

Combine Will International Holdings Limited
(Incorporated in Cayman Islands)
(Co. Reg. No: MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2009

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income statement for the quarter ended 31 March 2009

	The Group			
	3 months ended 31 March			
	2009	2008	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Revenue	201,879	314,241	(112,362)	(35.8)
Cost of sales	(174,270)	(253,015)	(78,745)	(31.1)
Gross Profit	27,609	61,226	(33,617)	(54.9)
Other income	7,610	5,099	2,511	49.2
Selling and distribution expenses	(4,204)	(9,353)	(5,149)	(55.1)
Administrative expenses	(26,608)	(27,445)	(837)	(3.0)
Profit From Operations	4,407	29,527	(25,120)	(85.1)
Finance costs	(1,660)	(4,420)	(2,760)	(62.4)
Profit Before Tax	2,747	25,107	(22,360)	(89.1)
Income tax expense	(603)	(4,697)	(4,094)	(87.2)
Profit for the period	2,144	20,410	(18,266)	(89.5)
Attributable to:				
Equity holders of the Company	3,419	19,740	(16,321)	(82.7)
Minority interests	(1,275)	670	(1,945)	(290.3)

1(a)(ii) Statement of Comprehensive Income for the quarter ended 31 March 2009

	The Group			
	3 months ended 31 March			
	2009	2008	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Profit for the period	2,144	20,410	(18,266)	(89.5)
Other comprehensive income				
Translation reserve	4,805	2,929	1,876	64.0
Total comprehensive income for the period	6,949	23,339	(16,390)	(70.2)
Attributable to:				
Equity holders of the Company	8,224	22,669	(14,445)	(63.7)

Minority interests	(1,275)	670	(1,945)	(290.3)
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Note:

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

	3 months ended	
	31 March	
	2009	2008
	HK\$'000	HK\$'000
Depreciation	11,431	10,933
Amortization of prepaid land lease payments	77	77
(Gain)/Loss on disposals of property, plant and equipment	(2)	108
Allowance of doubtful debts	-	106
Interest income	(28)	(390)
Interest on bank loans and overdrafts	1,657	4,415
Finance lease charges	3	5
Exchange difference, net	478	574

1(b)(i) A balance sheet (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 31.3.2009	At 31.12.2008	At 31.3.2009	At 31.12.2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	12,151	12,228	-	-
Property, plant and equipment	220,237	224,338	-	-
Investments in subsidiaries	-	-	310,205	310,205
Goodwill	2,417	2,417	-	-
Available-for-sale financial assets	-	-	-	-
	234,805	238,983	310,205	310,205
Current assets				
Inventories	279,398	266,376	-	-
Trade and bills receivables	124,770	129,210	-	-
Prepayments, deposits and other receivables	82,986	81,659	-	-
Current tax assets	8,967	4,319	-	-
Due from subsidiaries	-	-	92,830	92,830
Bank and cash balances	87,446	105,769	114	1,321
	583,567	587,333	92,944	94,151
Total assets	818,372	826,316	403,149	404,356
Current liabilities				
Trade and bills payables	108,600	105,406	-	-
Accruals and other payables	92,843	104,244	456	1,663
Dividend payable	-	-	-	-
Short-term borrowings	168,132	162,319	-	-
Finance lease payables	111	106	-	-
Current tax liabilities	6,667	19,142	-	-
	376,353	391,217	456	1,663
Non-current liabilities				
Finance lease payables	29	58	-	-
Deferred tax liabilities	3,140	3,140	-	-
	3,169	3,198	-	-
Total liabilities	379,522	394,415	456	1,663
	438,850	431,901	402,693	402,693
Equity attributable to shareholders of the Company				
Share capital	246,000	246,000	246,000	246,000

Reserves	184,698	176,474	156,693	156,693
	430,698	422,474	402,693	402,693
Minority interests	8,152	9,427	-	-
Total equity	438,850	431,901	402,693	402,693

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 2009	As at 31 December 2008
Secured	Secured
HK\$'000	HK\$'000
168,243	162,425

Amount repayable after one year

As at 31 March 2009	As at 31 December 2008
Secured	Secured
HK\$'000	HK\$'000
29	58

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies and buildings with a carrying amount of HK\$5.8 million as at 31 March 2009

