

Combine Will International Holdings Limited

(Incorporated in Cayman Islands)

(Co. Reg. No: MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 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 31 March 2018

	The Group			
	3 months ended 31 March			
	2018	2017	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Revenue	354,296	311,239	43,057	13.83
Cost of sales	(332,786)	(289,680)	43,106	14.88
Gross Profit	21,510	21,559	(49)	(0.23)
Other income	13,772	5,568	8,204	147.34
Selling and distribution expenses	(5,811)	(4,544)	1,267	27.88
Administrative expenses	(20,953)	(19,256)	1,697	8.81
Profit From Operations	8,518	3,327	5,191	156.03
Finance costs	(2,614)	(2,757)	(143)	(5.19)
Profit Before Tax	5,904	570	5,334	935.79
Income tax expense	(1,228)	(296)	932	314.86
Profit for the period	4,676	274	4,402	1,606.57
Attributable to:				
Owners of the Company	4,508	238	4,270	1,794.12
Non-controlling interests	168	36	132	366.67
	4,676	274	4,402	1,606.57

1(a)(ii) Statement of Profit or Loss and other Comprehensive Income for the quarter ended 31 March 2018

	The Group			
	3 months ended 31 March			
	2018	2017	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Profit for the period	4,676	274	4,402	1,606.57
Other comprehensive income				
Exchange difference on translating foreign operations	11,708	2,056	9,652	469.46
Other comprehensive income for the period, net of tax	11,708	2,056	9,652	469.46
Total comprehensive income for the period	16,384	2,330	14,054	603.18
Attributable to:				
Owners of the Company	16,216	2,294	13,922	606.89
Non-controlling interests	168	36	132	366.67
	16,384	2,330	14,054	603.18

Note:

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

	3 months ended	
	31 March	
	2018	2017
	HK\$'000	HK\$'000
Depreciation	12,620	11,204
Interest income	(17)	(13)
Interest on bank loans and overdrafts	2,614	2,757
Exchange difference, net	1,048	1,341

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 31.03.2018	At 31.12.2017	At 31.03.2018	At 31.12.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	199,367	207,501	-	-
Investments In Subsidiaries	-	-	461,263	461,263
Goodwill	1,927	1,927	-	-
	201,294	209,428	461,263	461,263
Current assets				
Inventories	559,457	525,127	-	-
Trade and bills receivables	305,085	260,793	-	-
Prepayments, deposits and other receivables	182,520	135,679	-	-
Current tax assets	1,225	925	-	-
Assets classified as held for sale	43,446	43,446	-	-
Bank and cash balances	74,255	73,064	1,125	1,125
	1,165,988	1,039,034	1,125	1,125
Total assets	1,367,282	1,248,462	462,388	462,388
Current liabilities				
Trade and bills payables	186,958	212,657	-	-
Accruals and other payables	225,033	212,598	-	-
Amount due to a subsidiary	-	-	11,319	11,319
Short-term borrowings	330,737	215,295	-	-
Current tax liabilities	6,354	6,096	-	-
	749,082	646,646	11,319	11,319
Non-current liabilities				
Deferred tax liabilities	2,650	2,650	-	-
	2,650	2,650	-	-
Total liabilities	751,732	649,296	11,319	11,319
Equity attributable to owners of the Company				
Share capital	242,456	242,456	242,456	242,456
Reserves	361,749	345,533	208,613	208,613
	604,205	587,989	451,069	451,069
Non-controlling interests	11,345	11,177	-	-
Total equity	615,550	599,166	451,069	451,069
Total liabilities and equity	1,367,282	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 31 March 2018	As at 31 December 2017
Secured	Secured
HK\$'000	HK\$'000
330,737	215,295

