



**COMBINE WILL INTERNATIONAL
HOLDINGS LIMITED**

Condensed Interim Financial Statements
For the six months ended 30 June 2021

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	(Unaudited)		<u>Increase/ (Decrease)</u> %
		<u>Six months ended 30 June</u>		
		<u>2021</u> HK\$'000	<u>2020</u> HK\$'000	
Revenue	5	599,873	491,886	21.95
Cost of sales		<u>(556,689)</u>	<u>(462,077)</u>	<u>20.48</u>
Gross profit		43,184	29,809	44.87
Other income and gains		28,595	20,692	38.19
Selling and distribution expenses		(6,871)	(5,202)	32.08
Administrative expenses		<u>(40,552)</u>	<u>(26,189)</u>	<u>54.84</u>
Profit from operations		24,356	19,110	27.45
Finance costs	7.1	<u>(7,173)</u>	<u>(10,969)</u>	<u>(34.61)</u>
Profit before tax	7.1	17,183	8,141	111.07
Income tax credit/(expense)	8	<u>217</u>	<u>(513)</u>	<u>142.30</u>
Profit for the period, net of tax		<u>17,400</u>	<u>7,628</u>	<u>128.11</u>
Profit for the period attributable to:				
Owners of the Company		<u>17,400</u>	<u>7,628</u>	<u>128.11</u>
Earnings per share	10			
Basic earnings per share (HK cents)		<u>53.82</u>	<u>23.60</u>	<u>128.05</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	(Unaudited)		
	Six months ended 30 June		Increase/ (Decrease)
	2021	2020	%
	HK\$'000	HK\$'000	
Profit for the period, net of tax	17,400	7,628	128.11
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	4,109	(4,103)	200.15
Other comprehensive income for the period, net of tax	4,109	(4,103)	200.15
Total comprehensive income for the period	21,509	3,525	510.18
Total comprehensive income for the period attributable to:			
Owners of the Company	21,509	3,525	510.18

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2021

	Notes	Group		Company	
		<u>30 June</u> <u>2021</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2020</u> HK\$'000 <u>(Audited)</u>	<u>30 June</u> <u>2021</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2020</u> HK\$'000 <u>(Audited)</u>
ASSETS					
Non-current assets					
Property, plant and equipment	13	436,527	400,830	-	-
Right-of-use assets		59,662	66,557	-	-
Financial assets at fair value through other comprehensive income ("FVTOCI")		214	214	-	-
Investments in subsidiaries		-	-	457,402	457,402
Goodwill		1,927	1,927	-	-
Total non-current assets		498,330	469,528	457,402	457,402
Current assets					
Current tax assets		-	984	-	-
Contract assets	14	435,651	418,017	-	-
Inventories		124,463	131,786	-	-
Trade and bills receivables	15	168,371	212,380	-	-
Prepayments, deposits and other receivables		199,546	186,415	8,833	8,833
Financial assets at fair value through profit or loss ("FVTPL")	12	116,654	120,263	-	-
Bank and cash balances		66,528	57,155	1,213	1,213
Total current assets		1,111,213	1,127,000	10,046	10,046
Total assets		1,609,543	1,596,528	467,448	467,448
LIABILITIES AND EQUITY					
Non-current liabilities					
Borrowings	16	11,250	27,750	-	-
Lease liabilities		29,346	35,676	-	-
Deferred tax liabilities		2,650	2,650	-	-
Total non-current liabilities		43,246	66,076	-	-
Current liabilities					
Current tax liabilities		10,969	13,481	-	-
Trade and bills payables		207,078	188,030	-	-
Amounts due to subsidiaries		-	-	17,049	17,049
Accruals and other payables		235,374	227,322	-	-
Lease liabilities		16,759	13,050	-	-
Borrowings	16	370,876	384,125	-	-
Financial guarantees		713	1,425	13,234	13,945
Dividend payables		16,556	7,066	16,556	7,066
Total current liabilities		858,325	834,499	46,839	38,060
Total liabilities		901,571	900,575	46,839	38,060
Equity attributable to owners of the Company					
Share capital	17	242,456	242,456	242,456	242,456
Reserves		465,516	453,497	178,153	186,932
Total equity		707,972	695,953	420,609	429,388
Total liabilities and equity		1,609,543	1,596,528	467,448	467,448

