



Owners of the Company	32,781	12,500	20,281	162.25	51,541	20,724	30,817	148.70
Minority interests	795	(922)	1,717	186.23	2,788	(2,197)	4,985	226.90

**Note:**

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

	3 months ended 30 June		6 months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	12,193	12,289	24,913	23,797
Loss / (Gain) on disposals of property, plant and equipment	307	1	307	(1)
Interest income	28	(41)	(67)	(69)
Interest on bank loans and overdrafts	4,646	2,298	7,827	3,955
Finance lease charges	-	5	1	8
Exchange difference, net	1,429	(56)	1,820	921

**1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	At 30.6.2010	At 31.12.2009	At 30.6.2010	At 31.12.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	270,187	241,624	-	-
Investments in subsidiaries	-	-	310,205	310,205
Goodwill	2,417	2,417	-	-
	<b>272,604</b>	<b>244,041</b>	<b>310,205</b>	<b>310,205</b>
<b>Current assets</b>				
Inventories	323,262	276,027	-	-
Trade and bills receivables	248,545	256,279	-	-
Prepayments, deposits and other receivables	135,212	80,754	-	-
Current tax assets	4,548	10,880	-	-
Due from subsidiaries	-	-	152,834	152,834
Bank and cash balances	136,692	179,058	109	109
	<b>848,259</b>	<b>802,998</b>	<b>152,943</b>	<b>152,943</b>
<b>Total assets</b>	<b>1,120,863</b>	<b>1,047,039</b>	<b>463,148</b>	<b>463,148</b>
<b>Current liabilities</b>				
Trade and bills payables	137,825	125,593	-	-
Accruals and other payables	127,521	100,082	455	455
Short-term borrowings	185,817	287,135	-	-
Current portion of long-term borrowings	34,506	12,269	-	-
Finance lease payables	10	67	-	-
Current tax liabilities	14,986	17,183	-	-
	<b>500,665</b>	<b>542,329</b>	<b>455</b>	<b>455</b>
<b>Non-current liabilities</b>				
Long-term borrowings	112,423	32,735	-	-
Deferred tax liabilities	3,140	3,140	-	-
	<b>115,563</b>	<b>35,875</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>616,228</b>	<b>578,204</b>	<b>455</b>	<b>455</b>
	<b>504,635</b>	<b>468,835</b>	<b>462,693</b>	<b>462,693</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	246,000	246,000	246,000	246,000
Reserves	245,477	212,465	216,693	216,693

Minority interests	491,477	458,465	462,693	462,693
	13,158	10,370	-	-
<b>Total equity</b>	<b>504,635</b>	<b>468,835</b>	<b>462,693</b>	<b>462,693</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 30 June 2010	As at 31 December 2009
Secured	Secured
HK\$'000	HK\$'000
220,333	299,471

**Amount repayable after one year**

As at 30 June 2010	As at 31 December 2009
Secured	Secured
HK\$'000	HK\$'000
112,423	32,735

**Details of collaterals**

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies' and the Group's land and buildings with a carrying amount of HK\$11.3 million as at 30 June 2010.

**1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group			
	3 months ended 30 June		6 months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	40,182	13,637	64,619	16,384
Adjustments for :				
Depreciation and amortization	12,193	12,289	24,913	23,797
Loss/(Gain) on disposals of property, plant and equipment	307	1	307	(1)
Interest income	28	(41)	(67)	(69)
Finance costs	4,646	2,303	7,828	3,963
<b>Operating profit before working capital changes</b>	<b>57,356</b>	<b>28,189</b>	<b>97,600</b>	<b>44,074</b>
Decrease/(Increase) in inventories	29,026	14,818	(47,235)	1,796
Decrease/(Increase) in trade and bills receivables	28,457	(16,718)	7,734	(12,278)
Increase in prepayments, deposits and other receivables	(53,696)	(6,552)	(54,458)	(7,879)
(Decrease)/Increase in trade and bills payables	(27,965)	(32,191)	12,232	(28,997)
Increase/(Decrease) in accruals and other payables	2,781	10,060	27,439	(1,341)
<b>Cash generated from/(used in) operations</b>	<b>35,959</b>	<b>(2,394)</b>	<b>43,312</b>	<b>(4,625)</b>
Income tax paid	(5,760)	(3,584)	(6,990)	(21,310)
Interest paid	(4,646)	(2,298)	(7,827)	(3,955)
<b>Net cash generated from/(used in) operating activities</b>	<b>25,553</b>	<b>(8,276)</b>	<b>28,495</b>	<b>(29,890)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(39,398)	(7,330)	(53,064)	(14,714)
Proceeds from disposals of property, plant and equipment	369	-	369	2
Interest received	(28)	41	67	69
<b>Net cash used in investing activities</b>	<b>(39,057)</b>	<b>(7,289)</b>	<b>(52,628)</b>	<b>(14,643)</b>
<b>Cash flows from financing activities</b>				
Inception of new short-term bank loans	44,095	-	44,095	20,000
Inception of new long-term bank loans	110,000	-	110,000	-
Repayment of short-term bank loans	(115,318)	-	(118,342)	-
Repayment of long-term borrowings	(4,641)	-	(8,075)	-
Net advance/(repayment) of trust receipt and import loans	31,761	110,667	(27,071)	96,480
Interest on finance lease payables	-	(5)	(1)	(8)
Repayment of finance lease payables	(29)	(27)	(57)	(51)
Dividends paid to equity holders	(18,529)	(17,294)	(18,529)	(17,294)
<b>Net cash generated from/(used in) financing activities</b>	<b>47,339</b>	<b>93,341</b>	<b>(17,980)</b>	<b>99,127</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>33,835</b>	<b>77,776</b>	<b>(42,113)</b>	<b>54,594</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>103,217</b>	<b>87,446</b>	<b>179,058</b>	<b>105,769</b>
Net effect of exchange rate changes in consolidating subsidiaries	(360)	3,752	(253)	8,611
<b>Cash and cash equivalents at end of the period</b>	<b>136,692</b>	<b>168,974</b>	<b>136,692</b>	<b>168,974</b>

