

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 2018**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 2018**

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2018	2017	Change	%	2018	2017	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	442,418	316,435	125,983	39.81	796,714	627,674	169,040	26.93
Cost of sales	(408,829)	(291,333)	117,496	40.33	(741,615)	(581,013)	160,602	27.64
Gross Profit	33,589	25,102	8,487	33.81	55,099	46,661	8,438	18.08
Other income	5,578	3,621	1,957	54.05	19,350	9,189	10,161	110.58
Selling and distribution expenses	(9,035)	(5,138)	3,897	75.85	(14,846)	(9,682)	5,164	53.34
Administrative expenses	(18,712)	(17,861)	851	4.76	(39,665)	(37,117)	2,548	6.86
Profit From Operations	11,420	5,724	5,696	99.51	19,938	9,051	10,887	120.29
Finance costs	(4,309)	(3,311)	998	30.14	(6,923)	(6,068)	855	14.09
Profit Before Tax	7,111	2,413	4,698	194.70	13,015	2,983	10,032	336.31
Income tax expenses	(1,491)	(178)	1,313	737.64	(2,719)	(474)	2,245	473.63
Profit for the period	5,620	2,235	3,385	151.45	10,296	2,509	7,787	310.36
Attributable to:								
Owners of the Company	5,023	1,611	3,412	211.79	9,531	1,849	7,682	415.47
Non-controlling interests	597	624	(27)	(4.33)	765	660	105	15.91

1(a)(ii) Statement of Profit or Loss and Other Comprehensive Income for the quarter ended 30 June 2018

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2018	2017	Change	%	2018	2017	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit for the period	5,620	2,235	3,385	151.45	10,296	2,509	7,787	310.36
Other comprehensive income								
Exchange difference on translating foreign operations	(7,708)	(1,881)	(5,827)	(309.78)	4,000	175	3,825	2,185.71
Other comprehensive income for the period, net of tax	(7,708)	(1,881)	(5,827)	(309.78)	4,000	175	3,825	2,185.71
Total comprehensive income for the period	(2,088)	354	(2,442)	(689.83)	14,296	2,684	11,612	432.64
Attributable to:								
Owners of the Company	(2,685)	(270)	(2,415)	(894.44)	13,531	2,024	11,507	568.53
Non-controlling interests	597	624	(27)	(4.33)	765	660	105	15.91

Note:

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

	3 months ended 30 June		6 months ended 30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	12,086	10,818	24,706	22,022
Interest income	(21)	(13)	(38)	(26)
Interest on bank loans and overdrafts	4,309	3,311	6,923	6,068
Exchange difference, net	(429)	87	619	1,428

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 30.06.2018	At 31.12.2017	At 30.06.2018	At 31.12.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	200,514	207,501	-	-
Investments In Subsidiaries	-	-	461,263	461,263
Goodwill	1,927	1,927	-	-
	202,441	209,428	461,263	461,263
Current assets				
Inventories	584,174	525,127	-	-
Trade and bills receivables	285,430	260,793	-	-
Prepayments, deposits and other receivables	194,940	135,679	-	-
Current tax assets	2,539	925	-	-
Assets classified as held for sale	43,446	43,446	-	-
Bank and cash balances	98,686	73,064	1,125	1,125
Restricted bank balance	130,042	-	-	-
	1,339,257	1,039,034	1,125	1,125
Total assets	1,541,698	1,248,462	462,388	462,388
Current liabilities				
Trade and bills payables	225,028	212,657	-	-
Accruals and other payables	385,916	212,598	-	-
Amount due to a subsidiary	-	-	11,319	11,319
Short-term borrowings	309,273	215,295	-	-
Current tax liabilities	5,369	6,096	-	-
	925,586	646,646	11,319	11,319
Non-current liabilities				
Deferred tax liabilities	2,650	2,650	-	-
	2,650	2,650	-	-
Total liabilities	928,236	649,296	11,319	11,319
Equity attributable to owners of the Company				
Share capital	242,456	242,456	242,456	242,456
Reserves	359,064	345,533	208,613	208,613
	601,520	587,989	451,069	451,069
Non-controlling interests	11,942	11,177	-	-
Total equity	613,462	599,166	451,069	451,069
Total liabilities and equity	1,541,698	1,248,462	462,388	462,388

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 2018	As at 31 December 2017
Secured	Secured
HK\$'000	HK\$'000
309,273	215,295

Amount repayable after one year

As at 30 June 2018	As at 31 December 2017
Secured	Secured
HK\$'000	HK\$'000
-	-

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by group companies.