Amount repayable after one year

As at 31 March 2018	As at 31 December 2017
Secured	Secured
HK\$'000	HK\$'000
-	-

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by the companies in 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	
	31 March	
	2018	2017
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	5,904	570
Adjustments for :		
Depreciation	12,620	11,204
Interest income	(17)	(13)
Finance costs	2,614	2,757
Operating profit before working capital changes	21,121	14,518
(Increase) / Decrease in inventories	(34,330)	46,684
(Increase) / Decrease in trade and bills receivables	(44,292)	24,782
(Increase) / Decrease in prepayments, deposits and other receivables	(46,841)	4,518
Decrease in trade and bills payables	(25,699)	(61,219)
Increase / (Decrease) in accruals and other payables	12,435	(3,312)
Cash (used in) / generated from operations	(117,606)	25,971
Income tax (paid) / refunded	(1,312)	1,819
Interest paid	(2,614)	(2,757)
Net cash (used in) / generated from operating activities	(121,532)	25,033
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,408)	(5,141)
Interest received	17	13
Net cash used in investing activities	(3,391)	(5,128)
Cash flows from financing activities		
Net advancement / (repayment) of trust receipt and import loans	114,116	(395)
Net cash generated from / (used in) financing activities	114,116	(395)
Net (decrease) / increase in cash and cash equivalents	(10,807)	19,510
Cash and cash equivalents at beginning of the period	73,064	43,389
Net effect of exchange rate changes in consolidating subsidiaries	11,998	2,067
Cash and cash equivalents at end of the period	74,255	64,966

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							Minority interests	Total
	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	-	-	-	-	11,708	4,508	16,216	168	16,384
At 31 March 2018	242,456	26,488	2,033	1,665	18,335	313,228	604,205	11,345	615,550
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	-	-	-	-	2,056	238	2,294	36	2,330
At 31 March 2017	242,456	26,488	2,033	1,665	(17,041)	298,469	554,070	9,468	563,538

The Company	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 31 March 2018	242,456	26,488	130,205	1,665	50,255	451,069
At 1 January 2017	242,456	26,488	130,205	1,665	50,255	451,069
Total comprehensive income for the period	-	-	-	-	-	-
At 31 March 2017	242,456	26,488	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 31 March 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 31 March 2018, the Company did not buy back any shares of the Company by the way of market acquisition and cancelled.

As at 31 March 2018, 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
31 March 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.

During the three months ended 31 March 2018, the Company did not buy back any shares 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

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 (loss) / profit for the period (in HK cents)	3 months ended 31 March	
	2018	2017
(a) Based on weighted average number of ordinary shares on issue; and	13.94	0.74
(b) On a fully diluted basis	N/A	N/A

Basic earnings per share for the three months ended 31 March 2018 is calculated by dividing the profit for Q1 2018 attributable to owners of the Company of approximately HK\$4,508,000 (Q1 2017: HK\$238,000) by the weighted average number of ordinary shares in issue of 32,327,400 (Q1 2017: 32,327,400) during the Q1 2018.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q1 2018 and Q1 2017.

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

	The Group		The Company	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	18.69	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

The Group's overall revenue increased by HK\$43.1 million or 13.8%, from HK\$311.2 million in Q1 2017 to HK\$354.3 million in Q1 2018. A breakdown of the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+50.9m	+20.1	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	-9.2m	-58.0	The revenue decrease within this quarter was a result of shipment schedule slowing down.
Machine Sales	+1.4m	+3.3	The increased revenue was due to the increased delivery of products.

Increase/Decrease in revenue by geographical segments for Q1/2018

Region	(+/-) in HK\$	%	Comments
Asia	+36.7m	+13.3	The increase in revenue from Asia was mainly due to increased orders of our ODM/OEM business segment and Machine Sales business segment.
North America	-4.7m	-65.8	The decrease in revenue from North America was mainly due to decreased orders of our ODM/OEM business segment.
Europe	+11.1m	+39.0	Same as that for Asia.

8.2 Gross profit and gross profit margin

In Q1 2018, the Group's gross profit decreased by 0.2% or HK\$0.1 million, generating gross profit margin of 6.1% (Q1 2017: 6.9%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-0.8m	-7.0	No significant issue identified for the difference.
Moulds and Tooling	+0.6m	+27.7	No significant issue identified for the difference.
Machine Sales	+0.1m	+1.8	No significant issue identified for the difference.

