

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 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 30 September 2015

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2015	2014	Change	%	2015	2014	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	479,463	639,092	(159,629)	(24.98)	1,566,484	1,539,713	26,771	1.74
Cost of sales	(438,864)	(585,909)	(147,045)	(25.10)	(1,432,930)	(1,414,129)	18,801	1.33
Gross Profit	40,599	53,183	(12,584)	(23.66)	133,554	125,584	7,970	6.35
Other income	9,971	7,645	2,326	30.43	25,319	29,500	(4,181)	(14.17)
Selling and distribution expenses	(6,213)	(5,687)	526	9.25	(17,923)	(16,267)	1,656	10.18
Administrative expenses	(37,156)	(44,624)	(7,468)	(16.74)	(109,048)	(110,333)	(1,285)	(1.16)
Profit From Operations	7,201	10,517	(3,316)	(31.53)	31,902	28,484	3,418	12.00
Finance costs	(5,600)	(4,087)	1,513	37.02	(16,386)	(14,943)	1,443	9.66
Profit Before Tax	1,601	6,430	(4,829)	(75.10)	15,516	13,541	1,975	14.59
Income tax expenses	(166)	(1,066)	(900)	(84.43)	(708)	(1,637)	(929)	(56.75)
Profit for the period	1,435	5,364	(3,929)	(73.25)	14,808	11,904	2,904	24.40
Attributable to:								
Owners of the Company	2,356	2,915	(559)	(19.18)	14,313	11,058	3,255	29.44
Non-controlling interests	(921)	2,449	(3,370)	(137.61)	495	846	(351)	(41.49)

1(a)(ii) Statement of Profit or Loss and other Comprehensive Income for the quarter ended 30 September 2015

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2015	2014	Change	%	2015	2014	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit for the period	1,435	5,364	(3,929)	(73.25)	14,808	11,904	2,904	24.40
Other comprehensive income								
Exchange difference on translating foreign operations	(17,653)	4,979	(22,632)	(454.55)	(24,869)	(4,258)	(20,611)	484.05
Other comprehensive income for the period, net of tax	(17,653)	4,979	(22,632)	(454.55)	(24,869)	(4,258)	(20,611)	484.05
Total comprehensive income for the period	(16,218)	10,343	(26,561)	(256.80)	(10,061)	7,646	(17,707)	(231.59)
Attributable to:								
Owners of the Company	(15,297)	7,894	(23,191)	(293.78)	(10,556)	6,800	(17,356)	(255.24)
Non-controlling interests	(921)	2,449	(3,370)	(137.61)	495	846	(351)	(41.49)

Note:

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

	3 months ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	12,402	11,342	36,570	36,441
Gain on disposals of property, plant and equipment	-	12,136	(29)	10,603
Interest income	(3,778)	(1,870)	(11,137)	(8,415)
Interest on bank loans and overdrafts	5,600	4,087	16,386	14,943
Exchange difference, net	13,376	(1,176)	17,099	21,157

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 30.09.2015	At 31.12.2014	At 30.09.2015	At 31.12.2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	236,590	246,865	-	-
Investments In subsidiaries	-	-	461,263	461,263
Goodwill	2,417	2,417	-	-
	239,007	249,282	461,263	461,263
Current assets				
Inventories	459,176	557,146	-	-
Trade and bills receivables	299,921	408,293	-	-
Prepayments, deposits and other receivables	181,254	205,758	-	-
Current tax assets	6,783	4,429	-	-
Pledged bank deposits	446,391	303,601	-	-
Bank and cash balances	49,120	53,860	109	109
	1,442,645	1,533,087	109	109
Total assets	1,681,652	1,782,369	461,372	461,372
Current liabilities				
Trade and bills payables	207,019	335,990	-	-
Accruals and other payables	152,214	155,723	-	-
Term loans	448,500	297,500	-	-
Short-term borrowings	169,010	254,590	-	-
Long-term borrowings	20,997	29,443	-	-
Current tax liabilities	12,401	11,683	-	-
	1,010,141	1,084,929	-	-
Non-current liabilities				
Long-term borrowings	2,499	18,367	-	-
Deferred tax liabilities	3,140	3,140	-	-
	5,639	21,507	-	-
Total liabilities	1,015,780	1,106,436	-	-
Equity attributable to owners of the Company				
Share capital	246,000	246,000	246,000	246,000
Reserves	406,929	417,485	215,372	215,372
	652,929	663,485	461,372	461,372
Non-controlling interests	12,943	12,448	-	-
Total equity	665,872	675,933	461,372	461,372
Total liabilities and equity	1,681,652	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 30 September 2015	As at 31 December 2014
Secured	Secured
HK\$'000	HK\$'000
638,507	581,533

