

Combine Will International Holdings Limited

(Incorporated in Cayman Islands)

(Co. Reg. No:MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF-YEAR AND YEAR ENDED 31 DECEMBER 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 half-year ended 31 December 2020

	The Group							
	6 months ended 31 December				12 months ended 31 December			
	2020	2019	Change	%	2020	2019	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Continuing Operations								
Revenue	465,196	786,357	(321,161)	(40.84)	957,082	1,765,226	(808,144)	(45.78)
Cost of sales	(415,712)	(712,932)	(297,220)	(41.69)	(877,789)	(1,616,209)	(738,420)	(45.69)
Gross Profit	49,484	73,425	(23,941)	(32.61)	79,293	149,017	(69,724)	(46.79)
Other gain and (other loss)	31,123	16,399	14,724	89.79	51,815	25,894	25,921	100.10
Selling and distribution expenses	(10,824)	(7,592)	3,232	42.57	(16,026)	(14,700)	1,326	9.02
Administrative expenses	(36,131)	(34,346)	1,785	5.20	(62,320)	(74,684)	(12,364)	(16.56)
Profit from Operations	33,652	47,886	(14,234)	(29.72)	52,762	85,527	(32,765)	(38.31)
Finance costs	(8,325)	(12,720)	(4,395)	(34.55)	(19,294)	(22,614)	(3,320)	(14.68)
Profit Before Tax	25,327	35,166	(9,839)	(27.98)	33,468	62,913	(29,445)	(46.80)
Income tax expenses	(2,036)	(2,875)	(839)	(29.18)	(2,549)	(6,484)	(3,935)	(60.69)
Profit for the period/year from continuing operations	23,291	32,291	(9,000)	(27.87)	30,919	56,429	(25,510)	(45.21)
Discontinued Operations^{#1}								
Loss for the period/year from discontinued operations	-	(2,558)	2,558	N.M.	-	(5,226)	5,226	N.M.
Profit for the period/year	23,291	29,733	(6,442)	(21.67)	30,919	51,203	(20,284)	(39.61)

Attributable to:									
Owners of the Company	23,291	29,733	(6,442)	(21.67)	30,919	54,355	(23,436)	(43.12)	
Non-controlling interests	-	-	-	-	-	(3,152)	3,152	N.M.	
	23,291	29,733	(6,442)	(21.67)	30,919	51,203	(20,284)	(39.61)	
Profit/(Loss) attributable to owners of the Company relates to:									
Continuing Operations	23,291	32,291	(9,000)	(27.87)	30,919	56,818	(25,899)	(45.58)	
Discontinued Operations	-	(2,558)	2,558	N.M.	-	(2,463)	2,463	N.M.	
	23,291	29,733	(6,442)	(21.67)	30,919	54,355	(23,436)	(43.12)	

*N.M. - Not Meaningful

	The Group							
	6 months ended 31 December				12 months ended 31 December			
	2020	2019	Change	%	2020	2019	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Results of Discontinued Operations								
Revenue	-	-	-	-	-	19,075	N.M.	N.M.
Cost of sales	-	-	-	-	-	(16,210)	N.M.	N.M.
Gross Profit	-	-	-	-	-	2,865	N.M.	N.M.
Other gain and (other loss)	-	-	-	-	-	16	N.M.	N.M.
Selling and distribution expenses	-	-	-	-	-	(974)	N.M.	N.M.
Administrative expenses	-	-	-	-	-	(4,531)	N.M.	N.M.
Loss from Operations	-	-	-	-	-	(2,624)	N.M.	N.M.
Finance costs	-	-	-	-	-	(139)	N.M.	N.M.
Loss Before Tax	-	-	-	-	-	(2,763)	N.M.	N.M.

Income tax expenses	-	-	-	-	-	-	-	-	-
Operating loss of discontinued operations	-	-	-	-	-	(2,763)	N.M.	N.M.	N.M.
Loss on disposal of subsidiaries for the Group	-	(2,558)	N.M.	N.M.	-	(2,463)	N.M.	N.M.	N.M.
Loss for the period/year from Discontinued Operations	-	(2,558)	N.M.	N.M.	-	(5,226)	N.M.	N.M.	N.M.

