

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

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND THREE MONTHS ENDED 30 JUNE 2011**

**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.**

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2011	2010	Change	%	2011	2010	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
<b>Revenue</b>	467,296	436,920	30,376	6.95	920,895	814,754	106,141	13.03
Cost of sales	(410,492)	(360,703)	49,789	13.80	(796,079)	(679,684)	116,395	17.12
<b>Gross Profit</b>	56,804	76,217	(19,413)	(25.47)	124,816	135,070	(10,254)	(7.59)
Other income	6,011	3,532	2,479	70.19	12,059	5,659	6,400	113.09
Selling and distribution expenses	(9,072)	(5,511)	3,561	64.62	(19,051)	(10,569)	8,482	80.25
Administrative expenses	(23,635)	(29,410)	(5,775)	(19.64)	(58,133)	(57,713)	420	0.73
<b>Profit From Operations</b>	30,108	44,828	(14,720)	(32.84)	59,691	72,447	(12,756)	(17.61)
Finance costs	(6,061)	(4,646)	1,415	30.46	(12,028)	(7,828)	4,200	53.65
<b>Profit Before Tax</b>	24,047	40,182	(16,135)	(40.15)	47,663	64,619	(16,956)	(26.24)
Income tax expense	(4,578)	(7,499)	(2,921)	(38.95)	(9,625)	(11,125)	(1,500)	(13.48)
<b>Profit for the period</b>	19,469	32,683	(13,214)	(40.43)	38,038	53,494	(15,456)	(28.89)
<b>Attributable to:</b>								
Owners of the Company	14,307	31,888	(17,581)	(55.13)	29,805	50,706	(20,901)	(41.22)
Non-controlling interests	5,162	795	4,367	549.31	8,233	2,788	5,445	195.3

**1(a)(ii) Statement of Comprehensive Income for the quarter ended 30 June 2011**

	The Group							
	3 months ended 30 June				6 months ended 30 June			
	2011	2010	Change	%	2011	2010	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
<b>Profit for the period</b>	19,469	32,683	(13,214)	(40.43)	38,038	53,494	(15,456)	(28.89)
<b>Other comprehensive income for the period, net of tax</b>								
Exchange difference on translating foreign operations	1,247	893	354	39.64	4,715	835	3,880	464.67
<b>Total comprehensive income for the period</b>	20,716	33,576	(12,860)	(38.30)	42,753	54,329	(11,576)	(21.31)

<b>Attributable to:</b>								
Owners of the Company	15,554	32,781	(17,227)	(52.55)	34,520	51,541	(17,021)	(33.02)
Non-controlling interests	5,162	795	4,367	549.31	8,233	2,788	5,445	195.30

**Note:**

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

	3 months ended 30 June		6 months ended 30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	13,349	12,193	26,906	24,913
Loss on disposals of property, plant and equipment	-	307	-	307
Interest income	(2,216)	28	(3,675)	(67)
Interest on bank loans and overdrafts	6,061	4,646	12,028	7,827
Finance lease charges	-	-	-	1
Exchange difference, net*	(3,963)	1,429	(4,735)	1,820

\* Exchange differences are included as part of the administrative expenses of the Group.

**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 30.06.2011	At 31.12.2010	At 30.06.2011	At 31.12.2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	303,315	294,966	-	-
Investments In Subsidiaries	-	-	310,205	310,205
Goodwill	2,417	2,417	-	-
	305,732	297,383	310,205	310,205
<b>Current assets</b>				
Inventories	511,706	412,479	-	-
Trade and bills receivables	351,937	317,251	-	-
Prepayments, deposits and other receivables	201,305	173,290	-	-
Current tax assets	5,040	2,208	-	-
Due from Subsidiaries	-	-	170,482	152,834
Pledged bank deposits	558,897	228,826	-	-
Bank and cash balances	95,832	160,016	109	109
	1,724,717	1,294,070	170,591	152,943
<b>Total assets</b>	<b>2,030,449</b>	<b>1,591,453</b>	<b>480,796</b>	<b>463,148</b>
<b>Current liabilities</b>				
Trade and bills payables	179,924	172,223	-	-
Accruals and other payables	176,278	135,632	455	455
Dividend payable	18,969	-	18,969	-
Term loans	551,916	225,505	-	-
Short-term borrowings	378,428	340,252	-	-
Long-term borrowings	30,398	34,980	-	-
Current tax liabilities	22,723	19,269	-	-
	1,358,636	927,861	19,424	455
<b>Non-current liabilities</b>				
Long-term borrowings	80,947	94,458	-	-
Deferred tax liabilities	3,140	3,140	-	-
	84,087	97,598	-	-
<b>Total liabilities</b>	<b>1,442,723</b>	<b>1,025,459</b>	<b>19,424</b>	<b>455</b>
	<b>587,726</b>	<b>565,994</b>	<b>461,372</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	317,196	303,697	215,372	216,693
	563,196	549,697	461,372	462,693
Non-controlling interests	24,530	16,297	-	-
<b>Total equity</b>	<b>587,726</b>	<b>565,994</b>	<b>461,372</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 2011	As at 31 December 2010
Secured	Secured
HK\$'000	HK\$'000
960,742	600,737

