

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND THREE MONTHS ENDED 30 JUNE 2017

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 June 2017

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2017	2016	Change	%	2017	2016	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	316,435	240,860	75,575	31.38	627,674	617,076	10,598	1.72
Cost of sales	(291,333)	(228,671)	62,662	27.40	(581,013)	(572,950)	8,063	1.41
Gross Profit	25,102	12,189	12,913	105.94	46,661	44,126	2,535	5.74
Other income	3,621	6,317	(2,696)	(42.68)	9,189	12,300	(3,111)	(25.29)
Selling and distribution expenses	(5,138)	(3,627)	1,511	41.66	(9,682)	(7,845)	1,837	23.42
Administrative expenses	(17,861)	(19,900)	(2,039)	(10.25)	(37,117)	(44,092)	(6,975)	(15.82)
Profit/(Loss) From Operations	5,724	(5,021)	10,745	214.00	9,051	4,489	4,562	101.63
Finance costs	(3,311)	(3,118)	193	6.19	(6,068)	(8,909)	(2,841)	(31.89)
Profit/(Loss) Before Tax	2,413	(8,139)	10,552	129.65	2,983	(4,420)	7,403	167.49
Income tax expenses	(178)	(151)	27	17.88	(474)	(707)	(233)	(32.96)
Profit/(Loss) for the period	2,235	(8,290)	10,525	126.96	2,509	(5,127)	7,636	148.94
Attributable to:								
Owners of the Company	1,611	(7,009)	8,620	122.98	1,849	(4,110)	5,959	144.99
Non-controlling interests	624	(1,281)	1,905	148.71	660	(1,017)	1,677	164.90

1(a)(ii) Statement of Profit or Loss and other Comprehensive Income for the quarter ended 30 June 2017

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2017	2016	Change	%	2017	2016	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit/(Loss) for the period	2,235	(8,290)	10,525	126.96	2,509	(5,127)	7,636	148.94
Other comprehensive income								
Exchange difference on translating foreign operations	(1,881)	(11,215)	9,334	83.23	175	(20,288)	20,463	100.86
Other comprehensive income for the period, net of tax	(1,881)	(11,215)	9,334	83.23	175	(20,288)	20,463	100.86
Total comprehensive income for the period	354	(19,505)	19,859	101.81	2,684	(25,415)	28,099	110.56
Attributable to:								
Owners of the Company	(270)	(18,224)	17,954	98.52	2,024	(24,398)	26,422	108.30
Non-controlling interests	624	(1,281)	1,905	148.71	660	(1,017)	1,677	164.90

Note:

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

	3 months ended 30 June		6 months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	10,818	10,938	22,022	21,724
Interest income	(13)	(368)	(26)	(1,875)
Interest on bank loans and overdrafts	3,311	3,151	6,068	8,942
Exchange difference, net	87	(1,063)	1,428	1,799

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 30.06.2017	At 31.12.2016	At 31.03.2017	At 31.12.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	206,731	219,293	-	-
Investments In Subsidiaries	-	-	461,263	461,263
Goodwill	1,927	1,927	-	-
	208,658	221,220	461,263	461,263
Current assets				
Inventories	494,044	495,853	-	-
Trade and bills receivables	244,378	278,927	-	-
Prepayments, deposits and other receivables	119,281	115,776	-	-
Current tax assets	1,034	6,025	-	-
Bank and cash balances	59,517	43,389	1,125	1,125
	918,254	939,970	1,125	1,125
Total assets	1,126,912	1,161,190	462,388	462,388
Current liabilities				
Trade and bills payables	138,755	129,674	-	-
Accruals and other payables	131,959	109,661	-	-
Amount due to a subsidiary	-	-	11,319	11,319
Short-term borrowings	287,527	347,616	-	-
Current tax liabilities	2,129	10,381	-	-
	560,370	597,332	11,319	11,319
Non-current liabilities				
Deferred tax liabilities	2,650	2,650	-	-
	2,650	2,650	-	-
Total liabilities	563,020	599,982	11,319	11,319
Equity attributable to owners of the Company				
Share capital	242,456	242,456	242,456	242,456
Reserves	311,344	309,320	208,613	208,613
	553,800	551,776	451,069	451,069
Non-controlling interests	10,092	9,432	-	-
Total equity	563,892	561,208	451,069	451,069
Total liabilities and equity	1,126,912	1,161,190	462,388	462,388

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 June 2017	As at 31 December 2016
Secured	Secured
HK\$'000	HK\$'000
287,527	347,616