1(a)(ii) Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2020

	The Group							
	6 months ended 31 December				12 months ended 31 December			
	2020	2019	Change	%	2020	2019	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit for the period/year	23,291	29,733	(6,442)	(21.67)	30,919	51,203	(20,284)	(39.61)
Other comprehensive income/(loss)								
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	(1,155)	(631)	(524)	(83.04)	(1,155)	(631)	(524)	(83.04)
Exchange difference on translating foreign operations	9,461	(3,876)	13,337	344.09	5,358	(1,310)	6,668	509.00
Reclassification adjustments foreign operations disposed during the period	-	-	-	-	-	(532)	N.M.	N.M.
Other comprehensive income/(loss) for the period/year, net of tax	8,306	(4,507)	12,813	284.29	4,203	(2,473)	6,676	269.96
Total comprehensive income for the period/year	31,597	25,226	6,371	25.26	35,122	48,730	(13,608)	(27.93)
Attributable to:								
Owners of the Company	31,597	25,226	6,371	25.26	35,122	51,946	(16,824)	(32.39)
Non-controlling interests	-	-	-	-	-	(3,216)	N.M.	N.M.
	31,597	25,226	6,371	25.26	35,122	48,730	(13,608)	(27.93)

Note:

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

	6 months ended 31 December		12 months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Recognition of financial guarantee contract liabilities	(1,133)	(3,000)	(1,133)	-
Depreciation on property, plant and equipment	29,013	29,130	56,713	49,155
Depreciation on right-of-use assets	6,272	6,024	22,990	19,796
Fair value movement on financial asset at fair value through profit or loss ("FVTPL")	1,565	(4,326)	(793)	(4,326)
Loss on disposals of property, plant and equipment	4,495	2,103	4,809	2,103
Impairment of right-of-use assets	-	883	-	883
Impairment on property, plant and equipment	1,893	-	1,893	-
Allowance for trade and other receivables and contract assets	4,443	4,856	4,443	4,856
Reversal of inventory allowance	(4,500)	-	(4,500)	-
Interest income	(75)	(909)	(377)	(1,032)
Interest on bank loans and overdrafts	6,646	10,624	15,662	19,501
Interest on lease liabilities	1,679	2,096	3,632	3,113
Exchange difference, net	2,185	844	1,294	3,616

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 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	400,830	304,469	-	-
Right-of-use assets	66,557	96,002	-	-
Financial assets at FVTOCI	214	369	-	-
Investments in subsidiaries	-	-	457,402	450,761
Other receivables	-	11,833	-	11,833
Goodwill	1,927	1,927	-	-
	469,528	414,600	457,402	462,594
Current assets				
Inventories	131,786	131,395	-	-
Trade and bills receivables	212,380	220,107	-	-
Prepayments, deposits and other receivables	186,415	132,471	8,833	3,000
Contract assets	418,017	430,681	-	-
Current tax assets	984	1,224	-	-
Financial assets at FVTPL	120,263	120,342	-	-
Bank and cash balances	57,155	100,485	1,213	1,189
	1,127,000	1,136,705	10,046	4,189

Total assets	1,596,528	1,551,305	467,448	466,783
Current liabilities				
Trade and bills payables	188,030	184,098	-	-
Accruals and other payables	227,322	173,546	-	-
Finance lease payables	13,050	25,157	-	-
Amount due to a subsidiary	-	-	17,049	20,638
Short-term loans and borrowings	384,125	375,238	-	-
Financial guarantee contracts	1,425	2,558	13,945	8,059
Dividends payables	7,066	-	7,066	-
Current tax liabilities	13,481	12,435	-	-
	834,499	773,032	38,060	28,697
Non-current liabilities				
Long-term loans and borrowings	27,750	56,626	-	-
Finance lease payables	35,676	48,688	-	-
Deferred tax liabilities	2,650	2,650	-	-
	66,076	107,964	-	-
Total liabilities	900,575	880,996	38,060	28,697
Equity attributable to owners of the Company				
Share capital	242,456	242,456	242,456	242,456
Reserves	453,497	427,853	186,932	195,630
Total equity	695,953	670,309	429,388	438,086
Total liabilities and equity	1,596,528	1,551,305	467,448	466,783