**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 HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Subtotal HK\$'000		
	At 1 January 2010	246,000	26,488	2,057	27,306	156,614		
Total comprehensive income for the period	-	-	-	835	50,706	51,541	2,788	54,329
Dividends to owners	-	-	-	-	(18,529)	(18,529)	-	(18,529)
<b>At 30 June 2010</b>	<b>246,000</b>	<b>26,488</b>	<b>2,057</b>	<b>28,141</b>	<b>188,791</b>	<b>491,477</b>	<b>13,158</b>	<b>504,635</b>
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	-	-	-	6,067	14,657	20,724	(2,197)	18,527
Dividends to owners	-	-	-	-	(17,294)	(17,294)	-	(17,294)
<b>At 30 June 2009</b>	<b>246,000</b>	<b>26,488</b>	<b>2,057</b>	<b>25,287</b>	<b>126,072</b>	<b>425,904</b>	<b>7,230</b>	<b>433,134</b>

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2010	246,000	26,488	130,205	60,000	462,693
Total comprehensive income for the period	-	-	-	18,529	18,529
Dividends to owners	-	-	-	(18,529)	(18,529)
<b>At 30 June 2010</b>	<b>246,000</b>	<b>26,488</b>	<b>130,205</b>	<b>60,000</b>	<b>462,693</b>
At 1 January 2009	246,000	26,488	130,205	-	402,693
Total comprehensive income for the period	-	-	-	17,294	17,294
Dividends to owners	-	-	-	(17,294)	(17,294)
<b>At 30 June 2009</b>	<b>246,000</b>	<b>26,488</b>	<b>130,205</b>	<b>-</b>	<b>402,693</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

**State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the three months ended 30 June 2010, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 30 June 2010, 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.**

328,000,000 ordinary shares of HK\$0.75 each as at 30 June 2010 and 31 December 2009.

- 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 2009 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 2010. 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 except as stated below.

#### Classification of Land Leases

The adoption of the amendment to IAS 17 “Leases” has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, leasehold land was classified as an operating lease and stated at cost less accumulated amortisation. In accordance with the amendment, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of the land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, the leasehold land of the Group has been classified as a finance lease. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

The amendment to IAS 17 has been applied retrospectively and resulted in increase in property, plant and equipment and decrease in prepaid land lease payment and land use rights by the same amount.

**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.**

	<b>The Group</b>			
	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	2010	2009	2010	2009
	HK cents	HK cents	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	9.72	3.43	15.46	4.47
(b) On a fully diluted basis	N/A	N/A	N/A	N/A

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$31,888,000 (Q2 2009: HK\$11,238,000) by the weighted average number of ordinary shares in issue of 328,000,000 (Q2 2010: 328,000,000) during the Q2 2010.

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$50,706,000 (HY 2009: HK\$14,657,000) by the weighted average number of ordinary shares in issue of 328,000,000 (HY 2010: 328,000,000) during the HY 2010.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q2 2010 and Q2 2009.

**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.**

	<b>The Group</b>		<b>The Company</b>	
	<b>30/6/2010</b>	<b>31/12/2009</b>	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
Net asset value per ordinary share based on issued share capital at the	149.84	139.78	141.06	141.06



end of the year:				
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.**

## INCOME STATEMENT

### 8.1 Revenue

Comparing with Q2 2009, the Group's overall revenue increased by 95.0% in Q2 2010, the performance by the Group's 3 business units according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+185.0m	+127.1	Growth in sales as a result of economic recovery.
Moulds and Toolings	-1.7m	-2.9	Received orders that need longer production period.
Machine Sales	+29.6m	+164.3	Growth in sales as a result of economic recovery.

