



**COMBINE WILL INTERNATIONAL
HOLDINGS LIMITED**

Condensed Interim Financial Statements
For the six months ended 30 June 2022

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	(Unaudited)		<u>Increase/ (Decrease)</u> %
		Six months ended 30 June		
		<u>2022</u> HK\$'000	<u>2021</u> HK\$'000	
Revenue	5	608,581	599,873	1.45
Cost of sales		<u>(545,070)</u>	<u>(556,689)</u>	<u>(2.09)</u>
Gross profit		63,511	43,184	47.07
Other income		15,162	28,595	(46.98)
Selling and distribution expenses		(9,900)	(6,871)	44.08
Administrative expenses		<u>(34,578)</u>	<u>(40,552)</u>	<u>(14.73)</u>
Profit from operations		34,195	24,356	40.40
Finance costs	7.1	<u>(8,664)</u>	<u>(7,173)</u>	<u>20.79</u>
Profit before tax	7.1	25,531	17,183	48.58
Income tax (expense)/credit	8	<u>(2,892)</u>	<u>217</u>	<u>(1,432.72)</u>
Profit for the period, net of tax		<u>22,639</u>	<u>17,400</u>	<u>30.11</u>
Profit for the period attributable to:				
Owners of the Company		<u>22,639</u>	<u>17,400</u>	<u>30.11</u>
Earnings per share	10			
Basic earnings per share (HK cents)		<u>70.03</u>	<u>53.82</u>	<u>30.12</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	(Unaudited)		
	Six months ended 30 June		Increase/ (Decrease)
	2022	2021	%
	HK\$'000	HK\$'000	
Profit for the period, net of tax	22,639	17,400	30.11
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	(11,799)	4,109	(387.15)
Other comprehensive income for the period, net of tax	(11,799)	4,109	(387.15)
Total comprehensive income for the period	10,840	21,509	(49.60)
Total comprehensive income for the period attributable to:			
Owners of the Company	10,840	21,509	(49.60)

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2022

	Notes	Group		Company	
		<u>30 June</u> <u>2022</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> HK\$'000 <u>(Audited)</u>	<u>30 June</u> <u>2022</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> HK\$'000 <u>(Audited)</u>
ASSETS					
Non-current assets					
Property, plant and equipment	13	500,683	487,400	-	-
Right-of-use assets		89,502	104,156	-	-
Financial assets at fair value through other comprehensive income ("FVTOCI")		166	166	-	-
Investments in subsidiaries		-	-	460,576	460,576
Goodwill		1,927	1,927	-	-
Total non-current assets		592,278	593,649	460,576	460,576
Current assets					
Current tax assets		3,700	-	-	-
Contract assets	14	281,742	343,752	-	-
Inventories		160,923	173,885	-	-
Trade and bills receivables	15	160,867	168,736	-	-
Prepayments, deposits and other receivables		164,039	180,143	-	8,833
Financial assets at fair value through profit or loss ("FVTPL")	12	48,255	92,053	-	-
Bank and cash balances		121,234	103,484	1,209	1,209
Total current assets		940,760	1,062,053	1,209	10,042
Total assets		1,533,038	1,655,702	461,785	470,618
LIABILITIES AND EQUITY					
Non-current liabilities					
Borrowings	16	3,333	5,000	-	-
Lease liabilities		61,715	74,422	-	-
Deferred tax liabilities		2,650	2,650	-	-
Total non-current liabilities		67,698	82,072	-	-
Current liabilities					
Current tax liabilities		4,057	13,599	-	-
Trade and bills payables		228,078	249,819	-	-
Amounts due to subsidiaries		-	-	26,379	19,409
Accruals and other payables		170,859	172,190	-	-
Lease liabilities		19,485	20,195	-	-
Borrowings	16	289,872	359,460	-	-
Financial guarantees		-	-	15,694	15,694
Dividend payables		7,097	14,195	7,097	14,195
Total current liabilities		719,448	829,458	49,170	49,298
Total liabilities		787,146	911,530	49,170	49,298
Equity attributable to owners of the Company					
Share capital	17	242,456	242,456	242,456	242,456
Reserves		503,436	501,716	170,159	178,864
Total equity		745,892	744,172	412,615	421,320
Total liabilities and equity		1,533,038	1,655,702	461,785	470,618