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 December 2020	As at 31 December 2019
Secured	Secured
HK\$'000	HK\$'000
384,125	375,238

Amount repayable after one year

As at 31 December 2020	As at 31 December 2019
Secured	Secured
HK\$'000	HK\$'000
27,750	56,626

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by companies within the Group and other third-parties 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		The Group	
	6 months ended 31 December		12 months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax				
Continuing operations	25,327	35,166	33,468	62,913
Discontinued operations	-	(2,558)	-	(5,226)
	25,327	32,608	33,468	57,687
Adjustments for :				
Fair value change in financial guarantee	(1,133)	(3,000)	(1,133)	-
Depreciation on property, plant and equipment	29,013	29,130	56,713	49,155
Depreciation on right-of-use assets	6,272	6,024	22,990	19,796
Gain on disposal of subsidiaries	1,422	2,558	-	2,463
Fair value movement on financial asset at FVTPL	1,565	(4,326)	(793)	(4,326)
Reversal of inventory allowance	(4,500)	-	(4,500)	-
Loss on disposals of property, plant and equipment	4,495	2,103	4,809	2,103
Impairment of right-of-use assets	-	883	-	883
Impairment on property, plant and equipment	1,893	-	1,893	-
Allowance for trade and other receivables and contract assets	4,443	4,856	4,443	4,856
Interest income	(75)	(909)	(377)	(1,032)
Finance costs	8,325	12,720	19,294	22,614
Operating profit before working capital changes	77,047	82,647	136,807	154,199
(Increase)/decrease in inventories	(59,566)	24,690	4,109	21,331
(Increase)/decrease in trade and bills receivables	(24,039)	8,125	4,444	(9,016)
Decrease/(increase) in contract assets	74,267	(34,211)	11,504	(34,211)
(Increase)/decrease in prepayments, deposits and other receivables	(41,393)	81,729	(41,762)	13,612
Increase/(decrease) in trade and bills payables	37,094	(89,733)	3,932	(20,435)
Increase in accruals and other payables	48,595	21,544	53,776	12,539
Cash generated from operations	112,005	94,791	172,810	138,019
Interest paid	(6,646)	(10,623)	(15,662)	(19,501)

Interest on lease liabilities	(1,679)	(3,113)	(3,632)	(3,113)
Income tax paid/(refunded)	6,736	(807)	(1,078)	813
Net cash generated from operating activities	110,416	80,248	152,438	116,218
Cash flows from investing activities				
Purchase of property, plant and equipment	(90,989)	(108,499)	(160,143)	(150,483)
Purchase of FVTPL	-	4,806	-	(38,418)
Proceeds from other receivables	(3,000)	-	-	-
Proceeds from disposal of property, plant and equipment	-	2,000	-	2,000
Net cash outflow from disposal of a subsidiary	-	-	-	(10,998)
Purchase of FVTOCI	(500)	(1,000)	(1,000)	(1,000)
Interest received	47	619	91	742
Net cash used in investing activities	(94,442)	(102,074)	(161,052)	(198,157)
Cash flows from financing activities				
Dividend paid	(2,412)	(9,319)	(2,412)	(9,319)
Repayment of long-term loans	(7,376)	(12,333)	(20,376)	(15,000)
(Repayment of loan)/inception of loans raised	(22,000)	44,000	20,000	44,000
Net advance/(repayment) of trust receipt and import loans	2,017	61,751	(19,613)	99,150
Principal elements of lease payments	(7,946)	(1,633)	(21,592)	(15,568)
Acquisition of non-controlling interests	-	-	-	(1,219)
Net cash (used in)/generated from financing activities	(37,717)	82,466	(43,993)	102,044
Net (decrease) / increase in cash and cash equivalents	(21,743)	60,640	(52,607)	20,105
Cash and cash equivalents at beginning of the period/year	65,380	51,962	100,485	89,872
Net effect of exchange rate changes in consolidating subsidiaries	13,518	(12,117)	9,277	(9,492)
Cash and cash equivalents at end of the period/year	57,155	100,485	57,155	100,485