1(c) A cash flow statement (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	
	2009	2008
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	2,747	25,107
Adjustments for :		
Depreciation and amortization	11,508	11,010
(Gain)/Loss on disposals of property, plant and equipment	(2)	108
Interest income	(28)	(390)
Finance costs	1,660	4,420
Operating profit before working capital changes	15,885	40,255
(Increase)/Decrease in inventories	(13,022)	1,860
Decrease/(Increase) in trade and bills receivables	4,440	(12,290)
Increase in prepayments, deposits and other receivables	(1,327)	(13,674)
Increase in trade and bills payables	3,194	94,459
(Decrease)/Increase in accruals and other payables	(11,401)	24,369
Cash (used in)/generated from operations	(2,231)	134,979
Income tax paid	(17,726)	(1,146)
Interest paid	(1,657)	(4,415)
Net cash (used in)/generated from operating activities	(21,614)	129,418
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,384)	(15,646)
Proceeds from disposal of property, plant and equipment	2	32
Interest received	28	390
Net cash used in investing activities	(7,354)	(15,224)
Cash flows from financing activities		
Inception of new short-term bank loans	20,000	-
Repayment of long-term borrowings	-	(3,813)
Net repayment of trust receipt and import loans	(14,187)	(60,207)
Interest on finance lease payables	(3)	(5)
Net repayment of finance lease payables	(24)	(25)
Dividends paid to minorities	-	(757)
Net cash generated from/(used in) financing activities	5,786	(64,807)
Net (decrease)/increase in cash and cash equivalents	(23,182)	49,387
Cash and cash equivalents at beginning of the period	105,769	69,194
Net effect of exchange rate changes in consolidating subsidiaries	4,859	5,307
Cash and cash equivalents at end of the period	87,446	123,888

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 shareholders of the Company							Minority interests	Total
	Share capital	Share premium	Merger reserve	Statutory reserve	Translation reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2009	246,000	26,488	-	2,057	19,220	128,709	422,474	9,427	431,901
Total comprehensive income for the period	-	-	-	-	4,805	3,419	8,224	(1,275)	6,949
At 31 March 2009	246,000	26,488	-	2,057	24,025	132,128	430,698	8,152	438,850
At 1 January 2008	1	-	-	2,057	18,205	253,651	273,914	10,287	284,201
Total comprehensive income for the period	-	-	-	-	2,929	19,740	22,669	670	23,339
Dividends to minorities	-	-	-	-	-	-	-	(757)	(757)
At 31 March 2008	1	-	-	2,057	21,134	273,391	296,583	10,200	306,783

The Company	Share capital	Share premium	Contributed surplus	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2009	246,000	26,488	130,205	-	402,693
Profit for the year	-	-	-	-	-
At 31 March 2009	246,000	26,488	130,205	-	402,693
Balance at 1 January 2008 and 31 March 2008	-	-	-	-	-

- 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 2009, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 31 March 2009, there were no outstanding share options / warrants / convertible securities / treasury shares (31 December 2008 and 31 March 2008: Nil).

- 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.**

328,000,000 ordinary shares of HK\$0.01 each as at 31 March 2009 and 31 December 2008.

- 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.**

Not applicable

- 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 preparing for the audited financial statements for the year ended 31 December 2008 except as described in paragraph 5.

- 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 accounting period beginning on 1 January 2009. 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.**

	3 months ended 31 March	
	2009	2008
	HK cents	HK cents
Earnings per ordinary share for the period based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	1.04	8.23
(b) On a fully diluted basis	N/A	N/A

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company of approximately HK\$3,419,000 (Q1 2008: HK\$19,740,000) by the weighted average number of ordinary shares in issue of 328,000,000 (Q1 2008: 240,000,000) during the Q1 2009.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q1 2009 and Q1 2008.

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	
	31.3.2009	31.12.2008	31.3.2009	31.12.2008
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital at the end of the year:	133.80	131.68	122.77	122.77
Number of ordinary shares in issue	328,000,000	328,000,000	328,000,000	328,000,000

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

Comparing with Q1 2008, the Group's overall revenue decreased by 35.8% in Q1 2009. The performance by the Group's 3 business units according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-53.0m	-29.8	Rescheduling of orders by our customers due to current economic conditions.
Moulds and Toolings	-42.5m	-43.0	Reduction in demand of automobiles moulds and reduction in the investment by our customers in new product development

			in current economic conditions.
Machine Sales	-16.9m	-44.8	Focussing on quality customers as a result of tightened credit policy of the Group.

Increase/Decrease in revenue by geographical segments for Q1/2009

Region	(+/-) in HK\$	%	Comments
Asia	-71.6m	-32.8	Reduction of revenue in all 3 business segments
North America	-4.7m	-25.5	Mainly from Moulds and Toolings business segments
Europe	-36.1m	-46.4	Mainly from Moulds and Toolings business segments

8.2 Gross profit and gross profit margin

In Q1 2009, the Group's gross profit declined by 54.9% to HK\$27.6 million, generating gross profit margin of 13.7% (Q1 2008: 19.5%). The breakdown according to business segments is as follows:

Business Segment	(+/-) Gross Profit	(+/-) Gross Profit %	Comments
ODM/OEM	-12.6m	-3.4	Variations in product mix
Moulds and Toolings	-17.2m	-10.5	Decreased export sales.
Machine Sales	-3.8m	-3.7	Focussing on quality customers as a result of tightened credit policy of the Group.

