

Combine Will International Holdings Limited

(Incorporated in Cayman Islands)

(Co. Reg. No: MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2016**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 September 2016**

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2016	2015	Change	%	2016	2015	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	312,884	479,463	(166,579)	(34.74)	929,960	1,566,484	(636,524)	(40.63)
Cost of sales	(303,374)	(438,864)	(135,490)	(30.87)	(876,324)	(1,432,930)	(556,606)	(38.84)
Gross Profit	9,510	40,599	(31,089)	(76.58)	53,636	133,554	(79,918)	(59.84)
Other income	5,286	9,971	(4,685)	(46.99)	17,586	25,319	(7,733)	(30.54)
Selling and distribution expenses	(4,257)	(6,213)	(1,956)	(31.48)	(12,102)	(17,923)	(5,821)	(32.48)
Administrative expenses	(19,105)	(37,156)	(18,051)	(48.58)	(63,197)	(109,048)	(45,851)	(42.05)
Profit From Operations	(8,566)	7,201	(15,767)	(218.96)	(4,077)	31,902	(35,979)	(112.78)
Finance costs	(3,010)	(5,600)	(2,590)	(46.25)	(11,919)	(16,386)	(4,467)	(27.26)
(Loss)/Profit Before Tax	(11,576)	1,601	(13,177)	(823.05)	(15,996)	15,516	(31,512)	(203.09)
Income tax expenses	(360)	(166)	194	116.87	(1,067)	(708)	359	50.71
(Loss)/Profit for the period	(11,936)	1,435	(13,371)	(931.78)	(17,063)	14,808	(31,871)	(215.23)
Attributable to:								
Owners of the Company	(11,818)	2,356	(14,174)	(601.61)	(15,928)	14,313	(30,241)	(211.28)
Non-controlling interests	(118)	(921)	(803)	(87.19)	(1,135)	495	(1,630)	(329.29)

1(a)(ii) Statement of Profit or Loss and Other Comprehensive Income for the quarter ended 30 September 2016

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2016	2015	Change	%	2016	2015	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
(Loss)/Profit for the period	(11,936)	1,435	(13,371)	(931.78)	(17,063)	14,808	(31,871)	(215.23)
Other comprehensive income								
Exchange difference on translating foreign operations	(6,085)	(17,653)	(11,568)	(65.53)	(26,373)	(24,869)	(1,504)	(6.05)
Other comprehensive income for the period, net of tax	(6,085)	(17,653)	(11,568)	(65.53)	(26,373)	(24,869)	(1,504)	(6.05)
Total comprehensive income for the period	(18,021)	(16,218)	(1,803)	(11.12)	(43,436)	(10,061)	(33,375)	(331.73)
Attributable to:								
Owners of the Company	(17,903)	(15,297)	(2,606)	(17.04)	(42,301)	(10,556)	(31,745)	(300.73)
Non-controlling interests	(118)	(921)	803	(87.19)	(1,135)	495	(1,630)	(329.29)

Note:

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

	3 months ended 30 September		9 months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	10,621	12,402	32,345	36,570
Gain on disposals of property, plant and equipment	-	-	-	(29)
Interest income	(16)	(3,778)	(1,891)	(11,137)
Interest on bank loans and overdrafts	3,011	5,600	11,953	16,386
Exchange difference, net	837	13,376	2,636	17,099

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 30.09.2016	At 31.12.2015	At 30.09.2016	At 31.12.2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	221,654	217,491	-	-
Investments In subsidiaries	-	-	458,251	461,263
Goodwill	2,417	2,417	-	-
	224,071	219,908	458,251	461,263
Current assets				
Inventories	509,015	513,217	-	-
Trade and bills receivables	236,337	357,355	-	-
Prepayments, deposits and other receivables	158,833	179,500	-	-
Current tax assets	5,480	4,560	-	-
Pledged bank deposits	-	431,321	-	-
Bank and cash balances	68,156	54,943	1,242	109
	977,821	1,540,896	1,242	109
Total assets	1,201,892	1,760,804	459,493	461,372
Current liabilities				
Trade and bills payables	89,961	205,268	-	-
Accruals and other payables	111,705	133,736	-	-
Term loans	-	448,500	-	-
Short-term borrowings	363,207	276,591	-	-
Long-term borrowings	2,501	18,397	-	-
Current tax liabilities	16,871	15,350	-	-
	584,245	1,097,842	-	-
Non-current liabilities				
Deferred tax liabilities	3,140	3,140	-	-
	3,140	3,140	-	-
Total liabilities	587,385	1,100,982	-	-
Equity attributable to owners of the Company				
Share capital	242,456	246,000	242,456	246,000
Reserves	361,373	402,009	217,037	215,372