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

Group	Attributable to owners of the Company							
	Share capital	Share premium	Statutory reserve (Note)	Capital redemption reserve	Financial assets at FVTOCI reserve	Foreign currency translation reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	242,456	26,488	2,033	1,665	(1,834)	15,634	457,730	744,172
Total comprehensive income for the period	-	-	-	-	-	(11,799)	22,639	10,840
Dividend paid (Note 9)	-	-	-	-	-	-	(9,120)	(9,120)
Changes in equity for the period	-	-	-	-	-	(11,799)	13,519	1,720
At 30 June 2022 (unaudited)	242,456	26,488	2,033	1,665	(1,834)	3,835	471,249	745,892
At 1 January 2021 (audited)	242,456	26,488	2,033	1,665	(1,786)	(1,308)	426,405	695,953
Total comprehensive income for the period	-	-	-	-	-	4,109	17,400	21,509
Dividend paid (Note 9)	-	-	-	-	-	-	(9,490)	(9,490)
Changes in equity for the period	-	-	-	-	-	4,109	7,910	12,019
At 30 June 2021 (unaudited)	242,456	26,488	2,033	1,665	(1,786)	2,801	434,315	707,972

Note:

In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve which is not available for appropriation may be used to offset the accumulated losses, if any, of the subsidiaries.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

<u>Company</u>	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 2022 (audited)	242,456	26,488	130,205	1,665	20,506	421,320
Total comprehensive income for the period	-	-	-	-	415	415
Dividend paid (Note 9)	-	-	-	-	(9,120)	(9,120)
Changes in equity for the period	-	-	-	-	(8,705)	(8,705)
At 30 June 2022 (unaudited)	242,456	26,488	130,205	1,665	11,801	412,615
At 1 January 2021 (audited)	242,456	26,488	130,205	1,665	28,574	429,388
Total comprehensive income for the period	-	-	-	-	711	711
Dividend paid (Note 9)	-	-	-	-	(9,490)	(9,490)
Changes in equity for the period	-	-	-	-	(8,779)	(8,779)
At 30 June 2021 (unaudited)	242,456	26,488	130,205	1,665	19,795	420,609

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	(Unaudited)	
	Six months ended 30 June	
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,531	17,183
Adjustments for:		
Depreciation of property, plant and equipment	36,673	32,472
Depreciation of right-of-use assets	10,171	9,749
Gain on disposal of property, plant and equipment	(918)	(60)
Impairment loss on trade and other receivables and contract assets	-	1,658
Dividend income	(1,481)	(603)
Fair value loss/(gain) on financial assets at FVTPL	6,531	(856)
Amortisation of financial guarantee	-	(712)
Interest income on bank deposits	(104)	(702)
Imputed interest income	(150)	(737)
Interests on bank loans and borrowings	6,183	5,401
Interest expenses on lease liabilities	2,481	1,772
Operating profit before working capital changes	84,917	64,565
Decrease in inventories	12,962	7,323
Decrease/(increase) in contract assets	62,010	(17,717)
Decrease in trade and bills receivables	7,869	42,434
Decrease/(increase) in prepayments, deposits and other receivables	13,485	(12,331)
Decrease in financial assets at FVTPL	37,744	-
(Decrease)/increase in trade and bills payables	(21,741)	19,048
(Decrease)/increase in accruals and other payables	(1,331)	8,052
Cash generated from operations	195,915	111,374
Interest paid	(6,183)	(5,401)
Income taxes paid	(13,242)	(1,311)
Interest on lease liabilities	(2,481)	(1,772)
Net cash generated from operating activities	174,009	102,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(49,106)	(69,227)
Proceeds from disposals of property, plant and equipment	1,342	1,296
Purchases of financial assets at FVTPL	-	(164,238)
Proceeds from disposals of financial assets at FVTPL	-	168,930
Dividend received from financial assets at FVTPL	1,481	603
Interest received	104	702
Net cash used in investing activities	(46,179)	(61,934)