8.3 Other Income

The increase in Other Income is mainly due to an increase in mould engineering income by OEM/ODM business units.

8.4 Selling and distribution expenses

In line with decreased export sales in ODM/OED and Moulds and Toolings business unit, there was a corresponding reduction in transportation as well as import/export charges. This had in turn led to the decline in selling and distribution expenses in Q1 2009.

8.5 Administrative expenses

The Group's administrative expenses remained steady in Q1 2009

8.6 Finance Costs

Finance costs decreased by 62.4% to HK\$1.7 million due to lower utilization of banking facilities in response to recent economic conditions aided by the tightened credit control over trade receivables..

Financial position

8.7 Non-current assets

The Group's non-current assets decreased by 1.7% to HK\$234.8 million as at 31 March 2009, due mainly to the increase in property, plant and equipment of HK\$7.4 million which was partially offset against the depreciation expense of HK\$11.5 million charged for the year.

8.8 Current assets

As at 31 March 2009, the Group's current assets decrease by 0.6% to HK\$583.5 million due mainly to:

- an increase in inventories of HK\$13 million due mainly to the need to meet the customers' delivery schedule in coming quarters; and
- a decrease in trade and bills receivables of HK\$4.4 million, being the result of better credit control and better collection; and
- an increase in current tax assets due to payment of provisional tax amounting to HK\$4.6 million; and
- a decrease in bank and cash balances of HK\$18.3 million due mainly to the purchase of property, plant and equipment and settlement of its tax liabilities amounting to HK\$25.1 million, partly offset by net cash generated from financing activities amounting to HK\$5.8 million.

8.9 Current liabilities

Current liabilities decreased due mainly to:

- an increase in trade and bills payables due to increased inventory;
- a decrease in accruals and other payables of HK\$11.4 million as a result of a decrease in mould deposit received amounted to approximately HK\$14.4 million; and
- an increase in short-term borrowings which amounted to approximately HK\$5.8 million to meet its working capital needs.

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These were partially offset by a decrease in current tax payable of HK\$12.5 million.

8.10 Cash Flow Statement

The Group's cash resources are considered adequate for current operational needs. The decrease in cash and cash equivalents held by the Group is due mainly to the purchase of property, plant and equipment and settlement of its tax liabilities.

The cash outflow from investing activities arose mainly from acquisition of property, plant and equipment to meet its operational needs in its Moulds and Tooling business unit.

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.

Outlook

Based on the outlook for FY2009, the Group's business continues to be difficult in view of softer market demand, slower export sales, and stiffer competition.

ODM/OEM

Although the ODM/OEM business continues to face some pressure for the rest of FY2009, the Group is cautiously optimistic that it will be able to ride through the economic downturn, and maintain its established position in the ODM/OEM industry. However, the Group is pleased to have received more sales inquiries from both new and existing customers in recent months. Ever since the R&D capabilities for the ODM/OEM business were beefed up, the Group has been developing new products and new processing techniques, which it hopes will materialize and be able to contribute towards stronger sales performance in the later part of 2009 and in the years after.

Moulds and Tooling

With the shift towards developing moulds for the toys and premiums (instead of expanding manufacturing capacity for automobile parts which is more significantly affected by the global economic slowdown), the Group will focus on growing this business segment based on current capacity. It will also focus on proactively minimizing credit risks by only working with quality customers.

Machine Sales

The Group expects further market consolidation within the industry as a result of the prevailing business environment. Demand for advanced machines and precision tools used in the manufacture of moulds, die-cast products and automobile parts in the PRC is likely to be further reduced. The Group has been working hard to follow up with potential customers who showed interest to purchase its machines before the economic downturn. The Group is pleased to report that it has begun to receive orders from these customers and believes that, barring any unforeseen circumstances, Machine Sales business would improve towards the end of 2009.

Business Strategy

In response to a difficult business climate, the Group has identified its major business risks as being liquidity-related, and will continue to follow prudent financial management and enhance corporate governance as well as increase its efforts in improving its purchase, inventory, and debtor management.

In addition, it will continue to monitor the trends closely, and increase its efforts in raising operational efficiency, productivity and in exercising stringent control over operating costs.

Barring unforeseen circumstances, the Directors remain cautiously optimistic that the Group will remain profitable in FY2009. Given the tougher business environment that the Group is currently operating in, however, the Directors maintain the expectation that the Group's profit for FY2009 would be significantly lower than that achieved in FY2008.

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. 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 2009 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

13 May 2009