

Combine Will International Holdings Limited

(Incorporated in Cayman Islands)

(Co. Reg. No: MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2015**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 31 March 2015

	The Group			
	3 months ended 31 March			
	2015	2014	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Revenue	520,683	399,536	121,147	30.32
Cost of sales	(479,021)	(367,143)	111,878	30.47
Gross Profit	41,662	32,393	9,269	28.61
Other income	7,350	12,777	(5,427)	(42.47)
Selling and distribution expenses	(4,477)	(4,633)	(156)	(3.37)
Administrative expenses	(32,059)	(32,942)	(883)	(2.68)
Profit From Operations	12,476	7,595	4,881	64.27
Finance costs	(5,336)	(5,968)	(632)	(10.59)
Profit Before Tax	7,140	1,627	5,513	338.84
Income tax expense	(191)	(146)	45	30.82
Profit for the period	6,949	1,481	5,468	369.21
Attributable to:				
Owners of the Company	6,736	1,776	4,960	279.28
Non-controlling interests	213	(295)	508	172.20

1(a)(ii) Statement of Profit or Loss and other Comprehensive Income for the quarter ended 31 March 2015

	The Group			
	3 months ended 31 March			
	2015	2014	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Profit for the period	6,949	1,481	5,468	369.21
Other comprehensive income				
Exchange difference on translating foreign operations	(13,065)	(1,960)	11,105	566.58
Other comprehensive income for the period, net of tax	(13,065)	(1,960)	11,105	566.58
Total comprehensive income for the period	(6,116)	(479)	5,637	1,176.83
Attributable to:				
Owners of the Company	(6,329)	(184)	6,145	3,339.67
Non-controlling interests	213	(295)	508	172.20

Note:

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

	3 months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Depreciation	12,186	12,469
Interest income	(3,563)	(4,600)
(Gain)/Loss on disposals of property, plant and equipment	(29)	581
Interest on bank loans and overdrafts	5,336	6,439
Exchange difference, net	8,570	13,361

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 31.03.2015	At 31.12.2014	At 31.03.2015	At 31.12.2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	246,522	246,865	-	-
Investments In subsidiaries	-	-	461,263	461,263
Goodwill	2,417	2,417	-	-
	248,939	249,282	461,263	461,263
Current assets				
Inventories	505,648	557,146	-	-
Trade and bills receivables	366,554	408,293	-	-
Prepayments, deposits and other receivables	178,315	205,758	-	-
Current tax assets	7,210	4,429	-	-
Pledged bank deposits	553,794	303,601	-	-
Bank and cash balances	100,997	53,860	109	109
	1,712,518	1,533,087	109	109
Total assets	1,961,457	1,782,369	461,372	461,372
Current liabilities				
Trade and bills payables	259,464	335,990	-	-
Accruals and other payables	150,872	155,723	-	-
Term loans	547,500	297,500	-	-
Short-term borrowings	282,168	254,590	-	-
Long-term borrowings	23,903	29,443	-	-
Current tax liabilities	11,291	11,683	-	-
	1,275,198	1,084,929	-	-
Non-current liabilities				
Long-term borrowings	13,302	18,367	-	-
Deferred tax liabilities	3,140	3,140	-	-
	16,442	21,507	-	-
Total liabilities	1,291,640	1,106,436	-	-
Equity attributable to owners of the Company				
Share capital	246,000	246,000	246,000	246,000
Reserves	411,156	417,485	215,372	215,372
	657,156	663,485	461,372	461,372
Non-controlling interests	12,661	12,448	-	-
Total equity	669,817	675,933	461,372	461,372
Total liabilities and equity	1,961,457	1,782,369	461,372	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 31 March 2015	As at 31 December 2014
Secured	Secured
HK\$'000	HK\$'000
853,571	581,533

Amount repayable after one year

As at 31 March 2015	As at 31 December 2014
Secured	Secured
HK\$'000	HK\$'000
13,302	18,367

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies, and the Group's pledged bank deposits of HK\$553.8 million.