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Group	Attributable to owners of the Company							Total
	Share capital	Share premium	Statutory reserve (Note)	Capital redemption reserve	Financial assets at FVTOCI reserve	Foreign currency translation reserve	Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	242,456	26,488	2,033	1,665	(1,786)	(1,308)	426,405	695,953
Total comprehensive income for the period	-	-	-	-	-	4,109	17,400	21,509
Dividend paid (Note 9)	-	-	-	-	-	-	(9,490)	(9,490)
Changes in equity for the period	-	-	-	-	-	4,109	7,910	12,019
At 30 June 2021 (unaudited)	242,456	26,488	2,033	1,665	(1,786)	2,801	434,315	707,972
At 1 January 2020 (audited)	242,456	26,488	2,033	1,665	(631)	(6,666)	404,964	670,309
Total comprehensive income for the period	-	-	-	-	-	(4,103)	7,628	3,525
At 30 June 2020 (unaudited)	242,456	26,488	2,033	1,665	(631)	(10,769)	412,592	673,834

Note:

In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve which is not available for appropriation may be used to offset the accumulated losses, if any, of the subsidiaries.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 (audited)	242,456	26,488	130,205	1,665	28,574	429,388
Total comprehensive income for the period	-	-	-	-	711	711
Dividend paid (Note 9)	-	-	-	-	(9,490)	(9,490)
Changes in equity for the period	-	-	-	-	(8,779)	(8,779)
At 30 June 2021 (unaudited)	242,456	26,488	130,205	1,665	19,795	420,609
At 1 January 2020 (audited)	242,456	26,488	130,205	1,665	37,272	438,086
Total comprehensive income for the period	-	-	-	-	-	-
At 30 June 2020 (unaudited)	242,456	26,488	130,205	1,665	37,272	438,086

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	(Unaudited)	
	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,183	8,141
Adjustments for:		
Depreciation of property, plant and equipment	32,472	27,700
Depreciation of right-of-use assets	9,749	16,718
Gain on deregistered of a subsidiary	-	(1,422)
(Gain)/loss on disposal of property, plant and equipment	(60)	314
Impairment loss on trade and other receivables and contract assets	1,658	-
Dividend income	(603)	-
Fair value gain on financial assets at FVTPL	(856)	(2,358)
Amortisation of financial guarantee	(712)	-
Interest income on bank deposits	(702)	(44)
Imputed interest income	(737)	(258)
Interests on bank loans and borrowings	5,401	9,016
Interest expenses on lease liabilities	1,772	1,953
Operating profit before working capital changes	64,565	59,760
Decrease in inventories	7,323	63,675
Increase in contract assets	(17,717)	(62,763)
Decrease in trade and bills receivables	42,434	28,483
Increase in prepayments, deposits and other receivables	(12,331)	(369)
Increase/(decrease) in trade and bills payables	19,048	(33,162)
Increase in accruals and other payables	8,052	5,181
Cash generated from operations	111,374	60,805
Interest paid	(5,401)	(9,016)
Income taxes paid	(1,311)	(7,814)
Interest on lease liabilities	(1,772)	(1,953)
Net cash generated from operating activities	102,890	42,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(69,227)	(69,154)
Proceeds from disposals of property, plant and equipment	1,296	-
Receipt of other receivables	-	3,000
Purchases of financial assets at FVTPL	(164,238)	-
Proceeds from disposals of financial assets at FVTPL	168,930	-
Purchase of financial assets at FVTOCI	-	(500)
Dividend received from financial assets at FVTPL	603	-
Interest received	702	44
Net cash used in investing activities	(61,934)	(66,610)

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	(Unaudited)	
	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Inception of new bank loans	1,000	44,000
Repayment of bank loans	(14,375)	(15,000)
Net repayment of trust receipts and import loans	(16,374)	(21,630)
Principal elements of lease payments	(7,054)	(13,646)
	<u>(36,803)</u>	<u>(6,276)</u>
Net cash used in financing activities		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,153	(30,864)
Net effect of exchange rate changes on cash and cash equivalents held	5,220	(4,241)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>57,155</u>	<u>100,485</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>66,528</u></u>	<u><u>65,380</u></u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

Combine Will International Holdings Limited (the “Company”) (Registration No. MC-196613) was incorporated in the Cayman Islands on 8 October 2007 under The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liabilities by shares. The Company’s shares are listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”). The Company is an investment holding company. The principal activities of the Group are manufacturing of toys and premium products by ODM/OEM.

2. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual consolidated financial statements for the year ended 31 December 2020.

The condensed interim financial statements, which do not include the full disclosures of the type normally included in full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). Are to be read in conjunction with the last audited financial statements for the year ended 31 December 2020.

Accounting policies and methods of computation used in the condensed interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2020, which were prepared in accordance with IFRSs.

The condensed interim financial statements are presented in Hong Kong dollars which is the Company’s functional currency.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

2. BASIS OF PREPARATION (CONT'D)

2.1 New and amended standards adopted by the Group

In the current period, the Group has adopted all the new and amended IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2020. A number of new or amended standards are effective from 1 January 2021 but they do not have a material effect on the Group’s financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

3. SEASONAL OPERATIONS

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

(a) Disclosures of level in fair value hierarchy:

Group

Description	Fair value measurements as at 30 June 2021:			Total 30 June 2021
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	116,654	-	116,654
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	214	214
	-	116,654	214	116,868

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

4. **FAIR VALUE MEASUREMENTS (CONT'D)**

(a) **Disclosures of level in fair value hierarchy: (Cont'd)**

Description	Fair value measurements as at 31 December 2020:			Total 31 December 2020
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	120,263	-	120,263
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	214	214
	-	120,263	214	120,477

(b) **Reconciliation of assets measured at fair value based on level 3:**

Description	Financial assets at FVTOCI -unlisted equity securities (Unaudited) Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
At 1 January	214	369
Purchases	-	500
Total losses recognised - in other comprehensive income	-	-
At 30 June	214	869

5. **SEGMENT INFORMATION AND REVENUE**

Other than ODM/OEM, none of the other segments meets any of the quantitative thresholds for determining reportable segments. The management is of the opinion that there is only one significant operating division – manufacturing of toys and premium products – that represents the financial position of the Group. These financial data have been disclosed in the Condensed Statement of Financial Position and the Condensed Statement of Profit or Loss.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

5. **SEGMENT INFORMATION AND REVENUE (CONT'D)**

Geographical information:

The Group's revenue from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	(Unaudited)		(Unaudited)	(Audited)
	Six months ended 30 June		30 June	31 December
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asia				
Greater China (including PRC, Hong Kong, Macau and Taiwan)	569,109	455,726	343,074	307,851
Indonesia	-	-	155,256	161,677
	569,109	455,726	498,330	469,528
Europe				
Switzerland	30,764	36,160	-	-
	30,764	36,160	-	-
Consolidated total	599,873	491,886	498,330	469,528

In presenting the geographical information, revenue is based on the locations of the customers.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

5. **SEGMENT INFORMATION AND REVENUE (CONT'D)**

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the period operations is at follows.

	(Unaudited)	
	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
Sales of toys and premium products ("Toys")	<u>599,873</u>	<u>491,886</u>

Sales of Toys derives revenue either from the transfer of goods at a point in time; or recognised as a performance obligation satisfied over time. The recognition is subject to the terms of sales contract in consideration of the local jurisdiction. All contracts are less than 12 months.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<u>30 June</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade and bill receivables (Note 15)	168,371	212,380
Contract assets (Note 14)	435,651	418,017
Contract liabilities	<u>4,463</u>	<u>9,829</u>

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on sales of Toys. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time.

The amount of HK\$9,829,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2021.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

6. **FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u> <u>2021</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2020</u> HK\$'000 <u>(Audited)</u>	<u>30 June</u> <u>2021</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2020</u> HK\$'000 <u>(Audited)</u>
Financial assets:				
Financial assets measured at amortised cost	710,095	716,350	10,046	10,046
Financial assets measured at FVTPL	116,654	120,263	-	-
Financial assets measured at FVTOCI	214	214	-	-
Financial liabilities:				
Financial liabilities at amortised cost	743,042	721,150	46,839	38,060

7. **PROFIT BEFORE TAXATION**

7.1 **Significant items**

	<u>(Unaudited)</u> <u>Six months ended 30 June</u>	
	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Other Incomes:		
Interest income on bank deposits	(702)	(44)
Imputed interest income	(737)	(258)
Dividend income	(603)	-
Fair value gain on financial assets at FVTPL	(856)	(2,358)
Amortisation of financial guarantee	(712)	-
Gain on deregistered of a subsidiary	-	(1,422)
Expenses:		
Depreciation of property, plant and equipment	32,472	27,700
Depreciation of right-of-use assets	9,749	16,718
(Gain)/loss on disposal of property, plant and equipment	(60)	314
Impairment loss on trade receivables and contract assets	1,658	-
Foreign exchange loss/(gain), net	4,762	(891)
Finance costs:		
Interest on bank loans and borrowing	5,401	9,016
Interest expenses on lease liabilities	1,772	1,953
	<u>7,173</u>	<u>10,969</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