8.3 Other Income

The Group's other income increased by HK\$8.2 million or 147.3%, from HK\$5.6 million in Q1 2017 to HK\$13.8 million in Q1 2018 was mainly due to an increase of mold engineering income for new products.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by HK\$1.3 million or 27.9%, from HK\$4.5 million in Q1 2017 to HK\$5.8 million in Q1 2018 was mainly due to an increase of import & export fee in line with revenue growth.

8.5 Administrative expenses

The Group's administrative expenses increased by HK\$1.7 million or 8.8%, from HK\$19.3 million in Q1 2017 to HK\$21.0 million in Q1 2018 mainly as a result of increase in expenses related to rent & rates and sundries.

8.6 Finance Costs

No significant issue identified.

8.7 Income Tax Expenses

No significant issue identified.

Financial position as at 31 March 2018

8.8 Non-current assets

The Group's non-current assets stood at HK\$201.3 million, decreased by 3.9% or HK\$8.1 million, from HK\$209.4 million at 31 December 2017. This was due to total Q1 2018 depreciation expense being HK\$12.6 million, which were partially offset by the increase in capital expenditure on property, plant and equipment of HK\$3.4 million, HK\$1.1 million charged for the translation of RMB-denominated assets to HKD in consolidation.

8.9 Current assets

The Group's current assets stood at HK\$1,166.0 million increased by HK\$127.0 million or 12.2%, from HK\$1,039.0 million at 31 December 2017, mainly due to:

- an increase in prepayments, deposits and other receivables of HK\$46.9 million mainly due to increase in purchase deposits paid to meet customer delivery schedule;
- an increase in trade and bills receivables of HK\$44.3 million in line with sales increase; and
- an increase in inventories of HK\$34.3 million mainly due to customers' delivery schedule.

8.10 Current liabilities

The Group's current liabilities stood at HK\$749.1 million increased by HK\$102.5 million or 15.9%, from HK\$646.6 million at 31 December 2017, mainly due to:

- an increase in short-term borrowings of HK\$115.4 million; and
- an increase in accruals and other payables of HK\$12.4 million mainly due to the accruals of salary in ODM/OEM segment;

which were offset by:

- a decrease in trade and bills payables of HK\$25.7 million, mainly due to settlement of trade and bills payables in 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 31 March 2018

As at 31 March 2018, the Group's cash resources of HK\$74.3 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$10.8 million held by the Group for the three months ended 31 March 2018 comprised:

- Net cash used in operating activities of HK\$121.5 million to finance the working capital needs;
- Net cash used in investing activities of HK\$3.4 million mainly due to additions of property, plant and equipment only;
- Net cash generated from financing activities of HK\$114.1 million, mainly due to the advancement 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 sterling 1Q FY2018 results further affirms that our multi-pronged strategy in re-engineering is delivering positive returns. Our proactive involvement with core customers early in the production value chain as well as in-process engineering of our manufacturing has enhanced the Group's bottom-line performance.

Our geographical diversification strategy is also delivering results. The successful first shipment from our new Indonesian plant to customers in January paves the way for contributions from this new source of income as the plant ramps up production progressively through the year to better serve our customers all around the world.

Construction of our new production facility in Cangwu County Industrial Park, Guangxi Province, the People's Republic of China has begun and the plant is on track to be ready by September 2018, with production commencing before 2019. This lower-cost county, coupled with ample labor supply and attractive municipal government incentives and subsidies, will further improve the Group's cost efficiencies and enhance our competitive advantage.

On the sales front, our ongoing efforts to strengthen customer relationships are also producing results. We expect our order-book, particularly from our core customers, to improve in tandem.

Overall, we believe the Group is in a fundamentally sound position to continue to deliver profitable returns in FY2018.

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 31 March 2018.

15. 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).

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 3 months financial period ended 31 March 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 May 2018