

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 2018**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 2018**

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2018	2017	Change	%	2018	2017	Change	%
HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000		
Revenue	424,184	332,479	91,705	27.58	1,220,898	960,153	260,745	27.16
Cost of sales	(388,042)	(308,483)	79,559	25.79	(1,129,657)	(889,496)	240,161	27.00
Gross Profit	36,142	23,996	12,146	50.62	91,241	70,657	20,584	29.13
Other income and gain/loss	90,344	7,118	83,226	1,169.23	109,694	16,307	93,387	572.68
Selling and distribution expenses	(7,934)	(4,148)	3,786	91.27	(22,780)	(13,830)	8,950	64.71
Administrative expenses	(22,651)	(20,848)	1,803	8.65	(62,316)	(57,965)	4,351	7.51
Profit From Operations	95,901	6,118	89,783	1,467.52	115,839	15,169	100,670	663.66
Finance costs	(4,627)	(3,442)	1,185	34.43	(11,550)	(9,510)	2,040	21.45
Profit Before Tax	91,274	2,676	88,598	3,310.84	104,289	5,659	98,630	1,742.89
Income tax expenses	(471)	(444)	27	6.08	(3,190)	(918)	2,272	247.49
Profit for the period	90,803	2,232	88,571	3,968.23	101,099	4,741	96,358	2,032.44
Attributable to:								
Owners of the Company	90,831	1,027	89,804	8,744.30	100,362	2,876	97,486	3,389.64
Non-controlling interests	(28)	1,205	(1,233)	(102.32)	737	1,865	(1,128)	(60.48)

1(a)(ii) Statement of Profit or Loss and Other Comprehensive Income for the quarter ended 30 September 2018

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2018	2017	Change	%	2018	2017	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit for the period	90,803	2,232	88,571	3,968.23	101,099	4,741	96,358	2,032.44
Other comprehensive income								
Exchange difference on translating foreign operations	(7,837)	10,547	(18,384)	(174.31)	(3,837)	10,722	(14,559)	(135.79)
Other comprehensive income for the period, net of tax	(7,837)	10,547	(18,384)	(174.31)	(3,837)	10,722	(14,559)	(135.79)
Total comprehensive income for the period	82,966	12,779	70,187	549.24	97,262	15,463	81,799	529.00
Attributable to:								
Owners of the Company	82,994	11,574	71,420	617.07	96,525	13,598	82,927	609.85
Non-controlling interests	(28)	1,205	(1,233)	(102.32)	737	1,865	(1,128)	(60.48)

Note:

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

	3 months ended 30 September		9 months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	12,406	10,646	37,112	32,668
Gain on disposals of property, plant and equipment	(139,898)	-	(139,898)	-
Allowance for trade receivables	24,583	-	24,583	-
Write down of inventory	28,584	-	28,584	-
Interest income	(115)	(14)	(153)	(40)
Interest on bank loans and overdrafts	4,627	3,442	11,550	9,510
Exchange difference, net	1,399	1,777	2,018	3,205

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 30.09.2018	At 31.12.2017	At 30.09.2018	At 31.12.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	203,424	207,501	-	-
Investments In Subsidiaries	-	-	461,263	461,263
Goodwill	1,927	1,927	-	-
	205,351	209,428	461,263	461,263
Current assets				
Inventories	562,983	525,127	-	-
Trade and bills receivables	255,440	260,793	-	-
Prepayments, deposits and other receivables	201,565	135,679	-	-
Current tax assets	3,473	925	-	-
Assets classified as held for sale	-	43,446	-	-
Bank and cash balances	205,168	73,064	1,125	1,125
	1,228,629	1,039,034	1,125	1,125
Total assets	1,433,980	1,248,462	462,388	462,388
Current liabilities				
Trade and bills payables	187,787	212,657	-	-
Accruals and other payables	184,358	212,598	-	-
Amount due to a subsidiary	-	-	11,319	11,319
Short-term borrowings	325,770	215,295	-	-
Current tax liabilities	6,987	6,096	-	-
	704,902	646,646	11,319	11,319
Non-current liabilities				
Deferred tax liabilities	2,650	2,650	-	-
Term loans	30,000	-	-	-
	32,650	2,650	-	-
Total liabilities	737,552	649,296	11,319	11,319
Equity attributable to owners of the Company				
Share capital	242,456	242,456	242,456	242,456
Reserves	442,058	345,533	208,613	208,613
	684,514	587,989	451,069	451,069
Non-controlling interests	11,914	11,177	-	-
Total equity	696,428	599,166	451,069	451,069
Total liabilities and equity	1,433,980	1,248,462	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 2018	As at 31 December 2017
Secured	Secured
HK\$'000	HK\$'000
325,770	215,295