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	(Unaudited)	
	Six months ended 30 June	
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Inception of new bank loans	-	1,000
Repayment of bank loans	(18,167)	(14,375)
Dividends paid to equity holders	(16,218)	
Net repayment of trust receipts and import loans	(53,088)	(16,374)
Principal elements of lease payments	(8,684)	(7,054)
	<u>(96,157)</u>	<u>(36,803)</u>
Net cash used in financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,673	4,153
Net effect of exchange rate changes on cash and cash equivalents held	(13,923)	5,220
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>103,484</u>	<u>57,155</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>121,234</u>	<u>66,528</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

Combine Will International Holdings Limited (the “Company”) (Registration No. MC-196613) was incorporated in the Cayman Islands on 8 October 2007 under The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liabilities by shares. The Company’s shares are listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”). The Company is an investment holding company. The principal activities of the Group are manufacturing of toys and premium products by ODM/OEM.

2. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual consolidated financial statements for the year ended 31 December 2021.

The condensed interim financial statements, which do not include the full disclosures of the type normally included in full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). Are to be read in conjunction with the last audited financial statements for the year ended 31 December 2021.

Accounting policies and methods of computation used in the condensed interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2021, which were prepared in accordance with IFRSs.

The condensed interim financial statements are presented in Hong Kong dollars which is the Company’s functional currency.

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

2. BASIS OF PREPARATION (CONT'D)

2.1 New and revised standards adopted by the Group

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. In the current period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Group's financial statements. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations.

A number of new standards or amendment to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(a) **Disclosures of level in fair value hierarchy:**

Group

Description	Fair value measurements as at 30 June 2022:			Total 30 June 2022
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	48,255	-	48,255
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	166	166
	<u>-</u>	<u>48,255</u>	<u>166</u>	<u>48,421</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

4. **FAIR VALUE MEASUREMENTS (CONT'D)**

(a) **Disclosures of level in fair value hierarchy: (cont'd)**

Description	Fair value measurements as at 31 December 2021:			Total 31 December
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2021 HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	92,053	-	92,053
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	166	166
	<u>-</u>	<u>92,053</u>	<u>166</u>	<u>92,219</u>

(b) **Reconciliation of assets measured at fair value based on level 3:**

Description	Financial assets at FVTOCI -unlisted equity securities (Unaudited)	
	<u>Six months ended 30 June</u>	
	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
At 1 January	166	214
Purchases	-	-
Total losses recognised - in other comprehensive income	-	-
At 30 June	<u>166</u>	<u>214</u>

5. **SEGMENT INFORMATION AND REVENUE**

Other than ODM/OEM, none of the other segments meets any of the quantitative thresholds for determining reportable segments. The management is of the opinion that there is only one significant operating division – manufacturing of toys and premium products – that represents the financial position of the Group. These financial data have been disclosed in the Condensed Statement of Financial Position and the Condensed Statement of Profit or Loss.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

5. **SEGMENT INFORMATION AND REVENUE (CONT'D)**

Geographical information:

The Group's revenue from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	(Unaudited)		(Unaudited)	(Audited)
	Six months ended 30 June		30 June	31 December
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asia				
Greater China (including PRC, Hong Kong, Macau and Taiwan)	553,287	569,109	410,933	422,168
Indonesia	-	-	181,345	171,481
	553,287	569,109	592,278	593,649
Europe				
Germany	35,568	-	-	-
Switzerland	19,726	30,764	-	-
	55,294	30,764	-	-
Consolidated total	608,581	599,873	592,278	593,649

In presenting the geographical information, revenue is based on the locations of the customers.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

5. **SEGMENT INFORMATION AND REVENUE (CONT'D)**

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the period operations is at follows.

