

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 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 September 2017

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2017	2016	Change	%	2017	2016	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	332,479	312,884	19,595	6.26	960,153	929,960	30,193	3.25
Cost of sales	(308,483)	(303,374)	5,109	1.68	(889,496)	(876,324)	13,172	1.50
Gross Profit	23,996	9,510	14,486	152.32	70,657	53,636	17,021	31.73
Other income	7,118	5,286	1,832	34.66	16,307	17,586	(1,279)	(7.27)
Selling and distribution expenses	(4,148)	(4,257)	(109)	(2.56)	(13,830)	(12,102)	1,728	14.28
Administrative expenses	(20,848)	(19,105)	1,743	9.12	(57,965)	(63,197)	(5,232)	(8.28)
Profit/(Loss) From Operations	6,118	(8,566)	14,684	171.42	15,169	(4,077)	19,246	472.06
Finance costs	(3,442)	(3,010)	432	14.35	(9,510)	(11,919)	(2,409)	(20.21)
Profit/(Loss) Before Tax	2,676	(11,576)	14,252	123.12	5,659	(15,996)	21,655	135.38
Income tax expenses	(444)	(360)	84	23.33	(918)	(1,067)	(149)	(13.96)
Profit/(Loss) for the period	2,232	(11,936)	14,168	118.70	4,741	(17,063)	21,804	127.79
Attributable to:								
Owners of the Company	1,027	(11,818)	12,845	108.69	2,876	(15,928)	18,804	118.06
Non-controlling interests	1,205	(118)	1,323	1,121.19	1,865	(1,135)	3,000	264.32

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

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2017	2016	Change	%	2017	2016	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit/(Loss) for the period	2,232	(11,936)	14,168	118.70	4,741	(17,063)	21,804	127.79
Other comprehensive income								
Exchange difference on translating foreign operations	10,547	(6,085)	16,632	273.33	10,722	(26,373)	37,095	140.66
Other comprehensive income for the period, net of tax	10,547	(6,085)	16,632	273.33	10,722	(26,373)	37,095	140.66
Total comprehensive income for the period	12,779	(18,021)	30,800	170.91	15,463	(43,436)	58,899	135.60
Attributable to:								
Owners of the Company	11,574	(17,903)	29,477	164.65	13,598	(42,301)	55,899	132.15
Non-controlling interests	1,205	(118)	1,323	1,121.19	1,865	(1,135)	3,000	264.32

Note:

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

	3 months ended 30 September		9 months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	10,646	10,621	32,668	32,345
Interest income	(14)	(16)	(40)	(1,891)
Interest on bank loans and overdrafts	3,442	3,011	9,510	11,953
Exchange difference, net	1,777	837	3,205	2,636

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 30.09.2017	At 31.12.2016	At 31.09.2017	At 31.12.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	210,123	219,293	-	-
Investments In Subsidiaries	-	-	461,263	461,263
Goodwill	1,927	1,927	-	-
	212,050	221,220	461,263	461,263
Current assets				
Inventories	527,537	495,853	-	-
Trade and bills receivables	255,368	278,927	-	-
Prepayments, deposits and other receivables	147,761	115,776	-	-
Current tax assets	700	6,025	-	-
Bank and cash balances	77,185	43,389	1,125	1,125
	1,008,551	939,970	1,125	1,125
Total assets	1,220,601	1,161,190	462,388	462,388
Current liabilities				
Trade and bills payables	176,757	129,674	-	-
Accruals and other payables	197,637	109,661	-	-
Amount due to a subsidiary	-	-	11,319	11,319
Short-term borrowings	261,077	347,616	-	-
Current tax liabilities	5,809	10,381	-	-
	641,280	597,332	11,319	11,319
Non-current liabilities				
Deferred tax liabilities	2,650	2,650	-	-
	2,650	2,650	-	-
Total liabilities	643,930	599,982	11,319	11,319
Equity attributable to owners of the Company				
Share capital	242,456	242,456	242,456	242,456
Reserves	322,918	309,320	208,613	208,613
	565,374	551,776	451,069	451,069
Non-controlling interests	11,297	9,432	-	-
Total equity	576,671	561,208	451,069	451,069
Total liabilities and equity	1,220,601	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 September 2017	As at 31 December 2016
Secured	Secured
HK\$'000	HK\$'000
261,077	347,616