Amount repayable after one year

As at 30 September 2018	As at 31 December 2017
Secured	Secured
HK\$'000	HK\$'000
30,000	-

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by companies within the group.

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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	91,274	2,676	104,289	5,659
Adjustments for :				
Depreciation	12,406	10,646	37,112	32,668
Gain on disposals of property, plant and equipment	(139,898)	-	(139,898)	-
Allowance for trade receivables	24,583	-	24,583	-
Write down of inventories	28,584	-	28,584	-
Interest income	(115)	(14)	(153)	(40)
Finance costs	4,627	3,442	11,550	9,510
Operating profit before working capital changes	21,461	16,750	66,067	47,797
Increase in inventories	(7,393)	(33,493)	(66,440)	(31,684)
Decrease/(Increase) in trade and bills receivables	5,407	(10,990)	(19,230)	23,559
Increase in prepayments, deposits and other receivables	(6,625)	(28,480)	(65,886)	(31,985)
(Decrease)/Increase in trade and bills payables	(37,241)	38,002	(24,870)	47,083
(Decrease)/Increase in accruals and other payables	(201,558)	65,678	(28,240)	87,976
Cash (used in)/generated from operations	(225,949)	47,467	(138,599)	142,746
Interest paid	(4,627)	(3,442)	(11,550)	(9,510)
Income tax refund/(paid)	213	3,570	(4,847)	(176)
Net cash (used in)/generated from operating activities	(230,363)	47,595	(154,996)	133,060
Cash flows from investing activities				
Decrease in restricted bank and cash balances	130,042	-	-	-
Purchase of property, plant and equipment	(13,269)	(13,798)	(28,613)	(22,682)
Proceeds from disposals of property, plant and equipment	183,344	-	183,344	-
Interest received	115	14	153	40
Net cash generated from /(used in) investing activities	300,232	(13,784)	154,884	(22,642)
Cash flows from financing activities				
Inception of new term loans	30,000	-	30,000	-
Net advancement / (repayment) of trust receipt and import loans	16,497	(26,450)	109,149	(86,539)
Net cash generated from /(used in) financing activities	46,497	(26,450)	139,149	(86,539)
Net increase in cash and cash equivalents	116,366	7,361	139,037	23,879
Cash and cash equivalents at beginning of the period	98,686	59,517	73,064	43,389
Net effect of exchange rate changes in consolidating subsidiaries	(9,884)	10,307	(6,933)	9,917
Cash and cash equivalents at end of the period	205,168	77,185	205,168	77,185

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	Capital redemption reserve	Translation reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2018	242,456	26,488	2,033	1,665	6,627	308,720	587,989	11,177	599,166
Total comprehensive income for the period		-	-	-	(3,837)	100,362	96,525	737	97,262
At 30 September 2018	242,456	26,488	2,033	1,665	2,790	409,082	684,514	11,914	696,428
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

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2018	242,456	26,488	130,205	1,665	50,255	451,069
Total comprehensive income for the period	-	-	-	-	-	-
At 30 September 2018	242,456	26,488	130,205	1,665	50,255	451,069
At 1 January 2017	246,000	26,488	130,205	1,665	50,255	451,069
Total comprehensive income for the period	-	-	-	-	-	-
At 30 September 2017	242,456	25,065	130,205	1,665	50,255	451,069

- 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 2018, 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 September 2018, the Company did not buy back any shares of the Company by the way of market acquisition nor by way of cancellation of shares.