	(Unaudited)	
	<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
Sales of toys and premium products ("Toys")	<u>608,581</u>	<u>599,873</u>

Sales of Toys derives revenue either from the transfer of goods at a point in time; or recognised as a performance obligation satisfied over time. The recognition is subject to the terms of sales contract in consideration of the local jurisdiction. All contracts are less than 12 months.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<u>30 June</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade and bill receivables (Note 15)	160,867	168,736
Contract assets (Note 14)	281,742	343,752
Contract liabilities	<u>11,393</u>	<u>8,569</u>

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on sales of Toys. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time.

The amount of HK\$8,569,000 (2021: HK\$9,829,000) recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2022.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

6. **FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u> <u>2022</u> <u>HK\$'000</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> <u>HK\$'000</u> <u>(Audited)</u>	<u>30 June</u> <u>2022</u> <u>HK\$'000</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> <u>HK\$'000</u> <u>(Audited)</u>
Financial assets:				
Financial assets measured at amortised cost	587,262	665,218	1,209	10,042
Financial assets measured at FVTPL	48,255	92,053	-	-
Financial assets measured at FVTOCI	166	166	-	-
Financial liabilities:				
Financial liabilities at amortised cost	630,853	734,124	49,170	49,298

7. **PROFIT BEFORE TAXATION**

7.1 **Significant items**

	<u>(Unaudited)</u> <u>Six months ended 30 June</u>	
	<u>2022</u> <u>HK\$'000</u>	<u>2021</u> <u>HK\$'000</u>
Other Incomes:		
Interest income on bank deposits	(104)	(702)
Imputed interest income	(150)	(737)
Dividend income	(1,481)	(603)
Fair value loss/(gain) on financial assets at FVTPL	6,531	(856)
Amortisation of financial guarantee	-	(712)
Expenses:		
Depreciation of property, plant and equipment	36,673	32,472
Depreciation of right-of-use assets	10,171	9,749
Gain on disposal of property, plant and equipment	(918)	(60)
Impairment loss on trade receivables and contract assets	-	1,658
Foreign exchange (gain)/loss, net	(1,530)	4,762
Finance costs:		
Interest on bank loans and borrowing	6,183	5,401
Interest expenses on lease liabilities	2,481	1,772
	8,664	7,173

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

7. **PROFIT BEFORE TAXATION (CONT'D)**

7.2 **Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

8. **INCOME TAX EXPENSE/(CREDIT)**

The Group calculates the period income tax expense/(credit) using the rate that would be applicable to the expected total annual earnings. The major components of income tax expense/(credit) in the condensed consolidated statement of profit or loss are:

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current tax expenses		
- The PRC	132	131
Under-provision in prior years	<u>2,760</u>	<u>(348)</u>
Income tax expense/(credit)	<u><u>2,892</u></u>	<u><u>(217)</u></u>

9. **DIVIDENDS**

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
2021 Final of SGD0.05 (2020: SGD0.05) per ordinary share paid	<u><u>9,120</u></u>	<u><u>9,490</u></u>

No interim dividends were paid by the Company in respect of the six months ended 30 June 2022 and 2021.

10. **EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the six months ended 30 June 2022 attributable to owners of the Company of approximately HK\$22,639,000 (unaudited) (2021: HK\$17,400,000 (unaudited)) by the weighted average number of ordinary shares of 32,327,400 (2021: 32,327,400) in issue during the period.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2022 and 2021.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

11. **NET ASSET VALUE**

	Group		Company	
	<u>30 June</u> <u>2022</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> HK\$'000 <u>(Audited)</u>	<u>30 June</u> <u>2022</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> HK\$'000 <u>(Audited)</u>
Net asset value per ordinary share	<u>23.07</u>	<u>23.02</u>	<u>12.76</u>	<u>13.03</u>

12. **FINANCIAL ASSETS AT FVTPL**

	Group	
	<u>30 June</u> <u>2022</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> HK\$'000 <u>(Audited)</u>
Financial assets at FVTPL:		
- Investments products	<u>48,255</u>	<u>92,053</u>

All financial assets at FVTPL are denominated in USD.