Non-controlling interests	603,829 10,678	648,009 11,813	459,493 -	461,372 -
Total equity	614,507	659,822	459,493	461,372
Total liabilities and equity	1,201,892	1,760,804	459,493	461,372

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

As at 30 September 2016	As at 31 December 2015
Secured	Secured
HK\$'000	HK\$'000
365,708	743,488

Amount repayable after one year

As at 30 September 2016	As at 31 December 2015
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 September		9 months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
(Loss)/Profit before tax	(11,576)	1,601	(15,996)	15,516
Adjustments for :				
Depreciation	10,621	12,402	32,345	36,570
Gain on disposal of property, plant and equipment	-	-	-	(29)
Interest income	(16)	(3,778)	(1,891)	(11,137)
Finance costs	3,011	5,600	11,953	16,386
Operating profit before working capital changes	2,040	15,825	26,411	57,306
Decrease in inventories	27,739	73,978	4,202	97,970
(Increase) / Decrease in trade and bills receivables	(8,837)	131,220	121,018	108,372
(Increase) / Decrease in prepayments, deposits and other receivables	(18,076)	4,242	20,667	24,504
Decrease in trade and bills payables	(22,288)	(75,319)	(115,307)	(128,971)
Decrease in accruals and other payables	(4,361)	(4,815)	(22,031)	(3,509)
Cash (used in)/generated from operations	(23,783)	145,131	34,960	155,672
Interest paid	(3,011)	(5,600)	(11,953)	(16,386)
Income tax refund/(paid)	2,696	4,552	(466)	(2,344)
Net cash (used in)/generated from operating activities	(24,098)	144,083	22,541	136,942
Cash flows from investing activities				
Decrease /(Increase) in pledged bank deposits	-	10,498	431,321	(142,790)
Purchase of property, plant and equipment	(14,539)	(7,910)	(37,247)	(23,684)
Proceeds from disposals of property, plant and equipment	-	-	9	-
Interest received	16	3,778	1,891	11,137
Net cash (used in)/generated from investing activities	(14,523)	6,366	395,974	(155,337)
Cash flows from financing activities				
(Repayment)/Inception of term loans	-	-	(448,500)	151,000
Repayment of long-term borrowings	(9,144)	(5,104)	(15,896)	(24,314)
Net advance/(repayment) of trust receipt and import loans	54,631	(125,177)	86,616	(85,580)
Repurchase of shares	-	-	(1,879)	-
Net cash generated/(used in) from financing activities	45,487	(130,281)	(379,659)	41,106
Net increase in cash and cash equivalents	6,866	20,168	38,856	22,711
Cash and cash equivalents at beginning of the period	67,215	46,228	54,943	53,860
Net effect of exchange rate changes in consolidating subsidiaries	(5,925)	(17,276)	(25,643)	(27,451)
Cash and cash equivalents at end of the period	68,156	49,120	68,156	49,120

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-control interests	Total
	Share capital	Share premium	Shares repurchase	Statutory reserve	Translation reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2016	246,000	26,488	-	2,033	31,470	342,018	648,009	11,813	659,822
Total comprehensive income for the period		-	-	-	(26,373)	(15,928)	(42,301)	(1,135)	(43,436)
Repurchase of shares and cancelled	(3,544)	(1,423)	3,088	-	-	-	(1,879)	-	(1,879)
At 30 September 2016	242,456	25,065	3,088	2,033	5,097	326,090	603,829	10,678	614,507
At 1 January 2015	246,000	26,488	-	2,033	64,485	324,479	663,485	12,448	675,933
Total comprehensive income for the period	-	-	-	-	(24,869)	14,313	(10,556)	495	(10,061)
At 30 September 2015	246,000	26,488	-	2,033	39,616	338,792	652,929	12,943	665,872