Amount repayable after one year

As at 30 September 2015	As at 31 December 2014
Secured	Secured
HK\$'000	HK\$'000
2,499	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\$446.4 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 30 September		9 months ended 30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	1,601	6,430	15,516	13,541
Adjustments for :				
Depreciation	12,402	11,342	36,570	36,441
(Gain)/Loss on disposal of property, plant and equipment	-	12,136	(29)	10,603
Interest income	(3,778)	(1,870)	(11,137)	(8,415)
Finance costs	5,600	4,087	16,386	14,943
Operating profit before working capital changes	15,825	32,125	57,306	67,113
Decrease/(Increase) in inventories	73,978	(23,078)	97,970	(62,039)
Decrease/(Increase) in trade and bills receivables	131,220	(60,453)	108,372	(56,668)
Decrease/(Increase) in prepayments, deposits and other receivables	4,242	(18,981)	24,504	8,101
(Decrease)/Increase in trade and bills payables	(75,319)	73,614	(128,971)	169,939
(Decrease)/Increase in accruals and other payables	(4,815)	24,566	(3,509)	8,960
Cash generated from operations	145,131	27,793	155,672	135,406
Interest paid	(5,600)	(4,087)	(16,386)	(14,943)
Income tax refund/(paid)	4,552	767	(2,344)	(5,195)
Net cash generated from operating activities	144,083	24,473	136,942	115,268
Cash flows from investing activities				
Decrease/(Increase) in pledged bank deposits	10,498	(2,388)	(142,790)	456,497
Purchase of property, plant and equipment	(7,910)	(23,245)	(23,684)	(36,626)
Proceeds from disposals of property, plant and equipment	-	1,569	-	4,094
Interest received	3,778	1,870	11,137	8,415
Net cash generated from/(used in) investing activities	6,366	(22,194)	(155,337)	432,380
Cash flows from financing activities				
Inception/(Repayment) of term loans	-	-	151,000	(450,000)
Repayment of long-term borrowings	(5,104)	(12,431)	(24,314)	(35,457)
Net repayment of trust receipt and import loans	(125,177)	(3,158)	(85,580)	(65,882)
Net cash (used in)/generated from financing activities	(130,281)	(15,589)	41,106	(551,339)
Net increase/(decrease) in cash and cash equivalents	20,168	(13,310)	22,711	(3,691)
Cash and cash equivalents at beginning of the period	46,228	67,840	53,860	67,458
Net effect of exchange rate changes in consolidating subsidiaries	(17,276)	4,979	(27,451)	(4,258)
Cash and cash equivalents at end of the period	49,120	59,509	49,120	59,509

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 owners of the Company						Non-controlling 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	-	-	-	(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
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	-	-	-	(4,258)	11,058	6,800	846	7,646
At 30 September 2014	246,000	26,488	2,033	65,468	316,895	656,884	13,326	670,210

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 30 September 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 30 September 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 30 September 2015, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 30 September 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 30 September 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.**

	The Group			
	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
	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	7.18	8.89	43.64	33.71
(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\$2,356,000 (Q3 2014: HK\$2,915,000) by the weighted average number of ordinary shares in issue of 32,800,000 (Q3 2014: 32,800,000) during the Q3 2015 period.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$14,313,000 (3Q 2014: HK\$11,058,000) by the weighted average number of ordinary shares in issue of 32,800,000 (3Q 2014: 32,800,000) during the nine months ended 30 September 2015 period.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the Q3 2015 and Q3 2014 periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
	HK \$	HK \$	HK \$	HK \$
Net asset value per ordinary share based on issued share capital at the end of the year:	19.91	20.23	14.07	14.07
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 Q3 2015, the Group's overall revenue decreased by HK\$159.6 million or 25.0%, from HK\$639.1 million in Q3 2014 to HK\$479.5 million in Q3 2015. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-99.3m	-18.6	The decrease in revenue was mainly due to reduction in the delivery of products in the marketing campaign for those products.
Moulds and Tooling	-3.1m	-13.9	The decrease in revenue was mainly due to continued streamlining of our Moulds & Tooling operations.
Machine Sales	-57.2m	-68.9	The decreased revenue was due to reduced products delivered during the period as budgeted.

Increase/Decrease in revenue by geographical segments for Q3/2015

Region	(+/-) in HK\$	%	Comments
Asia	-114.6m	-23.4	The decrease in revenue from Asia was mainly due to decrease revenue of both our ODM/OEM as explained above and of business segments.
North America	+0.2m	+3.0	No significant issue identified for the difference.
Europe	-45.2m	-32.0	The decrease in revenue from Europe was due to revenue decreased from our ODM/OEM business segment in this region.

