

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
聯志國際控股有限公司
(Incorporated in the Cayman Islands on 8 October 2007)
Company Registration No. MC-196613

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Board of Directors (the “**Board**”) of Combine Will International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcement on the unaudited full year financial results of the Company for the financial year ended 31 December 2019 (the “**FY2019 Unaudited Results**”) which was released on SGXNET on 28 February 2020.

Pursuant to Rule 704(6) of the Singapore Exchange Securities Trading Limited Listing Manual Section A: Rules of Mainboard, the Board wishes to announce that subsequent to the release of the FY2019 Unaudited Results and the finalisation of the Company’s audit, there were material adjustments between the FY2019 Unaudited Results and the audited full year financial results of the Company for the financial year ended 31 December 2019.

Details and clarifications of the adjustments are set out in Appendices A to C of this announcement.

By Order of the Board

Chiu Hau Shun Simon
Executive Director

1 June 2020

APPENDIX A

Combine Will International Holdings Limited
Consolidated Statement of Profit or Loss and Comprehensive Income
For the year ended 31 December 2019

	Audited HK\$'000	Unaudited HK\$'000	Variance HK\$'000	Note
Continuing Operations				
Revenue	1,765,226	1,765,226	-	
Cost of sales	(1,616,209)	(1,616,209)	-	
Gross Profit	149,017	149,017	-	
Other gain and (other loss)	25,894	25,894	-	
Impairment loss on trade and other receivables and contract assets	(4,856)	-	(4,856)	1
Selling and distribution expenses	(14,700)	(14,700)	-	
Administrative expenses	(69,828)	(77,242)	7,414	1,2
Profit from operations	85,527	82,969	2,558	
Finance costs	(22,614)	(22,614)	-	
Profit before tax	62,913	60,355	2,558	
Income tax expenses	(6,484)	(6,484)	-	
Profit for the year from continuing operations	56,429	53,871	2,558	
Discontinued Operations				
Loss for the year from discontinued operations	(5,226)	(2,668)	(2,558)	2
Profit for the year	51,203	51,203	-	
Profit/(loss) for the year attributable to:				
Owners of the Company	54,355	54,355	-	
Non-controlling interests	(3,152)	(3,152)	-	
	51,203	51,203	-	
Profit/(loss) attributable to owners of the Company related to :				
Continuing operations	56,818	54,260	2,558	2
Discontinued operations	(2,463)	95	(2,558)	2
	54,355	54,355	-	
Earnings per share				
From continuing and discontinuing operations				
Basic earning per share (HK cents)	168.14	168.14		
From continuing operations				
Basic earning per share (HK cents)	175.76	167.85		3

Explanation of variance

Note:

1. Impairment loss on trade and other receivables and contract assets was reclassified to be separately disclosed.
2. Financial guarantee to former subsidiaries was reclassified to form part of consideration on disposal used to calculate the gain/(loss) on disposal of subsidiaries which was subsequently transferred from continuing operations to discontinued operations.
3. Due to change in profit attributable to continuing operations for reasons discussed above.

APPENDIX B

Combine Will International Holdings Limited
Statement of Financial Position
As at 31 December 2019

	The Company			Note
	Audited HK\$'000	Unaudited HK\$'000	Variance HK\$'000	
Assets				
Non-current assets				
Investments in subsidiaries	450,761	461,263	(10,502)	1
Other receivables	11,833	11,833	-	
Total non-current assets	462,594	473,096	(10,502)	
Current assets				
Prepayments, deposits and other receivables	3,000	3,000	-	
Bank and cash balances	1,189	1,189	-	
Total current assets	4,189	4,189	-	
Total assets	466,783	477,285	(10,502)	
Liabilities and equity				
Current liabilities				
Amount due to subsidiaries	20,638	20,638	-	
Financial guarantee	8,059	8,059	-	
Total current liabilities	28,697	28,697	-	
Total liabilities	28,697	28,697	-	
Equity attributable to owners of the Company				
Share capital	242,456	242,456	-	
Reserves	195,630	206,132	(10,502)	1
Total equity	438,086	448,588	(10,502)	
Total liabilities and equity	466,783	477,285	(10,502)	

Explanation of variance

Note:

1. (a) Fair value of financial guarantees provided by Company to subsidiaries were capitalised as investments in subsidiaries instead of charging to administrative expenses.
- (b) This is offset by impairment loss on investments in subsidiaries.