The Company	Share capital	Share premium	Share Repurchase	Contributed surplus	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016	246,000	26,488	-	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-	-
Repurchase of shares	(3,544)	(1,423)	3,088	-	-	(1,879)
At 30 September 2016	242,456	25,065	3,088	130,205	58,679	459,493
At 1 January 2015	246,000	26,488	-	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-	-
At 30 September 2015	246,000	26,488	-	130,205	58,679	461,372

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

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

During the three months ended 30 September 2016, the Company did not allot or issue any shares, or grant any share options under the Employee Share Option Scheme.

By the end of 30 September 2016, 472,600 ordinary shares had been bought back by the way from the open market and these shares have been canceled.

As at 30 September 2016, there were no outstanding share options / warrants / convertible securities / treasury shares.

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

32,327,400 ordinary shares of HK\$7.50 each as at 30 September 2016. (32,800,000 ordinary shares of HK\$7.50 each as at 31 December 2015.)

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

Not applicable

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

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

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

Not applicable

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

The Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in the audited financial statements for the year ended 31 December 2015.

- 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 2016. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period.

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

	The Group			
	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
	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	(36.56)	7.18	(49.27)	43.64
(b) On a fully diluted basis	N/A	N/A	N/A	N/A

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company of approximately HK\$11,818,000 (Q3 2015: profit attributable to owners of the Company of approximately HK\$2,356,000) by the weighted average number of ordinary shares in issue of 32,327,400 (Q3 2015: 32,800,000) during the Q3 2016 period.

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company of approximately HK\$15,928,000 (3Q 2015: profit attributable to owners of the Company of approximately HK\$14,313,000) by the weighted average number of ordinary shares in issue of 32,327,400 (3Q 2015: 32,800,000) during the 3Q 2016 period.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the Q3 2016 and Q3 2015 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) immediate preceding financial year.

	The Group		The Company	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the	18.68	19.76	14.21	14.07

end of the year:				
Number of ordinary shares in issue	32,327,400	32,800,000	32,327,400	32,800,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Revenue

In Q3 2016, the Group's overall revenue decreased by HK\$166.6 million or 34.7%, from HK\$479.5 million in Q3 2015 to HK\$312.9 million in Q3 2016. Segmental performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-160.2m	-36.9	The decrease in revenue was mainly due to customers adopting cautious approaches on order placement and new product development in view of negative economic outlook.
Moulds and Tooling	-6.6m	-33.6	The revenue decrease within this quarter was a result of shipment schedule slowing down.
Machine Sales	+0.2m	+0.9	No significant issue identified for the difference.

Increase/Decrease in revenue by geographical segments for Q3/2016

Region	(+/-) in HK\$	%	Comments
Asia	-120.6m	-32.1	The decrease reflects the reduced delivery of our ODM/OEM segment, in line with the general decrease in overall revenue.
North America	-3.0m	-38.6	As above.
Europe	-43.0m	-44.6	As above.

8.2 Gross Profit and Gross Profit Margin

In Q3 2016, the Group's gross profit decreased by 76.6% or HK\$31.0 million, generating gross profit margin of 3.0% (Q3 2015: 8.5%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-31.4m	-96.9	Decreased gross profit results from decline in revenue.
Moulds and Tooling	-0.4m	-12.9	Decrease of revenue leads to decline on gross profit.
Machine Sales	+0.8m	+16.6	Increase in gross profit for Machine Sales due to increase on revenue.

8.3 Other Income

The Group's other income decreased by HK\$4.7 million or 47.0%, from HK\$10.0 million in Q3 2015 to HK\$5.3 million in Q3 2016, due to lower interest income from a decrease in pledged bank deposits.

8.4 Selling and Distribution Expenses

The Group's selling and distribution expenses were reduced by HK\$1.9 million or 31.5%, from HK\$6.2 million in Q3 2015 to HK\$4.3 million in Q3 2016, in line with the overall decrease in sales for the quarter compared to Q3 2015.