The investment products are listed financial instruments placed in the financial institutions in Hong Kong. The fair values of the investment products are derived from current redemption values quoted by financial institutions.

13. **PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$49,106,000 (2021: HK\$69,227,000)

14. **CONTRACT ASSETS**

	Group	
	<u>30 June 2022</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2021</u> HK\$'000 <u>(Audited)</u>
Receivables from contracts with customers	282,863	344,873
Less: Allowance for impairment	<u>(1,121)</u>	<u>(1,121)</u>
	<u>281,742</u>	<u>343,752</u>

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15. TRADE AND BILLS RECEIVABLES

The aging analysis of trade and bills receivables based on the invoice date, and net of allowance, is as follows:

	Group	
	<u>30 June 2022</u>	<u>31 December</u>
	HK\$'000	<u>2021</u>
	<u>(Unaudited)</u>	HK\$'000
		<u>(Audited)</u>
0 to 30 days	100,427	96,968
31 to 60 days	36,155	44,182
61 to 90 days	8,305	6,745
91 to 180 days	17,176	15,675
181 to 365 days	94	4,266
Over 365 days	11,519	13,709
	<u>173,676</u>	<u>181,545</u>
Less: Allowance for doubtful debts	<u>(12,809)</u>	<u>(12,809)</u>
	<u>160,867</u>	<u>168,736</u>

16. BORROWINGS

	Group	
	<u>30 June</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
	<u>(Unaudited)</u>	<u>(Audited)</u>
Trust receipts and import loans, secured	236,288	283,377
Term loans, secured	56,917	81,083
	<u>293,205</u>	<u>364,460</u>

	Group	
	<u>30 June</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000
	<u>(Unaudited)</u>	<u>(Audited)</u>
Amount repayable in one year or less, or on demand (secured)	289,872	359,460
Amount repayable after one year (secured)	3,333	5,000
	<u>293,205</u>	<u>364,460</u>

Details of any collaterals

As at 30 June 2022, the Group's banking facilities for bills payables, trust receipts and import loans, and term loans are secured by cross corporate guarantees executed by the group companies.

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17. **SHARE CAPITAL**

	Group and Company	
	Number of shares	Amount HK\$
	<u> </u>	<u> </u>
Authorised:		
Ordinary shares of HK\$7.50 (31 December 2021: HK\$7.50) each		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<u>100,000,000</u>	<u>750,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$7.50 (31 December 2021: HK\$7.50) each		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<u>32,327,400</u>	<u>242,455,500</u>

As at 30 June 2022 and 31 December 2021, there were no outstanding share options / warrants / convertible securities / treasury shares.

During the six months ended 30 June 2022, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the six months ended 30 June 2022, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

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18. CONTINGENT LIABILITIES

In 2020, a subsidiary of the Company received additional assessments demanding additional tax for the years of assessment 2013/14 and 2014/15 from the Hong Kong Inland Revenue Department (“HKIRD”). The amounts of additional assessments for the years of assessment 2013/14 and 2014/15 are HK\$1,842,000 and HK\$11,160,000 respectively and are relating to offshore profit claims in the respective years. In 2020, the subsidiary purchased tax reserve certificates of HK\$1,842,000 for year of assessment 2013/14. Tax instalment for settling the tax payable for year of assessment 2014/15 is approved by HKIRD with a tax surcharge of HK\$1,265,000 during the year. The subsidiary has fully settled by purchasing tax reserve certificate including tax surcharge of HK\$12,425,000 for year of assessment 2014/15. The subsidiary has engaged a professional tax counsel for the advice relating to pursue its offshore trading profit claim.