7. **PROFIT BEFORE TAXATION (CONT'D)**

7.2 **Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

8. **INCOME TAX (CREDIT)/EXPENSE**

The Group calculates the period income tax (credit)/expense using the rate that would be applicable to the expected total annual earnings. The major components of income tax (credit)/expense in the condensed consolidated statement of profit or loss are:

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax expenses		
- The PRC	131	513
Over-provision in prior years	<u>(348)</u>	<u>-</u>
Income tax (credit)/expense	<u><u>(217)</u></u>	<u><u>513</u></u>

9. **DIVIDENDS**

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
2020 Final of SGD0.05 (2019: SGD0.05) per ordinary share paid	<u>9,490</u>	<u>9,478</u>

No interim dividends were paid by the Company in respect of the six months ended 30 June 2021 and 2020.

10. **EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the six months ended 30 June 2021 attributable to owners of the Company of approximately HK\$17,400,000 (unaudited) (2020: HK\$7,628,000 (unaudited)) by the weighted average number of ordinary shares of 32,327,400 (2020: 32,327,400) in issue during the period.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2021 and 2020.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIXED MONTHS ENDED 30 JUNE 2021

11. NET ASSET VALUE

	Group		Company	
	<u>30 June</u> <u>2021</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2020</u> HK\$'000 (Audited)	<u>30 June</u> <u>2021</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2020</u> HK\$'000 (Audited)
Net asset value per ordinary share	<u>21.90</u>	<u>21.53</u>	<u>13.01</u>	<u>13.28</u>

12. FINANCIAL ASSETS AT FVTPL

	Group	
	<u>30 June</u> <u>2021</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2020</u> HK\$'000 (Audited)
Financial assets at FVTPL: - Investments products	<u>116,654</u>	<u>120,263</u>

All financial assets at FVTPL are denominated in USD.

The investment products are listed financial instruments placed in the financial institutions in Hong Kong. The fair values of the investment products are derived from current redemption values quoted by financial institutions.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of approximately HK\$69,227,000 (2020: HK\$69,154,000)

14. CONTRACT ASSETS

	Group	
	<u>30 June 2021</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2020</u> HK\$'000 (Audited)
Receivables from contracts with customers	437,413	419,696
Less: Allowance for impairment	<u>(1,762)</u>	<u>(1,679)</u>
	<u>435,651</u>	<u>418,017</u>

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15. TRADE AND BILLS RECEIVABLES

The aging analysis of trade and bills receivables based on the invoice date, and net of allowance, is as follows:

	Group	
	<u>30 June 2021</u>	<u>31 December 2020</u>
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 to 30 days	72,239	91,662
31 to 60 days	64,682	65,374
61 to 90 days	7,765	23,002
91 to 180 days	9,094	21,427
181 to 365 days	14,189	7,296
Over 365 days	26,831	28,473
	<u>194,800</u>	<u>237,234</u>
Less: Allowance for doubtful debts	<u>(26,429)</u>	<u>(24,854)</u>
	<u><u>168,371</u></u>	<u><u>212,380</u></u>

16. BORROWINGS AND DEBT SECURITIES

	Group	
	<u>30 June</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
Trust receipts and import loans, secured	284,876	301,251
Term loans, secured	97,250	110,624
	<u>382,126</u>	<u>411,875</u>

	Group	
	<u>30 June</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
Amount repayable in one year or less, or on demand (secured)	370,876	384,125
Amount repayable after one year (secured)	<u>11,250</u>	<u>27,750</u>
	<u><u>382,126</u></u>	<u><u>411,875</u></u>

Details of any collaterals

As at 30 June 2021, the Group's banking facilities for bills payables, trust receipts and import loans, and term loans are secured by cross corporate guarantees executed by the group companies and former subsidiaries.