	6 months ended 31 December		12 months ended 31 December	
	2020	2019	2020	2019
Loss for the period from Discontinued Operations include the following:	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	-	-	-	-
Interest income	-	-	-	-
Interest on bank loans, overdrafts and lease liabilities	-	-	-	-
Exchange difference, net	-	-	-	-
Cash flow from discontinued operations:				
Net cash outflows from operating activities	-	-	-	-
Net cash outflows from investing activities	-	-	-	(10,998)
Net cash inflows from financing activities	-	-	-	-
Net cash outflow	-	-	-	(10,998)

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	Financial assets at FVTOCI reserve	Translation reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2020	242,456	26,488	2,033	1,665	(631)	(6,666)	404,964	670,309	-	670,309
Total comprehensive income for the year	-	-	-	-	(1,155)	5,358	30,919	35,122	-	35,122
Dividend paid	-	-	-	-	-	-	(9,478)	(9,478)	-	(9,478)
At 31 December 2020	242,456	26,488	2,033	1,665	(1,786)	(1,308)	426,405	695,953	-	695,953
At 1 January 2019	242,456	26,488	2,033	1,665	-	(4,888)	361,467	629,221	11,045	640,266
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	(1,186)	(1,186)	-	(1,186)
Restated balance at 1 January 2019	242,456	26,488	2,033	1,665	-	(4,888)	360,281	628,035	11,045	639,080
Total comprehensive income for the year	-	-	-	-	(631)	(1,778)	54,355	51,946	(3,216)	48,730
Dividend paid	-	-	-	-	-	-	(9,319)	(9,319)	-	(9,319)
Acquisition of non-controlling interests	-	-	-	-	-	-	(353)	(353)	(866)	(1,219)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(6,963)	(6,963)
At 31 December 2019	242,456	26,488	2,033	1,665	(631)	(6,666)	404,964	670,309	-	670,309

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 2020	242,456	26,488	130,205	1,665	37,272	438,086
Total comprehensive income for the year	-	-	-	-	780	780
Dividend paid	-	-	-	-	(9,478)	(9,478)

At 31 December 2020	242,456	26,488	130,205	1,665	28,574		429,388
At 1 January 2019	242,456	26,488	130,205	1,665	50,255		451,069
Total comprehensive income for the year	-	-	-	-	(3,664)		(3,664)
Dividend paid	-	-	-	-	(9,319)		(9,319)
At 31 December 2019	242,456	26,488	130,205	1,665	37,272		438,086

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 six months ended 31 December 2020,

- 1) the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme; and
- 2) the Company did not buy back any shares of the Company by the way of market acquisition and by share cancellation.

As at 31 December 2020 and 31 December 2019, 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
31 December 2020	32,327,400
31 December 2019	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 31 December 2020, the Company did not buy back any shares of the Company by the way of market acquisition and by share cancellation.

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 2019.

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 2020. 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			
	6 months ended 31 December		12 months ended 31 December	
	2020	2019	2020	2019
	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	72.05	91.97	95.64	168.14
(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\$23,291,000 (2H 2019: HK\$29,733,000) by the weighted average number of ordinary shares in issue of 32,327,400 (2H 2019: 32,327,400) during the 2H 2020 period.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$30,919,000 (FY 2019: HK\$54,355,000) by the weighted average number of ordinary shares in issue of 32,327,400 (FY 2019: 32,327,400) during the FY 2020.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the 2H 2020 and 2H 2019 periods as well as FY2020 and FY2019.

- 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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	21.53	20.74	13.28	13.55
Number of ordinary shares in issue	32,327,400	32,327,400	32,327,400	32,327,400

- 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

The Group's overall revenue decreased by HK\$808.1 million or 45.8%, from HK\$1,765.2 million in FY2019 to HK\$957.1 million in FY2020 mainly due to the decline of global economic activities as a result of COVID-19 outbreak in 2020.