As at the date of this report, the subsidiary has submitted the revised tax computations for Y/A2013/14 and 2014/15, and further information to HKIRD for re-assessment. HKIRD has agreed with the revised tax computation and additional tax expenses has been fully recognised and settled during the period.

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- 1(i) 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 six months ended 30 June 2022, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the six months ended 30 June 2022, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

As at 30 June 2022 and 30 June 2021, there were no outstanding share options / warrants / convertible securities / treasury shares.

- 1(ii) 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.**

<i>Date</i>	<i>Number of shares of HKD7.50 each</i>
<i>30 June 2022</i>	<i>32,327,400</i>
<i>31 December 2021</i>	<i>32,327,400</i>

- 1(iii) 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 six months ended 30 June 2022, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

- 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

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

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 2021.

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 2022. 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. 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.**

Profit and Loss

Revenue

The Group's overall revenue increased by HK\$8.7 million or 1.5%, from HK\$599.9 million in HY 2021 to HK\$608.6 million in HY 2022 as business volume stabilised due to the recovery from COVID-19.

Gross profit and gross profit margin

In HY 2022, the Group's gross profit increased by 47.1% or HK\$20.3 million, generating gross profit margin of 10.4% (HY 2021: 7.2%). This was mainly due to the decrease of purchase price of raw materials.

Other Income

The Group's other income decreased by HK\$13.4 million or 47.0%, from HK\$28.6 million in HY 2021 to HK\$15.2 million in HY 2022. This was mainly due to fair value loss of FVTPL and a decrease of mold engineering income for new products.

Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$3.0 million or 44.1%, from HK\$6.9 million in HY 2021 to HK\$9.9 million in HY 2022. This was mainly due to one-off sales rebate.

WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

6. **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: (cont'd)**

Administrative expenses

The Group's administrative expenses decreased by HK\$6.0 million or 14.7%, from HK\$40.6 million in HY 2021 to HK\$34.6 million in HY 2022. This was mainly due to a decrease of exchange loss of HK\$6.3 million.

Finance Costs

Finance costs increased by HK\$1.5 million or 20.8%, from HK\$7.2 million in HY 2021 to HK\$8.7 million in HY 2022, mainly due to higher borrowing rate of bank loans and higher incremental borrowing rate for lease.

Income Tax Expenses

Income tax expense increased HK\$3.1 million or 1432.7%, from tax credit of HK\$0.2 million in HY 2021 to HK\$2.9 million in HY 2022. This is due to the under-provision of tax expenses from prior years.

Balance Sheet

Non-current assets

The Group's non-current assets stood at HK\$592.3 million as at 30 June 2022, decreased by 0.2% or HK\$1.3 million, from HK\$593.6 million at 31 December 2021. This was due to an increase in capital expenditure on property, plant and equipment of HK\$49.1 million invested in Indonesia, Guangxi and Heyuan manufacturing operations, which were partially offset by total depreciation expenses for property, plant and equipment and right-of-use assets of HK\$46.8 million.

Current assets

The Group's current assets stood at HK\$940.8 million as at 30 June 2022, a decrease of HK\$121.3 million or 11.4%, from HK\$1,062.1 million as at 31 December 2021, mainly due to:

- a decrease in contract assets of HK\$62.0 million;
- a decrease in financial assets at FVTPL of HK\$43.8 million;
- a decrease in prepayments, deposits and other receivables of HK\$16.1 million;
- a decrease in inventories of HK\$13.0 million; and
- a decrease in trade and bills receivables of HK\$7.9 million.

which were partially offset by:

- an increase in bank and cash balances of HK\$17.8 million; and
- an increase in current tax assets of HK\$3.7 million.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
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6. **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: (cont'd)**

Current liabilities

The Group's current liabilities stood at HK\$719.4 million at 30 June 2022, decreased by HK\$110.1 million or 13.3%, from HK\$829.5 million at 31 December 2021, mainly due to:

- a decrease in short-term borrowings of HK\$69.6 million;
- a decrease in trade and bills payables of HK\$21.7 million;
- a decrease in current tax liabilities of HK\$9.5 million;
- a decrease in dividends payables of HK\$7.1 million; and
- a decrease in accruals and other payables of HK\$1.3 million.