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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	7,111	2,413	13,015	2,983
Adjustments for :				
Depreciation	12,086	10,818	24,706	22,022
Interest income	(21)	(13)	(38)	(26)
Finance costs	4,309	3,311	6,923	6,068
Operating profit before working capital changes	23,485	16,529	44,606	31,047
(Increase)/Decrease in inventories	(24,717)	(44,875)	(59,047)	1,809
Decrease/(Increase) in trade and bills receivables	19,655	9,767	(24,637)	34,549
Increase in prepayments, deposits and other receivables	(12,420)	(8,023)	(59,261)	(3,505)
Increase in trade and bills payables	38,070	70,300	12,371	9,081
Increase in accruals and other payables	160,883	25,610	173,318	22,298
Cash generated from operations	204,956	69,308	87,350	95,279
Interest paid	(4,309)	(3,311)	(6,923)	(6,068)
Income tax paid	(3,748)	(5,565)	(5,060)	(3,746)
Net cash generated from operating activities	196,899	60,432	75,367	85,465
Cash flows from investing activities				
Increase in restricted bank balance	(130,042)	-	(130,042)	-
Purchase of property, plant and equipment	(11,936)	(3,743)	(15,344)	(8,884)
Interest received	21	13	38	26
Net cash used in investing activities	(141,957)	(3,730)	(145,348)	(8,858)
Cash flows from financing activities				
Net (repayment)/advancement of trust receipt and import loans	(21,464)	(59,694)	92,652	(60,089)
Net cash (used in)/generated from financing activities	(21,464)	(59,694)	92,652	(60,089)
Net increase/(decrease) in cash and cash equivalents	33,478	(2,992)	22,671	16,518
Cash and cash equivalents at beginning of the period	74,255	64,966	73,064	43,389
Net effect of exchange rate changes in consolidating subsidiaries	(9,047)	(2,457)	2,951	(390)
Cash and cash equivalents at end of the period	98,686	59,517	98,686	59,517

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							Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital redemption reserve	Translation reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2018	242,456	26,488	2,033	1,665	6,627	308,720	587,989	11,177	599,166
Total comprehensive income for the period	-	-	-	-	4,000	9,531	13,531	765	14,296
At 30 June 2018	242,456	26,488	2,033	1,665	10,627	318,251	601,520	11,942	613,462
At 1 January 2017	242,456	26,488	2,033	1,665	(19,097)	298,231	551,776	9,432	561,208
Total comprehensive income for the period	-	-	-	-	175	1,849	2,024	660	2,684
At 30 June 2017	242,456	26,488	2,033	1,665	(18,922)	300,080	553,800	10,092	563,892

The Company	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018	242,456	26,488	130,205	1,665	50,255	451,069
Total comprehensive income for the period	-	-	-	-	-	-
At 30 June 2018	242,456	26,488	130,205	1,665	50,255	451,069
At 1 January 2017	242,456	26,488	130,205	1,665	50,255	451,069
Total comprehensive income for the period	-	-	-	-	-	-
At 30 June 2017	242,456	26,488	130,205	1,665	50,255	451,069

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 2018, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the three months ended 30 June 2018, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

As at 30 June 2018 and 31 December 2017, 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.

Date	Number of shares of HKD7.50 each
30 June 2018	32,327,400
31 December 2017	32,327,400

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.

As at 30 June 2018, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

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 2017.

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 2018. 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.

Earnings per ordinary share for the period based on the net profit for the period(in HK cents)	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
(a) Based on weighted average number of ordinary shares on issue; and	15.54	4.98	29.48	5.72
(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\$5,023,000 (Q2 2017: HK\$1,611,000) by the weighted average number of ordinary shares in issue of 32,327,400 (Q2 2017: 32,327,400) during the Q2 2018 period.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$9,531,000 (HY 2017: HK\$1,849,000) by the weighted average number of ordinary shares in issue of 32,327,400 (HY 2017: 32,327,400) during the HY 2017 period.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the Q2 2018 and Q2 2017 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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	18.61	18.19	13.95	13.95

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 2018, the Group's overall revenue increased by HK\$126.0 million or 39.8%, from HK\$316.4 million in Q2 2017 to HK\$442.4 million in Q2 2018. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+110.3m	+42.1	The increase in revenue was mainly due to continuous orders placed by our core customers and the goods delivered as scheduled for this period.
Moulds and Tooling	+3.2m	+17.1	The revenue increased in this quarter was mainly due to comparatively more shipments this year.
Machine Sales	+12.5m	+34.9	The increase in revenue experienced was the direct result of marketing efforts made.

Increase/Decrease in revenue by geographical segments for Q2/2018

Region	(+/-) in HK\$	%	Comments
Asia	+128.0m	+49.2	The increase in revenue from Asia was mainly due to increased orders of our ODM/OEM business segment.
North America	+8.9m	+304.0	The increase was in line with overall revenue growth.
Europe	-10.9m	-20.6	The decrease in revenue from Europe was due to decreased orders of our ODM/OEM business segment.