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	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	7,140	1,627
Adjustments for :		
Depreciation	12,186	12,469
(Gain)/Loss on disposals of property, plant and equipment	(29)	581
Interest income	(3,563)	(4,600)
Finance costs	5,336	5,968
Operating profit before working capital changes	21,070	16,045
Decrease /(Increase) in inventories	51,498	(6,957)
Decrease in trade and bills receivables	41,739	40,340
Decrease in prepayments, deposits and other receivables	27,443	3,551
Decrease in trade and bills payables	(76,526)	(1,827)
Decrease in accruals and other payables	(4,851)	(22,633)
Cash generated from operations	60,373	28,519
Income tax paid	(3,365)	(3,564)
Interest paid	(5,336)	(5,968)
Net cash generated from operating activities	51,672	18,987
Cash flows from investing activities		
(Increase) / Decrease in pledged bank deposits	(250,193)	268,098
Purchase of property, plant and equipment	(8,338)	(6,151)
Interest received	3,563	4,600
Net cash (used in) / generated from investing activities	(254,968)	266,547
Cash flows from financing activities		
Inception of new term loans	250,000	-
Repayment of term loans	-	(250,000)
Repayment of long-term borrowings	(10,605)	(11,789)
Net advancement / (repayment) of trust receipt and import loans	27,578	(40,485)
Net cash generated from / (used in) financing activities	266,973	(302,274)
Net increase / (decrease) in cash and cash equivalents	63,677	(16,740)
Cash and cash equivalents at beginning of the period	53,860	67,458
Net effect of exchange rate changes in consolidating subsidiaries	(16,540)	(1,960)
Cash and cash equivalents at end of the period	100,997	48,758

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to the owners of the Company						Minority interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Subtotal HK\$'000		
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	-	-	-	(13,065)	6,736	(6,329)	213	(6,116)
At 31 March 2015	246,000	26,488	2,033	51,420	331,215	657,156	12,661	669,817
At 1 January 2014	246,000	26,488	2,033	69,726	305,837	650,084	12,480	662,564
Total comprehensive income for the period	-	-	-	(1,960)	1,776	(184)	(295)	(479)
At 31 March 2014	246,000	26,488	2,033	67,766	307,613	649,900	12,185	662,085

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2015	246,000	26,488	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-
At 31 March 2015	246,000	26,488	130,205	58,679	461,372
At 1 January 2014	246,000	26,488	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-
At 31 March 2014	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 31 March 2015, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 31 March 2015, there were no outstanding share options / warrants / convertible securities / treasury shares.

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

32,800,000 ordinary shares of HK\$7.50 each as at 31 December 2014.

32,800,000 ordinary shares of HK\$7.50 each as at 31 March 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 2014.

- 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 2015. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period.

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

	3 months ended 31 March	
	2015	2014
	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	20.54	5.41
(b) On a fully diluted basis	N/A	N/A

Basic earnings per share for the three months ended 31 March 2015 is calculated by dividing the profit for Q1 FY2015 attributable to owners of the Company of approximately HK\$6,736,000 (Q1 2014: HK\$1,776,000) by the weighted average number of ordinary shares in issue of 32,800,000 (Q1 2014: 32,800,000) during the Q1 2015.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q1 2015 and Q1 2014.

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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital at the end of the year:	2,003.52	2,022.82	1,406.62	1,406.62
Number of ordinary shares in issue	32,800,000	32,800,000	32,800,000	32,800,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Revenue

In Q1 2015, the Group's overall revenue increased by HK\$121.1 million or 30.3%, from HK\$399.5 million in Q1 2014 to HK\$520.7 million in Q1 2015. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+136.8m	+41.9	Increase in revenue mainly due to the strong recovery in orders received in 1Q 2015 compared to the same period in 2014.
Moulds and Tooling	-17.9m	-56.7	Decreased revenue mainly due to the continued streamlining of our Moulds & Tooling operations as compared with Q1 2014.
Machine Sales	+2.2m	+5.5	No significant issue identified for the difference.

Increase/Decrease in revenue by geographical segments for Q1/2015

Region	(+/-) in HK\$	%	Comments
Asia	+121.8m	+39.8	Increase in revenue from Asia mainly due to increased orders of our ODM/OEM business segment.
North America	+0.5m	+34.1	Increase in revenue from North America mainly due to increase orders from our ODM/OEM customers in the region.
Europe	-1.2m	-1.3	No significant issue identified for the difference.

8.2 Gross profit and gross profit margin

In Q1 2015, the Group's gross profit increased by 28.6% or HK\$9.3 million, generating gross profit margin of 8.0% (Q1 2014: 8.1%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+4.8m	+17.0	Increase in gross profit mainly due to the increase in sales.
Moulds and Tooling	+4.9m	+107.1	Increase in gross profit due to the reduction of fixed cost as a result of the rationalization exercise undertaken in 2014.
Machine Sales	-0.4m	-5.6	No significant issue identified.