Non-current liabilities

The Group's non-current liabilities stood at HK\$67.7 million as at 30 June 2022, a decrease of HK\$14.4 million or 17.5%, from HK\$82.1 million as at 31 December 2021 mainly due to decreases in finance lease payables of HK\$12.7 million.

Cash Flow Analysis

As at 30 June 2022, the Group's cash resources of HK\$121.2 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$31.7 million held by the Group comprised:

- Net cash generated from operating activities of HK\$174.0 million;
- Net cash used in investing activities of HK\$46.1 million mainly due to additions of property, plant and equipment; and
- Net cash used in financing activities of HK\$96.2 million, mainly due to the repayment of loans.

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

Not applicable

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

Despite the complicated and challenging business environment caused by the prolonged COVID-19 pandemic, compounded by ongoing geopolitical tension and rising inflation in the first half of 2022, the Group maintained momentum on our strategic roadmap of transformation and continue to bolster efficiency and product quality control. We have set up a comprehensive Business Contingency Plan to manage any potential emergencies and incidents.

We are expanding the production capability of the Indonesia facility with improved efficiency, better stabilization, and shorter production lead time. To achieve our long-term going-green goal, we have decided to increase our investments in paper production capabilities not only in Sragen, Indonesia plant but also in Guangxi, the PRC, plants for diversification. The paper printing operation in our Indonesia plant and Guangxi plant are scheduled to commence in the last quarter of 2022 and early 2023 respectively. In Heyuan, we will purchase additional paper production machines in the second half of 2022 to enhance Heyuan's paper production process.

Apart from production, the Group attaches great importance to our employees' occupational safety and health and makes great efforts to build a safe working environment for staff and workers' retention and incentives. We developed an enhanced performance allowance scheme, increased meal allowance, and provided more internal and external training plans for staff at all levels.

Uncertainties in the pace of economic recovery will continue to pose volatility and challenges in the short term. Nonetheless, the Group is cautiously optimistic about the prospects in the second half of 2022, and will allocate sufficient resources not only to operations and business development, but also to initiate carbon neutrality goals and continue to improve our manufacturing safety standards. We will further extend our collaboration with customers and suppliers to stabilize supply chains and minimize any adverse effects on the Group's production that are potentially caused by macroeconomic and geopolitical challenges.

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
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9. 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

N/A

(d) Books closure date

N/A

(e) If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommendeded for the current period reported on.

The Board has not recommended any dividend to be declared in light of the following:

- (i) the Company has recently declared a final dividend for the financial year ended 31 December 2021; and
- (ii) whilst the Board will not entirely rule out the declaration of interim dividends during a financial year, the Board is of the view that in the normal course, it would be prudent to consider whether to declare dividends only after the Company has full visibility of its performance for the preceding financial year and the Group's cash requirements for the ensuing year.

10. 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.

11. Use of IPO Proceeds

All IPO proceeds had been fully utilized in 2011.

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
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12. 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)

With effect from 1 January 2022, Mr. Tam Jo Tak, Dominic stepped down from his position as Chief Executive Officer, and Mr. Chiu Hua Shun, Simon appointed as his replacement. The change is intended to separate the positions of executive chairman and chief executive officer for enhanced corporate governance and more balanced control and management of the Group. Mr. Tam Jo Tak, Dominic remains as the Executive Chairman of the Group.

13. 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).

14. Negative Assurance Confirmation Pursuant To Rule 705(5) 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 six months period ended 30 June 2022 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Tam Jo Tak, Dominic
Executive Chairman

Chiu Hau Shun, Simon
Chief Executive Director

BY ORDER OF THE BOARD

Tam Jo Tak, Dominic
Executive Chairman

10 August 2022