8.2 Gross profit and gross profit margin

In FY 2020, the Group's gross profit decreased by HK\$69.7 million or 46.8%, generating gross profit margin of 8.3% (FY 2019: 8.4%) which was in line with revenue decline. The Group's continuing focus on productivity enhancement and municipal government grants in the PRC have alleviated and assuage the impacts of COVID-19 on our Group.

8.3 Other Income

The Group's other income increased by HK\$25.9 million or 100.1%, from HK\$25.9 million in FY 2019 to HK\$51.8 million in FY 2020 mainly due to an increase of the government subsidies of HK\$18.7 million in the PRC, which have mitigated the impacts of COVID-19 and an increase in mould engineering income for new products.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$1.3 million or 9.0%, from HK\$14.7 million in FY 2019 to HK\$16.0 million in FY 2020 mainly due to an increase of transportation expenses.

8.5 Administrative expenses

The Group's administrative expenses decreased by HK\$12.4 million or 16.6%, from HK\$74.7 million in FY 2019 to HK\$62.3 million in FY 2020 mainly due to a decrease of exchange loss of HK\$2.3 million, a decrease in bonus payments of HK\$3.1 million, a decrease of salaries of HK\$1.3 million and a decrease of HK\$1.3 in the fair value change of financial guarantee.

8.6 Finance Costs

Finance costs decreased by HK\$3.3 million or 14.7%, from HK\$22.6 million in FY 2019 to HK\$19.3 million in FY 2020 mainly due to decrease in bank loans.

8.7 Income Tax Expenses

Income tax expense decrease of HK\$3.9 million or 60.7%, from HK\$6.5 million in FY 2019 to HK\$2.5 million in FY 2020 mainly due to decline in profit during the year.

Financial position as at 31 December 2020

8.8 Non-current assets

The Group's non-current assets stood at HK\$469.5 million as at 31 December 2020, increased by 13.2% or HK\$54.9 million, from HK\$414.6 million at 31 December 2019. This was due to an increase in capital expenditure on property, plant and equipment of HK\$160.1 million invested in Indonesia, Guangxi and Heyuan manufacturing operations, which were partially offset by a decrease in Right-of-use Assets of HK\$29.4 million, a decrease in further investment in financial assets at FVTOCI of HK\$0.2 million, and total depreciation expense for property, plant and equipment and right-of-use assets of HK\$79.7 million.

8.9 Current assets

The Group's current assets stood at HK\$1,127.0 million as at 31 December 2020, a decrease of HK\$9.7 million or 0.9%, from HK\$1,136.7 million as at 31 December 2019, mainly due to:

- a decrease in bank and cash balances of HK\$43.3 million;
- a decrease in contract assets of HK\$12.7 million;
- a decrease in trade and bills receivables of HK\$7.7 million in line with sales decrease;
- a decrease in current tax assets of HK\$0.2 million; and
- a decrease in financial assets at FVTPL of HK\$0.1 million.

which were partially offset by:

- an increase in prepayments, deposits and other receivables of HK\$53.9 million mainly due to an increase in rental deposit and other receivables; and
- an increase in inventories of HK\$0.4 million.

8.10 Current liabilities

The Group's current liabilities stood at HK\$834.5 million as at 31 December 2020, an increase of HK\$61.5 million or 8.0%, from HK\$773.0 million as at 31 December 2019, mainly due to:

- an increase in accruals and other payables of HK\$53.8 million;
- an increase in short-term borrowings of HK\$8.9 million to finance working capital requirement;
- an increase in dividends payables of HK\$7.1 million;
- an increase in trade and bills payables of HK\$3.9 million; and
- an increase in current tax liabilities of HK\$1.0 million.

which were offset by:

- a decrease in finance lease payables of HK\$12.1 million; and
- a decrease in financial guarantee contract of HK\$1.1 million.