As at 30 September 2018 and 31 December 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.**

Date	Number of shares of HKD7.50 each
30 September 2018	32,327,400
31 December 2017	32,327,400

- 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.**

As at 30 September 2018, the Company did not buy back any shares of the Company by the way of market acquisition nor by way of cancellation of 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 2017.

- 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 2018. 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.

Earnings per ordinary share for the period based on the net profit for the period(in HK cents)	The Group			
	Three months ended 30 September ¹		Nine months ended 30 September ²	
	2018	2017	2018	2017
(a) Based on weighted average number of ordinary shares on issue; and	280.97	3.18	310.45	8.90
(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\$90,831,000 (Q3 2017: profit attributable to owners of the company of approximately HK\$1,027,000) by the weighted average number of ordinary shares in issue of 32,327,400 (Q3 2017: 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\$100,362,000 (3Q 2017: profit attributable to owners of the Company of approximately HK\$2,876,000) by the weighted average number of ordinary shares in issue of 32,327,400 (3Q 2017: 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 2018 and Q3 2017 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	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	21.17	18.19	13.95	13.95

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 2018, the Group's overall revenue increased by HK\$91.7 million or 27.6%, from HK\$332.5 million in Q3 2017 to HK\$424.2 million in Q3 2018. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+100.8m	+37.8	The increase in revenue was mainly due to continuous orders placed by our core customers and the goods delivered as scheduled for this period.
Moulds and Tooling	+6.4m	+57.3	The revenue increased in this quarter was mainly due to comparatively more shipments this year.
Machine Sales	-15.5m	-28.3	Customer prudence with regard to capital expenditure/investment resulted in lower orders for our Machine Sales Segment.

Increase/Decrease in revenue by geographical segments for Q3/2018

Region	(+/-) in HK\$	%	Comments
Asia	+48.6m	+17.0	Increase in revenue from Asia mainly due to increased orders of our ODM/OEM business segment.
North America	+4.1m	+82.5	Increase in revenue from North America mainly due to increase orders from our ODM/OEM customers in the region.
Europe	+39.0m	+94.9	Increase in revenue from Europe was due to increased orders from our ODM/OEM business segment in this region.

8.2 Gross profit and gross profit margin

In Q3 2018, the Group's gross profit increased by 50.6% or HK\$12.1 million, generating gross profit margin of 8.5% (Q3 2017: 7.2%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+13.2m	+100.6	The profit achieved for this quarter is resulted from continuing focus on productivity enhancement.
Moulds and Tooling	+1.0m	+48.4	Increase of revenue leads to increase on gross profit.
Machine Sales	-2.1m	-24.3	The decrease in gross profit was due to the decreased sales for the segment.

8.3 Other Income and gain / loss

The Group's other income increased by HK\$83.2 million or 1,169.2%, from HK\$7.1 million in Q3 2017 to HK\$90.3 million in Q3 2018, mainly due to gain on disposals of property, plant and equipment.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$3.8 million or 91.3%, from HK\$4.1 million in Q3 2017 to HK\$7.9 million in Q3 2018, mainly due to an increase of transportation and import & export fees in line with revenue growth.

8.5 Administrative expenses

The Group's administrative expenses increased by HK\$1.8 million or 8.7%, from HK\$20.8 million in Q3 2017 to HK\$22.6 million in Q3 2018, mainly due to consultancy fee paid.

8.6 Finance Costs

Finance costs increased by HK\$1.2 million or 34.4%, from HK\$3.4 million in Q3 2017 to HK\$4.6 million in Q3 2018 due to increase in borrowings and term loans.

