March 2014.

- 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 preparing for the audited financial statements for the year ended 31 December 2013.

- 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 accounting period beginning on 1 January 2014. 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.**

	3 months ended 31 March	
	2014	2013
	HK cents	HK cents
Earnings per ordinary share for the period based on the net (loss) / profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	5.41	(21.57)
(b) On a fully diluted basis	N/A	N/A

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$1,776,000 (Q1 2013: loss attributable to the owners of the company of approximately HK\$7,075,000) by the weighted average number of ordinary shares in issue of 32,800,000 (Q1 2013: 32,800,000) during the Q1 2014.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q1 2014 and Q1 2013.

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	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital at the end of the year:	1,981.40	1,981.96	1,406.62	1,406.62
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 Q1 2014, the Group's overall revenue increased by HK\$129.0 million or 47.7%, from HK\$270.5 million in Q1 2013 to HK\$399.5 million in Q1 2014. The breakdown in the performance by the Group's 3 business segments is as follows:



Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+111.7m	+52.1	The increase in revenue was mainly due to a recovery in sales for Q1 2014 compared to the slow start experienced in 2013 as reflected by the reduced orders for the same period in Q1 2013.
Moulds and Tooling	-7.7m	-19.4	The decreased revenue experienced was due to continuous decrease in demand of our products amidst competition from lower cost manufacturers in PRC.
Machine Sales	+25.0m	+150.1	The increased revenue experienced was due to difference in delivery schedules between these two years.

*Increase/Decrease in revenue by geographical segments for Q1/2014*

Region	(+/-) in HK\$	%	Comments
Asia	+105.1m	+52.3	The increase in revenue from Asia was a result of increased sales contribution by all business segments.
North America	+0.5m	+72.6	The increase in revenue from North America was mainly due to increases in both ODM/OEM and Moulds and Tooling business segments.
Europe	+23.4m	+34.1	The increase in revenue from Europe was mainly due to the increase ODM/OEM business segments, which was reduced by decreased sales in the Moulds and Tooling business segment.

## 8.2 Gross profit and gross profit margin

In Q1 2014, the Group's gross profit increased by 119.1% or HK\$17.6 million, generating gross profit margin of 8.1% (Q1 2013: 5.5%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+25.9m	+1,064.0	The increase in gross profit was mainly due to increased orders from customers and rigorous cost cutting measures.
Moulds and Tooling	-11.7m	-165.0	The decrease in gross profit was due to decrease in sale and continuous price pressure.
Machine Sales	+3.4m	+64.6	The increase in gross profit and gross margin was mainly due to increased sales in this business segment.

### 8.3 Other Income

The Group's other income decreased by HK\$1.5 million or 10.8%, from HK\$14.3 million in Q1 2013 to HK\$12.8 million in Q1 2014 mainly due to one-off government subsidy of in respect of one of the Company's mould injection technology development in Q1 2013 which was not granted in Q1 2014. The decrease was partially offset by an increase of interest income earned from our RMB related deposits and Mould engineering income

### 8.4 Selling and distribution expenses

The Group's selling and distribution expenses decreased by HK\$2.5 million or 35.0%, from HK\$7.1 million in Q1 2013 to HK\$4.6 million in Q1 2014 mainly due to decrease of HK\$2.7 million in import & export fees in Machine Sales Segment based on the terms of purchase order which was partially offset by an increase of HK\$0.3 million transportation fee in ODM/OEM segment.

### 8.5 Administrative expenses

The Group's administrative expenses increased by HK\$5.5 million or 19.9%, from HK\$27.4 million in Q1 2013 to HK\$32.9 million in Q1 2014 due to the increase in exchange loss of HK\$13.0 million which was partially offset by the decrease in salaries and welfare expense of HK\$4.3 million and administrative expenses of HK\$3.2 million.

### 8.6 Finance Costs

Finance costs increased by HK\$ 2.1 million or 54.9%, from HK\$3.9 million in Q1 2013 to HK\$6.0 million in Q1 2014 mainly due to increased borrowings.

### 8.7 Income Tax Expenses

Income tax expense decreased by HK\$1.1 million or 88.0%, from HK\$1.2 million in Q1 2013 to HK\$0.1 million in Q1 2014 mainly due to utilization of the losses for the previous periods.

### Financial position

#### 8.8 Non-current assets

The Group's non-current assets decreased by 2.6% or HK\$6.9 million as at 31 March 2014, due mainly to the depreciation expense of HK\$12.5 million charged for the period ended 31 March 2014 which was partially offset by an increase in capital expenditure on property, plant and equipment of HK\$6.1 million.

#### 8.9 Current assets

As at 31 March 2014, the Group's current assets decreased by HK\$322.7 million or 16.9%, from HK\$1,915.1 million as at 31 December 2013 to HK\$1,592.4 million mainly due to:

- a decrease in pledged bank deposit of HK\$268.1 million;
- a decrease in trade and bills receivables of HK\$40.3 million due to the timing of customer delivery schedule;
- a decrease in bank and cash balances of HK\$18.7 million;
- a decrease in prepayments, deposits and other receivables of HK\$3.6 million due to decrease in purchase deposits paid to suppliers.

which were partially offset by :

- an increase in inventories of HK\$6.9 million due to inventory build up due to increased orders experienced, and
- an increase in current tax assets of HK\$1.0 million.

### 8.10 Current liabilities

As at 31 March 2014, the Group's current liabilities decreased by HK\$318.5 million or 21.8%, from HK\$1,464.7 million as at 31 December 2013 to HK\$1,146.2 million mainly due to:

- a decrease in term loans of HK\$250.0 million;
- a decrease in short-term borrowings amounting to approximately HK\$40.5 million to matching the Group's working capital requirement;
- a decrease in accruals and other payables of HK\$22.6 million mainly due to decreased amount of customer deposits received from Moulds & Tooling and Machine Sales business segments;
- a decrease in current tax liabilities of HK\$2.3 million due to payment of tax net of the income tax charged for the period;
- a decrease in trade and bills payables of HK\$1.8 million due to settlement of trade and bills payables;
- a decrease in current portion of long-term borrowings amounting to approximately HK\$1.2 million due to loan repayments.

### 8.11 Non-current liabilities

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

### 8.12 Statement of Cash Flows

As at 31 March 2014, the Group's cash resources of HK\$48.8 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$16.7 million held by the Group for the 3 months ended 31 March 2014 comprised:

- Net cash generated from operating activities of HK\$19.0 million mainly due to increase revenue generated and reduction in current liabilities;
- Net cash generated from investing activities of HK\$266.6 million, mainly due to decrease in pledged bank deposits;
- Net cash used in financing activities of HK\$302.3 million, mainly due to the repayment of term loans and trust receipt and import 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 the Group will continue to face pressure from competitive pricing and rising production cost, it is cautiously optimistic of its prospects for 2014 as the Group is of the view that there are still opportunities on which the Group can leverage for growth and maintain its business performance in this year. The Group intends to continue strengthening its business relationship with major customers in FY2014 and sustain its efforts in improving productivity and reducing labour reliance through automation, adoption of new technology to enhance the functional capability of its products, after-sales care and its strong customer relationship.

**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 / recommended 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 31 March 2014.

**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 3 months financial period ended 31 March 2014 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**

13 May 2014