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17. **SHARE CAPITAL**

	Group and Company	
	Number of shares	Amount HK\$
	<u> </u>	<u> </u>
Authorised:		
Ordinary shares of HK\$7.50 (31 December 2020: HK\$7.50) each		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u>100,000,000</u>	<u>750,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$7.50 (31 December 2020: HK\$7.50) each		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u>32,327,400</u>	<u>242,455,500</u>

As at 30 June 2021 and 31 December 2020, there were no outstanding share options / warrants / convertible securities / treasury shares.

During the six months ended 30 June 2021, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the six months ended 30 June 2021, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

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18. CONTINGENT LIABILITIES

During the year of 2020, a subsidiary of the Company received additional assessments demanding additional tax for the years of assessment 2013/2014 and 2014/15 from the Hong Kong Inland Revenue Department (“HKIRD”). The amounts of these assessments are HK\$1,841,581 and HK\$11,159,670 respectively, relating to offshore profit claims in the respective years. As at 30 June 2021, the subsidiary of the Company purchased tax reserve certificates of HK\$1.8 million for Y/A 2013/14 and the tax instalment for settling the tax payable for Y/A2014/15 is approved by HKIRD with the tax surcharge of HK\$1,265,642. The Company settled the tax instalment included surcharge of HK\$7.1 million and the remaining HK\$5.3 million will be settled within one year as per the application.

During the period, the subsidiary has engaged a professional tax counsel for the advice relating to pursue its offshore trading profit claim. As at the date of this report, the subsidiary has submitted the revised tax computations for Y/A2013/14 and 2014/15, and further information to HKIRD for re-assessment. Management is of the view that the revised tax expenses are not material, and, as such, no provision for additional tax and penalty were made in the condensed financial statements. However, should the assessment regarding the claims be finally judged against the Group, current tax liabilities and corresponding income tax expenses will be recognised in the financial statements accordingly.

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- 1(i) 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 six months ended 30 June 2021, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the six months ended 30 June 2021, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

As at 30 June 2021 and 30 June 2020, there were no outstanding share options / warrants / convertible securities / treasury shares.

- 1(ii) 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.**

<i>Date</i>	<i>Number of shares of HKD7.50 each</i>
<i>30 June 2021</i>	<i>32,327,400</i>
<i>31 December 2020</i>	<i>32,327,400</i>

- 1(iii) 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.**

During the six months ended 30 June 2021, 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

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
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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 2020.

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 2021. 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. 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.**

Profit and Loss

Revenue

The Group's overall revenue increased by HK\$108.0 million or 22.0%, from HK\$491.9 million in HY 2020 to HK\$599.9 million in HY 2021. This was mainly due to the turnaround in global economic activity, from the adverse impact caused by COVID-19 in 2020.

Gross profit and gross profit margin

In HY 2021, the Group's gross profit increased by 44.9% or HK\$13.4 million, generating gross profit margin of 7.2% (HY 2019: 6.1%). This was mainly due to improved economies of scale enjoyed with the higher revenue achieved.

Other Income

The Group's other income increased by HK\$7.9 million or 38.2%, from HK\$20.7 million in HY 2020 to HK\$28.6 million in HY 2021. This was mainly due to an increase of mold engineering income for new products.

Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$1.7 million or 32.1%, from HK\$5.2 million in HY 2020 to HK\$6.9 million in HY 2021. This was mainly due to an increase of transportation expenses, both in line with higher revenue and higher costs related to Covid-19 measures.

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Administrative expenses

The Group's administrative expenses increased by HK\$14.4 million or 54.8%, from HK\$26.2 million in HY 2020 to HK\$40.6 million in HY 2021. This was mainly due to an increase of exchange loss of HK\$5.7 million and an increase of bonus of HK\$1.6 million.

Finance Costs

Finance costs decreased by HK\$3.8 million or 34.6%, from HK\$11.0 million in HY 2020 to HK\$7.2 million in HY 2021, mainly due to decrease in bank loans.

Income Tax Expenses

Income tax expense decreased HK\$0.7 million or 142.3%, from HK\$0.5 million in HY 2020 to tax credit of HK\$0.2 million in HY 2021. This is due to the tax expenses of over-provision in prior years.

Balance Sheet

Non-current assets

The Group's non-current assets stood at HK\$498.3 million as at 30 June 2021, increased by 6.1% or HK\$28.8 million, from HK\$469.5 million at 31 December 2020. This was due to an increase in capital expenditure on property, plant and equipment of HK\$69.2 million invested in Indonesia, Guangxi and Heyuan manufacturing operations, which were partially offset by total depreciation expenses for property, plant and equipment and right-of-use assets of HK\$42.2 million.