8.7 Income Tax Expenses

Income tax expenses increased by HK\$0.03 million or 6.1%, from HK\$0.44 million in Q3 2017 to HK\$0.47 million in Q3 2018.

Financial position as at 30 September 2018

8.8 Non-current assets

The Group's non-current assets stood at HK\$205.3 million, a decrease of 2.0% or HK\$4.1 million, from HK\$209.4 million at 31 December 2017. This was due to 3Q2018 depreciation expenses being HK\$37.1 million, which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$28.6 million.

8.9 Current assets

The Group's current assets stood at HK\$1,228.6 million, an increase of HK\$189.6 million or 18.3%, from HK\$1039.0 million at 31 December 2017, mainly due to:

- an increase in bank balance of HK\$132.0 million due to HK\$130.0 million paid by Veken Technical pursuant to Share Transfer Agreements;
- an increase in prepayments, deposits and other receivables of HK\$65.9 million mainly due to increases in purchases to meet customer delivery schedule;
- an increase in inventories of HK\$37.9 million mainly due to inventory build up to increased orders ; and
- an increase in current tax assets of HK\$2.5 million.

which were offset by:

- a decrease in non-current assets held for sale of HK\$43.4 million; and
- a decrease in trade and bills receivables of HK\$5.3 million;

8.10 Current liabilities

The Group's current liabilities stood at HK\$704.9 million increased by HK\$58.3 million or 9.0%, from HK\$646.6 million at 31 December 2017, mainly due to:

- an increase in short-term borrowings of HK\$110.5 million; and
- an increase in current tax liabilities of HK\$0.9 million;

which were offset by:

- a decrease in accruals and other payables of HK\$28.2 million, mainly due to receiving deposit and initial payment of total RMB48.0 million from Veken Technical, pursuant to Share Transfer Agreements at 31 December 2017 and the transactions are completed during the period; and
- a decrease in trade and bills payables of HK\$24.9 million, mainly due to the timely settlement of trade and bills payables in ODM/OEM segment.

8.11 Non-current liabilities

The Group's non-current liabilities stood at HK\$32.7 million, a increase of 11.3% or HK\$ 30.0 million, from HK\$ 2.7 million at 31 December 2017. This was due to the inception of new term loans of HK\$ 30.0 million.

8.12 Statement of Cash Flows for the quarter ended 30 September 2018

As at 30 September 2018, the Group's cash resources of HK\$205.2 million are considered more than adequate for current operational needs. The net increase in cash and cash equivalents of HK\$139.0 million held by the Group comprised:

- Net cash used in operating activities of HK\$155.0 million, due to higher utilization of working capital to meeting customers' delivery schedule;
- Net cash generated from investing activities of HK\$154.9 million mainly due to Proceeds from disposals of property, plant and equipment; and
- Net cash generated from financing activities of HK\$139.1 million, mainly due to the net advances of trust receipt and import loans and inception of new term loans.

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

Not applicable

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

The Group's new plant in Indonesia, which was officially inaugurated in September, continued to increase production on schedule and is on target to achieve full capacity in 2019, signaling the Group's successful strategic diversification of manufacturing facilities outside China.

Construction of our new manufacturing facilities in Cangwu County Industrial Park, Guangxi Province, PRC has been completed. Pending regulatory certification and approvals, the new plant is ready to commence initial pilot production.

With both the new plants in Indonesia and Cangwu County operating, the Group will enjoy greater cost efficiencies, especially in FY2019 when manufacturing is ramped up.

Meanwhile, barring unforeseen circumstances, the Board is confident that the Group is well-placed to deliver improved performance in FY2018, with stronger sales achieved and ongoing in-process productivity enhancements.

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 2018.

15. Undertakings from Directors and Executive officers under Rule 720(1)

The Company confirms that it has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1).

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

We, Tam Jo Tak, Dominic and Chiu Hau Shun, Simon, being two Directors of Combine Will International Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 9 months financial period ended 30 September 2018 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

09 November 2018