8.2 Gross profit and gross profit margin

In Q3 2015, the Group's gross profit decreased by 23.7% or HK\$12.6 million, generating gross profit margin of 8.5% (Q3 2014: 8.3%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-9.4m	-22.5	The decrease in gross profit was mainly due to the decrease in the shipment of the products which relatively higher margins.
Moulds and Tooling	+5.9m	+233.8	The increase in gross profit was due to the lower operating and overhead costs in FY2015 resulting from the restructuring in 2014.
Machine Sales	-9.1m	-65.4	The decrease in gross profit was due to lower sales resulting for reduction in the delivery of goods to customers as scheduled.

8.3 Other Income

The Group's other income increased by HK\$2.3 million or 30.4%, from HK\$7.6 million in Q3 2014 to HK\$10.0 million in Q3 2015 mainly due to an increase of HK\$1.9 million interest income on bank deposits.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$0.5 million or 9.3%, from HK\$5.7 million in Q3 2014 to HK\$6.2 million in Q3 2015 mainly due to the change on mix of transportation terms with the customers, with more of FOB than ex-factory basis.

8.5 Administrative expenses

The Group's administrative expenses decreased by HK\$7.5 million or 16.7%, from HK\$44.6 million in Q3 2014 to HK\$37.2 million in Q3 2015 due to HK\$ 23.5 million one-off redundancy payments and loss on disposal of plant and machinery recognized in Q3 2014 which was not repeated in 2015. These were partially offset by the increase of translational exchange difference of HK\$ 14.6 million.

8.6 Finance Costs

Finance costs increased by HK\$1.5 million or 37.0%, from HK\$4.1 million in Q3 2014 to HK\$5.6 million in Q3 2015 mainly due to the increase in term loans drawdown.

8.7 Income Tax Expense

Income tax expense decreased by HK\$0.9 million or 84.4%, from HK\$1.1 million in Q3 2014 to HK\$0.2 million in Q3 2015, mainly due to lower tax provisions relating to decrease in profit on derived in the PRC region for 2015.

Financial position as at 30 Sep 2015

8.8 Non-current assets

The Group's non-current assets decreased by 4.1% or HK\$10.3 million, from HK\$249.3 million as at 31 December 2014 to HK\$239.0 million. This was mainly due to HK\$36.6 million depreciation expense for the period ended 30 September 2015 which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$23.7 million.

8.9 Current assets

The Group's current assets decreased by HK\$90.5 million or 5.9%, from HK\$1,533.1 million as at 31 December 2014 to HK\$1,442.6 million mainly due to:

- a decrease in trade and bills receivables of HK\$108.4 million in line with the decreased revenue;
- a reduction in inventories held of HK\$98.0 million due to the clearance of contain models which were not replenished;
- a decrease in prepayments, deposits and other receivables of HK\$24.5 million mainly due to the decrease on purchase deposit paid for machinery and material; and
- a decrease in bank and cash balances of HK\$4.7 million;

which were partially offset by :

- an increase in pledged bank deposits of HK\$142.8 million ; and
- an increase in current tax assets of HK\$2.3 million.

8.10 Current liabilities

The Group's current liabilities decreased by HK\$74.8 million or 6.9%, from HK\$1,084.9 million as at 31 December 2014 to HK\$1,010.1 million mainly due to:

- a decrease in trade and bills payables of HK\$129.0 million, mainly due to decrease of materials purchases in ODM/OEM business segment;
- a decrease in short-term borrowings amounting to approximately HK\$85.6 million mainly due to repayment of trust receipts and import loans;
- a decrease in the current portion of long term borrowings of HK\$8.4 million due to loan repayment in accordance with the payment schedule; and
- a decrease in accruals and other payables of HK\$3.5 million;

which were partially offset by :

- an increase in term loans of HK\$151.0 million; and
- an increase in current tax liabilities of HK\$0.7 million due to the income tax charged for the period net of the payment of taxes;

8.11 Non-current liabilities

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

8.12 Statement of Cash Flows for the 9 months ended 30 Sep 2015

As at 30 September 2015, the Group's cash resources of HK\$49.1 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$4.7 million held by the Group for the 9 months ended 30 September 2015 comprised:

- Net cash generated from operating activities of HK\$136.9 million mainly due to improved business performance;
- Net cash used in investing activities of HK\$155.3 million, mainly due to an increase in pledged bank deposits;
- Net cash generated from financing activities of HK\$41.1 million, mainly due to the inception of term loans net of the repayment of trust receipt loan and import loan.

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 August 2015, the People's Bank of China (China's central bank) embarked on reforms of the RMB currency exchange rate management. After two weeks of volatile currency fluctuations in August, the RMB exchange rate stabilised at a lower level compared to currency rates prior to the announcement of the reforms. The depreciation of RMB is expected to provide the company with some relief from the continuous cost increases in China, for that it results in reduction in our manufacturing costs incurred in RMB.

To mitigate rising operating costs in the PRC, we have committed to the strategy of expanding our manufacturing facilities overseas and shall announce more details of the implementation plans in due course..

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 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 9 months financial period ended 30 September 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

11 November 2015