Amount repayable after one year

As at 30 June 2017	As at 31 December 2016
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 June		6 months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit/(Loss) before tax	2,413	(8,139)	2,983	(4,420)
Adjustments for :				
Depreciation	10,818	10,938	22,022	21,724
Interest income	(13)	(368)	(26)	(1,875)
Finance costs	3,311	3,151	6,068	8,942
Operating profit before working capital changes	16,529	5,582	31,047	24,371
(Increase)/Decrease in inventories	(44,875)	(23,983)	1,809	(23,537)
Decrease in trade and bills receivables	9,767	100,866	34,549	129,855
(Increase)/Decrease in prepayments, deposits and other receivables	(8,023)	30,958	(3,505)	38,743
Increase/(Decrease) in trade and bills payables	70,300	(107,866)	9,081	(93,019)
Increase/(Decrease) in accruals and other payables	25,610	(8,457)	22,298	(17,670)
Cash generated from/(used in) operations	69,308	(2,900)	95,279	58,743
Interest paid	(3,311)	(3,151)	(6,068)	(8,942)
Income tax refund/(paid)	(5,565)	49	(3,746)	(3,162)
Net cash generated from/(used in) operating activities	60,432	(6,002)	85,465	46,639
Cash flows from investing activities				
Decrease in pledged bank deposits	-	199,237	-	431,321
Purchase of property, plant and equipment	(3,743)	(12,177)	(8,884)	(22,708)
Proceeds from disposals of property, plant and equipment	-	-	-	9
Interest received	13	368	26	1,875
Net cash (used in)/generated from investing activities	(3,730)	187,428	(8,858)	410,497
Cash flows from financing activities				
Repayment of term loans	-	(198,500)	-	(448,500)
Repayment of long-term borrowings	-	(1,678)	-	(6,752)
Net advance of trust receipt and import loans	(60,089)	66,124	(60,089)	31,985
Net advancement / (repayment) of trust receipt and import loans	395	-	-	-
Repurchase of shares	-	-	-	(1,879)
Net cash used in financing activities	(59,694)	(134,054)	(60,089)	(425,146)
Net (decrease)/increase in cash and cash equivalents	(2,992)	47,372	16,518	31,990
Cash and cash equivalents at beginning of the period	64,966	32,248	43,389	54,943
Net effect of exchange rate changes in consolidating subsidiaries	(2,457)	(12,405)	(390)	(19,718)
Cash and cash equivalents at end of the period	59,517	67,215	59,517	67,215

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 HK\$'000	Total HK\$'000
	Share capital	Share premium	Statutory reserve	Shares repurchase	Capital redemption reserve	Translation reserve	Retained earnings	Subtotal			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2017	242,456	26,488	2,033	-	1,665	(19,097)	298,231	551,776	9,432	561,208	
Total comprehensive income for the period	-	-	-	-	-	175	1,849	2,024	660	2,684	
At 30 June 2017	242,456	26,488	2,033	-	1,665	(18,922)	300,080	553,800	10,092	563,892	
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	-	-	-	-	-	(20,288)	(4,110)	(24,398)	(1,017)	(25,415)	
Repurchase of shares and cancelled	(3,544)	(1,423)	-	3,088	-	-	-	(1,879)	-	(1,879)	
At 30 June 2016	242,456	25,065	2,033	3,088	-	11,182	337,908	621,732	10,796	632,528	

The Company	Share capital HK\$'000	Share premium HK\$'000	Share repurchase HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2017	242,456	26,488	-	130,205	1,665	50,255	451,069
Total comprehensive income for the period	-	-	-	-	-	-	-
At 30 June 2017	242,456	26,488	-	130,205	1,665	50,255	451,069
At 1 January 2016	246,000	26,488	-	130,205	-	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-	-	-
Repurchase of shares and cancelled	(3,544)	(1,423)	3,088	-	-	-	(1,879)
At 30 June 2016	242,456	25,065	3,088	130,205	-	58,679	459,493

- 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 June 2017, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the three months ended 30 June 2017, the Company did not buy back any shares of the Company by the way of market acquisition and or cancelled any shares.

As at 30 June 2017, 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 June 2017.

32,327,400 ordinary shares of HK\$7.50 each as at 31 December 2016.

- 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.**

During the three months ended 30 June 2017, the Company did not buy back any shares of the Company by the way of market acquisition and or cancelled any shares.

- 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 2016.

- 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 2017. 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 June ¹		Six months ended 30 June ²	
	2017	2016	2017	2016
	HK cents	HK cents	HK cents	HK cents
Earnings per ordinary share for the period based on the net profit/(loss) for the period				
(a) Based on weighted average number of ordinary shares on issue; and	4.98	(21.56)	5.72	(12.64)
(b) On a fully diluted basis	N/A	N/A	N/A	N/A

¹ Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$1,611,000 (Q2 2016: loss attributable to owners of the company of approximately HK\$7,009,000) by the weighted average number of ordinary shares in issue of 32,327,400 (Q2 2016: 32,501,809) during the Q2 2017 period.

² Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$1,849,000 (HY 2016: loss attributable to owners of the Company of approximately HK\$4,110,000) by the weighted average number of ordinary shares in issue of 32,327,400 (HY 2016: 32,501,809) during the HY 2016 period.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the Q2 2017 and Q2 2016 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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	17.13	17.07	13.95	13.95
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

In Q2 2017, the Group's overall revenue increased by HK\$75.6 million or 31.4%, from HK\$240.9 million in Q2 2016 to HK\$316.4 million in Q2 2017. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+43.3m	+19.8	The higher revenue in this segment was mainly due to more orders delivered, compared to the same period in 2016.
Moulds and Tooling	+14.7m	+362.6	The revenue increased within this quarter was mainly due to comparatively more shipments this year.
Machine Sales	+17.6m	+97.1	The increase in revenue was the direct result of concerted marketing efforts made.