*Increase/Decrease in revenue by geographical segments for Q2/2010*

Region	(+/-) in HK\$	%	Comments
Asia	+114.4m	+69.6	Mainly from ODM/OEM business and Machine Sales business.
North America	+78.4m	+553.6	Mainly from ODM/OEM business.
Europe	+20.1m	+44.2	Mainly increase in ODM/OEM and partially offset by decrease in Moulds and Toolings business segments.

### 8.2 Gross profit and gross profit margin

In Q2 2010, the Group's gross profit inclined by 81.2% or HK\$34.2 million, generating gross profit margin of 17.4% (Q2 2009: 18.8%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+28.1m	+143.6	Arising from better production efficiency and control of production cost.
Moulds and Toolings	-2.5m	-13.3	A higher proportion of relatively lower margin moulds delivered.
Machine Sales	+8.6m	+237.7	Direct result of market recovery.

### 8.3 Other Income

The increase in other income is mainly due to an increase in mould engineering income by OEM/ODM business segment.

### 8.4 Selling and distribution expenses

The increase in selling and distribution expenses is mainly due to the increase of transportation expenses as a result of increased sales in ODM/OEM business segment.

### 8.5 Administrative expenses

The Group's administrative expenses increased by 35.5% to HK\$29.4 million in Q2 2010 mainly as a result of increase in professional fees for the IPO in Korea.

### 8.6 Finance Costs

Finance costs increased by 101.7% to HK\$4.6 million due to higher utilization of banking facilities in response to the additional financing requirements for the increase in turnover in the ODM/OEM segment.

## FINANCIAL POSITION

### 8.7 Non-current assets

The Group's non-current assets increased by 11.7% or HK\$28.6 million as at 30 June 2010, due mainly to the increase in property, plant and equipment of HK\$53.1 million which was partially offset against the depreciation expense of HK\$24.9 million charged for the six months ended 30 June 2010.

### 8.8 Current assets

As at 30 June 2010, the Group's current assets increased by 5.6% to HK\$848.3 million mainly due to:

- an increase in inventories of HK\$47.2 million due to customer delivery schedule;
- a decrease in trade and bills receivables of HK\$7.7 million due to customer delivery schedule;
- an increase in prepayments, deposits and other receivables of HK\$54.5 million due to customer delivery schedule;
- a decrease in bank and cash balances of HK\$42.4 million due mainly to the repayment of bank borrowings and the purchase of property, plant and equipment; and
- a decrease in current tax assets of HK\$6.3 million due mainly to the increase in net profit for the period.

### 8.9 Current liabilities

As at 30 June 2010, the Group's current liabilities decreased by 7.7% to HK\$500.7 million mainly due to:

- a decrease in short-term borrowings amounting to approximately HK\$101.3 million mainly due to repayment of short term loan and increased utilization of long term loans;

- an increase in trade and bills payables amounting to approximately HK\$12.2 million due to increase purchase to meet its production commitment;
- an increase in accruals and other payables of HK\$27.4 million due to increase in purchase by ODM/OEM business segment;
- an increase in current portion of long-term borrowings of HK\$22.2 million due to increased utilization of long term loan;
- a decrease in current tax payable of HK\$2.2 million due to the increased of profit before tax.

#### 8.10 Non-Current liabilities

The increase in long-term borrowings is mainly due to the increase utilization of long-term loan to replace the short-term loans.

### CASH FLOWS

#### 8.11 Statement of Cash Flows

As at 30 Jun 2010, the Group's cash resources of HK\$136.7 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$42.1 million held by the Group for the 6 months ended 30 June 2010 is comprised

Net cash generated from operating activities of HK\$28.5 million, due to improved business performance;

Net cash used in investing activities of HK\$52.7 million, mainly due to increased capital expenditure; and

Net cash used in financing activities of HK\$18.0 million, mainly due to repayment of long term debt.

**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 positive sentiment surrounding China is shared by Research and Markets, in their China Sourcing Report: Craft, Gifts & Novelties 2010. They pointed out that China's crafts, gifts and novelties industry is well on the road to recovery. On the back of improving US and Europe economies, many suppliers in the country project overseas revenue to increase more than 20 percent in the next 12 months.

However, recent issues regarding RMB appreciation and increasing labour wage costs have raised concerns on the sustainability of this recovery. The group has been effectively responding to the challenges by production process re-engineering including investments on process automation and additional production facilities for achieving economy of scale.

The Company has also acquired new substantial customers. These new customers have already placed substantial orders and there are indications that they are expected to ramp up orders in 2010.

Given these positive developments, the Company continues to maintain an optimistic cautious outlook on its business prospects, barring unforeseen circumstances.

**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 6 months financial period ended 30 June 2010 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 August 2010