Current assets

The Group's current assets stood at HK\$1,111.2 million as at 30 June 2021, a decrease of HK\$15.8 million or 1.4%, from HK\$1,127.0 million as at 31 December 2020, mainly due to:

- a decrease in trade and bills receivables of HK\$44.0 million;
- a decrease in inventories of HK\$7.3 million;
- a decrease in financial assets at FVTPL of HK\$3.6 million; and
- a decrease in current tax assets of HK\$1.0 million.

which were partially offset by:

- an increase in contract assets of HK\$17.6 million;
- an increase in prepayments, deposits and other receivables of HK\$13.1 million; and
- an increase in bank and cash balances of HK\$9.4 million.

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Current liabilities

The Group's current liabilities stood at HK\$858.3 million at 30 June 2021, increased by HK\$23.8 million or 2.9%, from HK\$834.5 million at 31 December 2020, mainly due to:

- an increase in trade and bills payables of HK\$19.0 million;
- an increase in dividends payables of HK\$9.5 million;
- an increase in accruals and other payables of HK\$8.0 million; and
- an increase in lease liabilities of HK\$3.7 million.

which were offset by:

- a decrease in short-term borrowings of HK\$13.2 million to finance working capital requirements;
- a decrease in current tax liabilities of HK\$2.5 million; and
- a decrease in financial guarantee contract of HK\$0.7 million.

Non-current liabilities

The Group's non-current liabilities stood at HK\$43.2 million as at 30 June 2021, a decrease of HK\$22.8 million or 34.6%, from HK\$66.1 million as at 31 December 2020 mainly due to decreases in long-term borrowings of HK\$16.5 million and lease liabilities of HK\$6.3 million.

Cash Flow Analysis

As at 30 June 2021, the Group's cash resources of HK\$66.5 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$4.2 million held by the Group comprised:

- Net cash generated from operating activities of HK\$102.9 million to finance the working capital needs;
- Net cash used in investing activities of HK\$61.9 million mainly due to additions of property, plant and equipment; and
- Net cash used in financing activities of HK\$36.8 million, mainly due to the repayment of loans.

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

Not applicable

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8. 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.

Notwithstanding the disruptions and uncertainties caused by the still-evolving Covid-19 pandemic, the Company has adapted to operate within the constraints of the “new normal”. While it is reasonably probable that the Covid-19 pandemic could have an adverse impact, depending on how long and extensive the disruptions last across the entire value chain, we have reinforced and made a number of improvements to enhance the procedures and processes outline in our Business Continuity Plan (including Business Contingency Planning and Operations Response Team) and it is ready to be activated quickly should the need arises.

In Indonesia, we have implemented strict measures including regular rapid tests, co-ordination with the authorities on vaccinations as well as operations scheduling and segregation to protect and ensure the safety of our employees. With the measures taken our plant in Sragen, we will continue to focus on the health and safety of our employees and at the same time, maintain our business operations. To further ramp up capacity, construction of the fourth phase of our planned plant expansion has commenced.

Meanwhile, the Company continues with plans to expand paper product capacities. With the commencement of large-scale manufacturing at our Heyuan plant in the PRC early this year, this new product segment is expected to contribute to the company’s sales in this financial year.

Our Company will also continue to explore solutions for sustainable materials to strengthen existing relationship with customers as strategic partners and to secure stable orders.

Together with ongoing investment in our human capital, we have delivered improved results for the half-year under review and, barring unforeseen circumstances, expect to continue to deliver satisfactory profitable results for the full financial year.

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9. 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

N/A

(d) Books closure date

N/A

(e) If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

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

The Board has not recommended any dividend to be declared in light of the following:

- (i) the Company has recently declared a final dividend for the financial year ended 31 December 2020; and
- (ii) whilst the Board will not entirely rule out the declaration of interim dividends during a financial year, the Board is of the view that in the normal course, it would be prudent to consider whether to declare dividends only after the Company has full visibility of its performance for the preceding financial year and the Group's cash requirements for the ensuring year.

10. 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.

11. Use of IPO Proceeds

All IPO proceeds had been fully utilized in 2011.

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12. 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 2021.

13. Undertakings from Directors and Executive Officers under Rule 720(1)

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

14. Negative Assurance Confirmation Pursuant To Rule 705(5) 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 six months period ended 30 June 2021 to be false or misleading in any material respect.

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**

14 August 2021