Increase/Decrease in revenue by geographical segments for Q2/2017

Region	(+/-) in HK\$	%	Comments
Asia	+64.6m	+33.0	The recovery of sales by all business segments contributed to the revenue increase in this quarter.
North America	+1.1m	+58.2	Same as Asia.
Europe	+9.9m	+23.0	Same as Asia.

8.2 Gross profit and gross profit margin

In Q2 2017, the Group's gross profit increased by 105.9% or HK\$12.9 million, generating gross profit margin of 7.9% (Q2 2016: 5.1%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+2.7m	+27.4	The profit achieved for this quarter resulted from higher sales and continuing focus on productivity enhancement.
Moulds and Tooling	+4.8m	+11,770.1	The increase in gross profit was due to higher margin sales.
Machine Sales	+5.4m	+239.3	Same as Moulds and Tooling

8.3 Other Income

The Group's other income decreased by HK\$2.7 million or 42.7%, from HK\$6.3 million in Q2 2016 to HK\$3.6 million in Q2 2017, mainly due to a decrease of mold engineering income.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$1.5 million or 41.7%, from HK\$3.6 million in Q2 2016 to HK\$5.1 million in Q2 2017, mainly due to an increase of import & export fees.

8.5 Administrative expenses

The Group's administrative expenses decreased by HK\$2.0 million or 10.3%, from HK\$19.9 million in Q2 2016 to HK\$17.9 million in Q2 2017, mainly due to cost savings as a result of the restructuring in the ODM/OEM segment.

8.6 Finance Costs

Finance costs increased by HK\$0.2 million or 6.2%, from HK\$3.1 million in Q2 2016 to HK\$3.3 million in Q2 2017.

8.7 Income Tax Expenses

Income tax expense increase of HK\$0.03 million or 17.9%, from HK\$0.15 million in Q2 2016 to HK\$0.18 million in Q2 2017.

Financial position as at 30 June 2017

8.8 Non-current assets

The Group's non-current assets stood at HK\$208.7 million, a decrease of 5.7% or HK\$12.6 million, from HK\$221.2 million. This was due to total HY2017 depreciation expenses being HK\$22.0 million, which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$8.9 million.

8.9 Current assets

The Group's current assets stood at HK\$918.3 million, a decrease of HK\$21.7 million or 2.3%, from HK\$940.0 million, mainly due to:

- a decrease in trade and bills receivables of HK\$34.5 million due to revised settlement terms with some core customers;
- a decrease in current tax assets of HK\$5.0 million; and
- a decrease in inventories of HK\$1.8 million mainly due to customers' delivery schedule.

which were offset by:

- an increase in bank and cash balances of HK\$16.1 million; and
- an increase in prepayments, deposits and other receivables of HK\$3.5 million mainly due to increase on purchase deposit paid for molds.

8.10 Current liabilities

The Group's current liabilities stood at HK\$560.4 million decreased by HK\$37.0 million or 6.2%, from HK\$597.3 million, mainly due to:

- a decrease in short-term borrowings of HK\$60.0 million; and
- a decrease in current tax liabilities of HK\$8.3 million;

which were offset by:

- an increase in accruals and other payables of HK\$22.3 million, mainly due to the payment of molds for the ODM/OEM segment; and
- an increase in trade and bills payables of HK\$9.1 million, mainly due to the increase of materials purchased for the ODM/OEM segment.

8.11 Non-current liabilities

There is no change in non-current long-term borrowings.

8.12 Statement of Cash Flows for the quarter ended 30 June 2017

As at 30 June 2017, the Group's cash resources of HK\$59.5 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$15.9 million held by the Group for the year comprised:

- Net cash generated from operating activities of HK\$85.5 million that resulted from better management and utilization of working capital;
- Net cash used in investing activities of HK\$8.9 million mainly due to additions of property, plant and equipment only; and
- Net cash used in financing activities of HK\$60.1 million, mainly due to the repayment of trust receipt 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.

The Company's higher profitability in 2Q FY2017 is the cumulative result of strategic restructuring in process re-engineering to increase the productivity yield per worker as well as customer-oriented focus for each of our key customers to drive revenue growth and margin improvements. We will continue our concerted efforts to achieve further cost efficiencies.

Our Indonesian plant is scheduled to commence production in Q4 FY2017. As such, we expect to deliver our first shipment by the end of the year.

Concurrently we are also searching and exploring more cost-efficient production opportunities to further our growth.

The Board is confident that the Company is on firm ground to deliver a profitable FY2017.

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 June 2017.

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 6 months financial period ended 30 June 2017 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

08 August 2017