Amount repayable after one year

As at 30 September 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 September		9 months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit/(Loss) before tax	2,676	(11,576)	5,659	(15,996)
Adjustments for :				
Depreciation	10,646	10,621	32,668	32,345
Interest income	(14)	(16)	(40)	(1,891)
Finance costs	3,442	3,011	9,510	11,953
Operating profit before working capital changes	16,750	2,040	47,797	26,411
(Increase)/Decrease in inventories	(33,493)	27,739	(31,684)	4,202
(Increase)/Decrease in trade and bills receivables	(10,990)	(8,837)	23,559	121,018
(Increase)/Decrease in prepayments, deposits and other receivables	(28,480)	(18,076)	(31,985)	20,667
Increase/(Decrease) in trade and bills payables	38,002	(22,288)	47,083	(115,307)
Increase/(Decrease) in accruals and other payables	65,678	(4,361)	87,976	(22,031)
Cash generated from/(used in) operations	47,467	(23,783)	142,746	34,960
Interest paid	(3,442)	(3,011)	(9,510)	(11,953)
Income tax refund/(paid)	3,570	2,696	(176)	(466)
Net cash generated from/(used in) operating activities	47,595	(24,098)	133,060	22,541
Cash flows from investing activities				
Decrease in pledged bank deposits	-	-	-	431,321
Purchase of property, plant and equipment	(13,798)	(14,539)	(22,682)	(37,247)
Proceeds from disposals of property, plant and equipment	-	-	-	9
Interest received	14	16	40	1,891
Net cash used in investing activities	(13,784)	(14,523)	(22,642)	(395,974)
Cash flows from financing activities				
Repayment of term loans	-	-	-	(448,500)
Repayment of long-term borrowings	-	(9,144)	-	(15,896)
Net (repayment) / advancement of trust receipt and import loans	(26,450)	54,631	(86,539)	86,616
Repurchase of shares	-	-	-	(1,879)
Net cash (used in)/generated from financing activities	(26,450)	45,487	(86,539)	(379,659)
Net increase in cash and cash equivalents	7,361	6,866	23,879	38,856
Cash and cash equivalents at beginning of the period	59,517	67,215	43,389	54,943
Net effect of exchange rate changes in consolidating subsidiaries	10,307	(5,925)	9,917	(25,643)
Cash and cash equivalents at end of the period	77,185	68,156	77,185	68,156

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

The Group	Attributable to the owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	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	-	-	-	-	-	10,722	2,876	13,598	1,865	15,463	
At 30 September 2017	242,456	26,488	2,033	-	1,665	(8,375)	301,107	565,374	11,297	576,671	
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	2,033	3,088	-	5,097	326,090	603,839	10,678	614,507	

The Company	Share capital	Share premium	Share repurchase	Contributed surplus	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 September 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 September 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 September 2017, the Company

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

As at 30 September 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 September 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 September 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 September ¹		Six months ended 30 September 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	3.18	(21.56)	8.90	(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\$1,027,000 (Q3 2016: loss attributable to owners of the Company of approximately HK\$11,818,000) by the weighted average number of ordinary shares in issue of 32,327,400 (Q3 2016: 32,327,400) during the Q3 2017 period.

² Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$2,876,000 (3Q 2016: loss attributable to owners of the Company of approximately HK\$15,928,000) by the weighted average number of ordinary shares in issue of 32,327,400 (3Q 2016: 32,327,400) during the 3Q 2017 period.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the Q3 2017 and Q3 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	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	17.49	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 Q3 2017, the Group's overall revenue increased by HK\$19.6 million or 6.3%, from HK\$312.9 million in Q3 2016 to HK\$332.5 million in Q3 2017. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-7.5m	-2.7	The revenue decrease within this quarter was a result of a slowdown in shipment schedules.
Moulds and Tooling	-1.7m	-12.8	Same as ODM/OEM segment.
Machine Sales	+28.7m	+110.0	The increased revenue was due to our marketing efforts.

Increase/Decrease in revenue by geographical segments for Q3/2017

Region	(+/-) in HK\$	%	Comments
Asia	+31.5m	+12.4	The increase in revenue from Asia was due to increased sales in the Machine Sales business segment.
North America	+0.2m	+4.4	The increase was in line with overall revenue growth.
Europe	-12.1m	-22.8	The decrease in revenue from Europe was due to decreased orders from our ODM/OEM business segment in this region.