8.3 Other Income

The Group's other income decreased by HK\$5.4 million or 42.5%, from HK\$12.8 million in Q1 2014 to HK\$7.4 million in Q1 2015 was mainly due to (i) a decrease of HK\$3.8 million mould development income recognized and (ii) a decrease of HK\$1.0 million interest income upon the RMB deposit.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses decreased by HK\$0.2 million or 3.4%, from HK\$4.6 million in Q1 2014 to HK\$4.4 million in Q1 2015 mainly due to the decrease of HK\$0.7 million in both the Moulds and Tooling as well as Machine Sales business segment. The decrease in expense in these two segments is partially offset by the increase in expense of HK\$0.5 million in the ODM/OEM business segment.

8.5 Administrative expenses

The Group's administrative expenses decreased by HK\$0.9 million or 2.7%, from HK\$32.9 million in Q1 2014 to HK\$32.0 million in Q1 2015 due to (i) HK\$8.6 million exchange loss in Q1 2015 compare with HK\$13.4 million exchange loss in Q1 2014, which leads to a decrease of HK\$4.8 million difference; which was partially offset by (ii) an increased salary expense of HK\$3.3 million.

8.6 Finance Costs

Finance costs decreased by HK\$0.6 million or 10.5%, from HK\$6.0 million in Q1 2014 to HK\$5.4 million in Q1 2015 mainly due to our decreased borrowings.

8.7 Income Tax Expense

Income tax expense increased by HK\$0.1 million or 30.8%, from HK\$0.1 million in Q1 2014 to HK\$0.2 million in Q1 2015, mainly due to increase in profit on PRC region for FY2015.

Financial position

8.8 Non-current assets

The Group's non-current assets decreased by 0.1% or HK\$0.3 million, from HK\$249.3 million as at 31 December 2014 to HK\$248.9 million as at 31 March 2015. This was mainly due to HK\$12.2 million depreciation expense charged for the period ended 31 March 2015 and disposal of fixed assets with net asset value HK\$ 0.9 million which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$8.3 million.

8.9 Current assets

As at 31 March 2015, the Group's current assets increased by HK\$179.4 million or 11.7%, from HK\$1,533.1 million as at 31 December 2014 to HK\$1,712.5 million mainly due to:

- an increase in pledged bank deposits of HK\$250.2 million;
- an increase in bank and cash balances of HK\$47.1 million;
- an increase in current tax assets of HK\$2.8 million;

which were partially offset by :

- a decrease in inventories of HK\$51.5 million;
- a decrease in trade and bills receivables of HK\$41.7 million; and
- a decrease in prepayments, deposits and other receivables of HK\$27.4 million mainly due to the decrease on purchase deposit paid for machinery and material.

8.10 Current liabilities

As at 31 March 2015, the Group's current liabilities increased by HK\$190.3 million or 17.5%, from HK\$1,084.9 million as at 31 December 2014 to HK\$1,275.2 million mainly due to:

- an increase in term loans of HK\$250.0 million;
- an increase in short-term borrowings amounting to approximately HK\$27.6 million mainly to finance the Group's working capital requirement;

which were partially offset by :

- a decrease in trade and bills payables of HK\$76.5 million, mainly due to less material purchased;
- a decrease in accruals and other payables of HK\$4.9 million mainly due to decreased of customer deposit receipt from machine sales business segment;
- a decrease in the current portion of long-term borrowings amounting to approximately HK\$5.5 million due to loan repayments; and
- a decrease in current tax liabilities of HK\$0.4 million due to the payment of taxes net of the income tax charged for the period.

8.11 Non-current liabilities

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

8.12 Statement of Cash Flows

As at 31 March 2015, the Group's cash resources of HK\$101.0 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$47.1 million held by the Group for the 3 months ended 31 March 2015 comprised:

- Net cash generated from operating activities of HK\$51.7 million mainly due to improved business performance;
- Net cash used in investing activities of HK\$255.0 million, mainly due to an increase in pledged bank deposits; and
- Net cash generated from financing activities of HK\$267.0 million, mainly due to the inception of term loans, trust receipts and import loans.

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

Not applicable

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

Despite the good start in Q1 2015, we will continue to face cost increases in 2015 due to the rise in statutory minimum wages in PRC. To address this issue, we will continue to automate production process, undertake R&D to improve productivity and at the same time putting in additional efforts in identifying alternative locations with lower labor costs for setting up production facilities.

Despite the completion of restructuring exercise undertaken for the Moulds and Tooling segment in 2014, in view of the competitive pressures and the slowing down of PRC economy, we expect 2015 to remain another challenging year for this segment.

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 31 March 2015.

15. Negative Assurance Confirmation Pursuant To Rule 705(4) of the Listing Manual

We, Tam Jo Tak, Dominic and Chiu Hau Shun, Simon, being two Directors of Combine Will International Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 3 months financial period ended 31 March 2015 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

12 May 2015