8.11 Non-current liabilities

The Group's non-current liabilities stood at HK\$66.1 million as at 31 December 2020 a decrease of HK\$41.9 million or 38.8%, from HK\$108.0 million as at 31 December 2019 mainly due to a decrease in long-term borrowings of HK\$28.9 million and a decrease in lease liabilities of HK\$13.0 million.

8.12 Statement of Cash Flows for the year ended 31 December 2020

As at 31 December 2020, the Group's cash resources of HK\$57.2 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$52.6 million held by the Group comprised:

- Net cash generated from operating activities of HK\$152.4 million due to better management and utilization of working capital;
- Net cash used in investing activities of HK\$161.1 million mainly due to additions of property, plant and equipment and financial assets at FVTOCI; and
- Net cash used in financing activities of HK\$44.0 million, mainly due to the net repayment of trust receipt and import loans, and repayment of 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.

During FY 2020, the COVID-19 pandemic disrupted businesses globally, causing revenue declines and higher operating costs.

Nonetheless, the Group's continuing productivity enhancements and favourable municipal government grants in the PRC mitigated the impacts of revenue decline, enabling us to maintain our FY2020 gross profit margin at a healthy 8.3%. It is heartening to highlight that gross profit margin in 2H FY2020 in fact improved by 1.3% to 10.6%, from 9.3% in the corresponding 2H FY2019.

Despite the challenging operating environment, the Group continued to see remarkable improvements in all major KPIs – quality, delivery, productivity and CSR.

Together with strategic organizational changes, further enhancements in ERP applications and data-analysis, technology applications and automation as well as people-centric HR management, the Group is building up a strong foundation to enhance the Group long term resilience that will keep Combine Will agile and poised to deliver value-added returns.

The set-up for our new capability in making paper products was completed at the end of FY 2020 with the commencement of our factory operation and large scale production. We also expect our manufacturing facilities in Sragen, Indonesia and Guangxi, PRC, which began operating in 2017 and 2019 respectively, to continue improving productivity and efficiency in FY 2021.

We continue to enjoy good working relationships with our core customers who consider Combine Will as their strategic partner, not just a major ODM/OEM supplier.

In view of the above supporting factors and barring further unforeseen circumstances, we look forward to a better FY2021.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	5 cents per ordinary share
Tax Rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes. A final tax-exempt one-tier dividend of S\$5.0 cents per ordinary share was previously declared in respect of the financial year ended 31 December 2019.

(c) Date payable

Subject to approval by shareholders at the next Annual General Meeting and to be announced at a later date.

(d) Books closure date

Subject to approval by shareholders at the next Annual General Meeting and to be announced at later date.

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

Final dividend has been 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Revenue of geographical segments of principal markets are analyzed by location of customers

	FY2020		FY2019		Change
	HK\$'000	%	HK\$'000	%	%
Asia	875,630	91.5	1,536,365	87.0	(43.0)
North America	1,497	0.1	6,191	0.4	(75.8)
Europe	79,955	8.4	222,670	12.6	(64.1)
Total	957,082	100.0	1,765,226	100.0	(45.8)

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Para 8 above.

16. A breakdown of group sales.

	FY2020	FY2019	Change
	HK\$'000	HK\$'000	%
(a) Sales reported for first half year	491,886	978,869	(49.7)
(b) Operating profit after tax before deducting minority interests reported for first half year	7,628	21,470	(64.5)
(c) Sales reported for second half year	465,196	786,357	(40.8)
(d) Operating profit after tax before deducting minority interests reported for second half year	23,291	29,733	(21.7)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	FY2020 (subject to shareholders' approval)	FY2019
	S\$'000	S\$'000
Ordinary	1,616,370	1,616,370
Preference	N/A	N/A
Total:	-	-

18. Interested Person Transactions ("IPTs")

	Aggregate value of all interested person transaction during the year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transaction conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	HK\$'000	HK\$'000
	N/A	N/A

19. Use of IPO Proceeds

All IPO proceeds had been fully utilized in 2011.

20. 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 year ended 31 December 2020.

21. 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).

BY ORDER OF THE BOARD

Chiu Hau Shun, Simon
Executive Director

28 February 2021