8.2 Gross profit and gross profit margin

In Q3 2017, the Group's gross profit increased by 152.3% or HK\$14.5 million, generating a gross profit margin of 7.2% (Q3 2016: 3.0%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+12.2m	+1,213.5	The profit achieved for this quarter resulted from continuing focus on productivity enhancement.
Moulds and Tooling	-0.8m	-27.9	Decrease of revenue led to a decline on gross profit.
Machine Sales	+3.1m	+56.6	The increase in gross profit was due to the increased sales for the segment.

8.3 Other Income

The Group's other income increased by HK\$1.8 million or 34.7%, from HK\$5.3 million in Q3 2016 to HK\$7.1 million in Q3 2017, mainly due to an increase in mold engineering income.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses decreased by HK\$100,000 or 2.7%, from HK\$4.2 million in Q3 2016 to HK\$4.1 million in Q3 2017, mainly due to a decrease of import & export fees.

8.5 Administrative expenses

The Group's administrative expenses increased by HK\$1.7 million or 9.1%, from HK\$19.1 million in Q3 2016 to HK\$20.8 million in Q3 2017, mainly due to exchange loss.

8.6 Finance Costs

Finance costs increased by HK\$400,000 or 14.4%, from HK\$3.0 million in Q3 2016 to HK\$3.4 million in Q3 2017, mainly due to increase in market interest rates.

8.7 Income Tax Expenses

Income tax expenses increased by HK\$80,000 or 23.3%, from HK\$360,000 in Q3 2016 to HK\$440,000 in Q3 2017.

Financial position as at 30 September 2017**8.8 Non-current assets**

The Group's non-current assets stood at HK\$212.1 million, a decrease of 4.2% or HK\$9.1 million, from HK\$221.2 million. This was due to 3Q2017 depreciation expenses of HK\$32.7 million, which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$22.7 million.

8.9 Current assets

The Group's current assets stood at HK\$1,008.6 million, an increase of HK\$68.6 million or 7.3%, from HK\$940.0 million, mainly due to:

- an increase in bank and cash balances of HK\$33.8 million;
- an increase in prepayments, deposits and other receivables of HK\$32.0 million mainly due to increase on purchase deposit paid for molds; and
- an increase in inventories of HK\$31.7 million mainly due to inventory built up to cater to increased orders.

which were offset by:

- a decrease in trade and bills receivables of HK\$23.6 million due to revised settlement terms with some core customers; and
- a decrease in current tax assets of HK\$5.3 million.

8.10 Current liabilities

The Group's current liabilities stood at HK\$641.3 million increased by HK\$43.9 million or 7.4%, from HK\$597.3 million, mainly due to:

- an increase in accruals and other payables of HK\$88.0 million, mainly due to RMB48.0 million earnest monies paid by Veken Group Co., Ltd. Prior to the signing of the Share Transfer Agreements relating to the disposal of 100% of the registered share capital of the Dongguan Lian Zhi Business Management Co., Ltd. and Dongguan Zhong Xin Business Management Co., Ltd.; and
- an increase in trade and bills payables of HK\$47.1 million, mainly due to the increase of materials purchased for the ODM/OEM segment up to increased order experienced.

which were offset by:

- a decrease in short-term borrowings of HK\$86.5 million; and
- a decrease in current tax liabilities of HK\$4.6 million.

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 September 2017

As at 30 September 2017, the Group's cash resources of HK\$77.2 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$33.8 million held by the Group comprised:

- Net cash generated from operating activities of HK\$133.1 million that resulted from better management and utilization of working capital;
- Net cash used in investing activities of HK\$22.6 million mainly due to additions of property, plant and equipment; and
- Net cash used in financing activities of HK\$86.5 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 Group's strategic restructuring in process re-engineering continues to be yield-accretive, delivering another quarter of profit.

Pilot production will commence at our new plant in Sragen, Indonesia in 4Q 2017 and we are optimistic that the first shipment will be delivered to customers as scheduled.

On 27 October 2017, the Group entered into a RMB 200 million investment agreement with the Cangwu County People's Government to establish a new production facility in Cangwu County Industrial Park, Guangxi Province, the People's Republic of China. Construction is expected to be completed by September 2018 with production commencing before 2019. This lower-cost county, coupled with ample labour supply and attractive municipal government incentives and subsidies, will further improve the Group's cost efficiencies and enhance our competitive advantage.

Meanwhile, the Group continues to work on further productivity enhancements and strengthening customer relationships, not only aimed at increasing orders but also better margins.

Accordingly, the Board is confident that the Group is well-positioned 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 September 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 9 months financial period ended 30 September 2017 to be false or misleading.

16. 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).

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

07 November 2017