8.5 Administrative Expenses

The Group's administrative expenses decreased by HK\$18.1 million or 48.6%, from HK\$37.2 million in Q3 2015 to HK\$19.1 million in Q3 2016, mainly due to the decrease in exchange loss HK\$13.3 million and salaries.

8.6 Finance Costs

Finance costs were lowered by HK\$2.6 million or 46.2%, from HK\$5.6 million in Q3 2015 to HK\$3.0 million in Q3 2016, mainly due to the decrease in term loans.

8.7 Income Tax Expense

Income tax expense was increased from HK\$0.2 million in Q3 2015 to HK\$0.4 million in Q3 2016, mainly due to increased tax provision in PRC companies.

Financial Position

8.8 Non-Current Assets

The Group's non-current assets increased by 1.9% or HK\$4.2 million, from HK\$219.9 million as at 31 December 2015 to HK\$224.1 million as at 30 September 2016. This was mainly due to the

increase in capital expenditure on property, plant and equipment of HK\$37.2 million which were, in turn, partially offset by HK\$32.3 million depreciation expense charged for the period ended 30 September 2016.

8.9 Current Assets

As at 30 September 2016, the Group's current assets decreased by HK\$563.1 million or 36.5%, from HK\$1,540.9 million as at 31 December 2015 to HK\$977.8 million, mainly due to:

- a decrease in pledged bank deposits of HK\$431.3 million;
- a decrease in trade and bills receivables of HK\$121.0 million in line with the lower sales revenue;
- a decrease in prepayments, deposits and other receivables of HK\$20.7 million mainly due to lower sales; and
- a decrease in inventories of HK\$4.2 million due to customers' delivery schedule.

which were partially offset by:

- an increase in bank and cash balances of HK\$13.2 million; and
- an increase in current tax assets of HK\$0.9 million.

8.10 Current Liabilities

As at 30 September 2016, the Group's current liabilities decreased by HK\$513.6 million or 44.9%, from HK\$1,097.8 million as at 31 December 2015 to HK\$584.2 million mainly due to:

- a decrease in term loans of HK\$448.5 million;
- a decrease in trade and bills payables of HK\$115.3 million, mainly due reduced purchases of materials in the ODM/OEM business segment;
- a decrease in accruals and other payables of HK\$22.0 million due to the payment of the accruals of bank interest for term loans; and
- a decrease in the current portion of long-term borrowings, amounting to approximately HK\$15.9 million due to loan repayments in accordance with the payment schedule.

which were partially offset by:

- an increase in short-term borrowings amounting to approximately HK\$86.6 million; and
- an increase in current tax liabilities of HK\$1.5 million.

8.11 Non-Current Liabilities

There are no non-current long-term borrowings, due to the repayment of long-term borrowings undertaken in accordance to the payment schedule.

8.12 Statement of Cash Flows

As at 30 September 2016, the Group's cash resources of HK\$68.2 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$13.2 million held by the Group for the 9 months ended 30 September 2016 comprised:

- Net cash generated from operating activities of HK\$22.5 million, mainly due to improvements in working capital;
- Net cash generated from investing activities of HK\$396.0 million, mainly due to a decrease in pledged bank deposits
- Net cash used in financing activities of HK\$379.6 million, mainly due to the repayment of term loans.

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

Not applicable

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

In view of the continuing economic uncertainties and pessimistic outlook, our major customers remain conservative and cautious in their new business development. As such, orders are coming in slower, resulting in lower sales. The Company strengthens its concerted efforts to woo new customers, which proves challenging in the circumstances.

Efforts have been made to manage costs in view of lower economies of scale but there will be continuing pressure on fixed costs until sales volume increases. As such, the Company expects to report a loss for full year FY2016.

Meanwhile, construction of the Company's new factory in Sragen, Indonesia is progressing and superstructure construction is expected to commence in the first half of FY2017 and initial production will commence forthwith thereafter. Construction will be carried out in phases, the Company will start to enjoy better cost efficiencies when production starts.

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 September 2016.

15. 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).

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 9 month financial period ended 30 September 2016 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
8 November 2016