8.2 Gross profit and gross profit margin

In Q2 2018, the Group's gross profit increased by 33.8% or HK\$8.5 million, generating gross profit margin of 7.6% (Q2 2017: 7.9%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+11.6m	+91.9	The profit achieved for this quarter was resulted from growth sales and continuous effort on productivity enhancement.
Moulds and Tooling	-3.1m	-62.8	The decrease in gross profit was primarily due to competitive price pressures.
Machine Sales	-0.05m	-0.6	No significant issue identified for the differences.

8.3 Other Income

The Group's other income increased by HK\$1.9 million or 54.1%, from HK\$3.6 million in Q2 2017 to HK\$5.5 million in Q2 2018 was mainly due to an increase of mold engineering income for new products.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$3.9 million or 75.9%, from HK\$5.1 million in Q2 2017 to HK\$9.0 million in Q2 2018 was mainly due to an increase of transportation expenses in line with revenue growth.

8.5 Administrative expenses

The Group's administrative expenses increased by HK\$0.8 million or 4.8%, from HK\$17.9 million in Q2 2017 to HK\$18.7 million in Q2 2018, no significant issue identified.

8.6 Finance Costs

Finance costs increased by HK\$1.0 million or 30.1%, from HK\$3.3 million in Q2 2017 to HK\$4.3 million in Q2 2018.

8.7 Income Tax Expenses

Income tax expense increase of HK\$1.3 million or 737.6%, from HK\$0.2 million in Q2 2017 to HK\$1.5 million in Q2 2018.

Financial position as at 30 June 2018

8.8 Non-current assets

The Group's non-current assets stood at HK\$202.4 million, decreased by 3.3% or HK\$7.0 million, from HK\$209.4 million at 31 December 2017. This was due to total HY 2018 depreciation expense being HK\$24.7 million, which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$15.3 million, HK\$2.4 million transfer reserve charged for RMB-denominated assets to HKD.

8.9 Current assets

The Group's current assets stood at HK\$1,339.3 million increased by HK\$300.3 million or 28.9%, from HK\$1,039.0 million at the 31 December 2017, mainly due to:

- an increase in restricted bank balance of HK\$130.0 million due to restricted bank balance of HK\$130.0 million paid by Veken Group Co., Ltd. pursuant to Share Transfer Agreements;
- an increase in prepayments, deposits and other receivables of HK\$59.2 million mainly due to increase in purchase deposits paid to meet customer delivery schedule;
- an increase in inventories of HK\$59.0 million mainly due to customers' delivery schedule;
- an increase in bank and cash balances of HK\$25.6 million;
- an increase in trade and bills receivables of HK\$24.6 million in line with sales increase; and
- an increase in current tax assets of HK\$1.6 million;

8.10 Current liabilities

The Group's current liabilities stood at HK\$925.6 million increased by HK\$279.0 million or 43.1%, from HK\$646.6 million at the 31 December 2017, mainly due to:

- an increase in accruals and other payables of HK\$173.3 million mainly due to restricted bank balance of HK\$130.0 million paid by Veken Group Co., Ltd. pursuant to Share Transfer Agreements;
- an increase in short-term borrowings of HK\$94.0 million; and
- an increase in trade and bills payables of HK\$12.4 million, mainly due to the increase of materials purchased for the ODM/OEM segment up to increased order experienced;

which were offset by:

- a decrease in current tax liabilities of HK\$0.7 million;

8.11 Non-current liabilities

There is no change in non-current long-term borrowings.

8.12 Statement of Cash Flows for the quarter ended 30 June 2018

As at 30 June 2018, the Group's cash resources of HK\$98.7 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$22.7 million held by the Group for the quarter comprised:

- Net cash generated from operating activities of HK\$75.3 million mainly due to deposits received pursuant to Share Transfer Agreements;
- Net cash used in investing activities of HK\$145.3 million mainly due to additions of property, plant and equipment and the increase of restricted cash;
- Net cash generated from financing activities of HK\$92.7 million, mainly due to the advancement of 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.**

The Group's significantly improved results attest that our multi-pronged strategy is bearing fruits. We are clearly on track to continue to deliver and enhance shareholder value.

Our investments in strengthening customer relationships with early upstream involvement at design and development stage, including proactive speculative and collaborative product designs, have contributed to a steady stream of increasing orders.

Our new Indonesia plant's contribution continues to grow as it ramps up production. Construction of our new manufacturing facilities in Cangwu County Industrial Park, Guangxi Province, PRC is progressing well and is on schedule to complete at the end of 3Q and on track to commence production before the end of 2018.

With our geographical diversification strategy working well, we are actively looking into product diversification to diversify our revenue stream and tap opportunities in strategic adjacency expansion.

Barring unforeseen circumstances, the Board is confident that the Group is well-placed to deliver improved performance in FY2018, with stronger sales and in-process productivity enhancements.

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 2018.

15. Undertakings from Directors and Executive officers under Rule 720(1)

The Company confirms that it has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1).

16. 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 2018 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

08 August 2018