APPENDIX C

Combine Will International Holdings Limited
 Consolidated Statement of Cash flow
 For the year ended 31 December 2019

	The Group			Note
	Audited HK\$'000	Unaudited HK\$'000	Variance HK\$'000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax				
Continuing operations	62,913	60,355	2,558	1
Discontinued operations	(5,226)	(2,668)	(2,558)	1
	<u>57,687</u>	<u>57,687</u>	-	
Adjustments for:				
Depreciation of property, plant and equipment	49,155	49,155	-	
Depreciation of right-of-use assets	19,796	19,796	-	
Loss on disposal of property, plant and equipment	2,103	2,103	-	
Impairment loss on trade and other receivables and contract assets	4,856	4,856	-	
Impairment loss on right-of-use assets	883	883	-	
Loss/(gain) on disposal of subsidiaries	2,463	(95)	2,558	1
Fair value movement on financial guarantee contracts	-	2,558	(2,558)	1
Fair value gain on financial assets at fair value through profit or loss("FVTPL")	(4,326)	(4,326)	-	
Interest income	(1,032)	(1,032)	-	
Finance costs	22,614	22,614	-	
Operating profit before working capital changes	<u>154,199</u>	<u>154,199</u>	-	
Decrease in inventories	21,331	21,331	-	
Increase in contract assets	(34,211)	(34,211)	-	
Increase in trade and bills receivables	(9,016)	(9,016)	-	
Decrease in prepayments, deposits and other receivables	13,612	13,612	-	
Decrease in trade and bills payables	(20,435)	(20,435)	-	
Increase in accruals and other payables	12,539	12,539	-	
Cash generated from operations	<u>138,019</u>	<u>138,019</u>	-	
Interest paid	(19,501)	(19,501)	-	
Income taxes refund	813	813	-	
Interest on lease liabilities	<u>(3,113)</u>	<u>(3,113)</u>	-	

Net cash generated from operating activities	<u>116,218</u>	<u>116,218</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(150,483)	(150,483)	-
Purchases of financial assets at FVTPL	(38,418)	(38,418)	-
Purchase of financial assets at fair value through other comprehensive income	(1,000)	(1,000)	-
Proceeds from disposals of property, plant and equipment	2,000	2,000	-
Net cash (outflow)/inflow from disposal of a subsidiary	(10,998)	(10,998)	-
Interest received	<u>742</u>	<u>742</u>	-
Net cash used in investing activities	<u>(198,157)</u>	<u>(198,157)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	(9,319)	(9,319)	-
Inception of new loans	44,000	44,000	-
Repayment of loans	(15,000)	(15,000)	-
Net advance of trust receipts and import loans	99,150	99,150	-
Principal elements of lease payments	(15,568)	(15,568)	-
Acquisition of additional interest in subsidiary	<u>(1,219)</u>	<u>(1,219)</u>	-
Net cash generated from financing activities	<u>102,044</u>	<u>102,044</u>	-
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	20,105	20,105	-
Net effect of exchange rate changes on cash and cash equivalents held	(9,492)	(9,492)	-
CASH AND CASH EQUIVALENTS AT 1 JANUARY			
	<u>89,872</u>	<u>89,872</u>	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER			
	<u><u>100,485</u></u>	<u><u>100,485</u></u>	-

Note

1. Financial guarantee to former subsidiaries was reclassified to form part of consideration on disposal used to calculate the gain/(loss) on disposal of subsidiaries which and was subsequently transferred from continuing operations to discontinued operations.