**Amount repayable after one year**

As at 30 June 2011	As at 31 December 2010
Secured	Secured
HK\$'000	HK\$'000
80,947	94,458

**Details of collaterals**

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies, the guarantee issued by the Government of the Hong Kong Special Administrative Region to the extent of HK\$6.0 million, the Group's land and buildings with a carrying amount of HK\$11.1 million as at 30 June 2011 and the Group's pledged bank deposits of HK\$558.9 million.

**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 30 June		6 months ended 30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	24,047	40,182	47,663	64,619
Adjustments for :				
Depreciation	13,349	12,193	26,906	24,913
Loss on disposals of property, plant and equipment	-	307	-	307
Interest income	(2,216)	28	(3,675)	(67)
Finance costs	6,061	4,646	12,028	7,828
<b>Operating profit before working capital changes</b>	<b>41,241</b>	<b>57,356</b>	<b>82,922</b>	<b>97,600</b>
Decrease/(Increase) in inventories	(36,949)	29,026	(99,227)	(47,235)
Decrease/(Increase) in trade and bills receivables	(41,246)	28,457	(34,686)	7,734
Increase in prepayments, deposits and other receivables	(3,660)	(53,696)	(28,015)	(54,458)
Increase/(Decrease) in trade and bills payables	13,512	(27,965)	7,701	12,232
Increase in accruals and other payables	15,696	2,781	40,646	27,439
<b>Cash (used in)/generated from operations</b>	<b>(11,406)</b>	<b>35,959</b>	<b>(30,659)</b>	<b>43,312</b>
Interest paid	(6,061)	(4,646)	(12,028)	(7,827)
Income tax paid	(738)	(5,760)	(9,004)	(6,990)
<b>Net cash (used in)/generated from operating activities</b>	<b>(18,207)</b>	<b>25,553</b>	<b>(51,692)</b>	<b>28,495</b>
<b>Cash flows from investing activities</b>				
Increase in pledged bank deposits	(195,055)	-	(330,071)	-
Purchase of property, plant and equipment	(32,563)	(39,398)	(36,680)	(53,064)
Proceeds from disposals of property, plant and equipment	-	369	-	369
Interest received	2,216	(28)	3,675	67
<b>Net cash used in investing activities</b>	<b>(225,402)</b>	<b>(39,057)</b>	<b>(363,076)</b>	<b>(52,628)</b>
<b>Cash flows from financing activities</b>				
Inception of new short-term bank loans	-	44,095	-	44,095
Inception of new long-term bank loans	-	110,000	-	110,000
Inception of new term loans	192,687	-	326,411	-
Repayment of short-term bank loans	-	(115,318)	-	(118,342)
Repayment of long-term borrowings	(9,320)	(4,641)	(18,093)	(8,075)
Net advance/(repayment) of trust receipt and import loans	38,509	31,761	38,183	(27,071)
Interest on finance lease payables	-	-	-	(1)
Repayment of finance lease payables	-	(29)	-	(57)
Dividends paid to owners of the Company	(2,052)	(18,529)	(2,052)	(18,529)
<b>Net cash generated from/(used in) financing activities</b>	<b>219,824</b>	<b>47,339</b>	<b>344,449</b>	<b>(17,980)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23,783)</b>	<b>33,835</b>	<b>(70,317)</b>	<b>(42,113)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>116,776</b>	<b>103,217</b>	<b>160,009</b>	<b>179,058</b>
Net effect of exchange rate changes in consolidating subsidiaries	2,839	(360)	6,140	(253)
<b>Cash and cash equivalents at end of the period</b>	<b>95,832</b>	<b>136,692</b>	<b>95,832</b>	<b>136,692</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							Non-controlling interests HK\$'000	Total HK\$'000
	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 2011	246,000	26,488	-	2,057	33,252	241,900	549,697	16,297	565,994
Total comprehensive income for the period	-	-	-	-	4,715	29,805	34,520	8,233	42,753
Dividends to owners	-	-	-	-	-	(21,021)	(21,021)	-	(21,021)
<b>At 30 June 2011</b>	<b>246,000</b>	<b>26,488</b>	<b>-</b>	<b>2,057</b>	<b>37,967</b>	<b>250,684</b>	<b>563,196</b>	<b>24,530</b>	<b>587,726</b>
At 1 January 2010	246,000	26,488	-	2,057	27,306	156,614	458,465	10,370	468,835
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>-</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>

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2011	246,000	26,488	130,205	60,000	462,693
Total comprehensive income for the period	-	-	-	19,700	19,700
Dividends to owners	-	-	-	(21,021)	(21,021)
<b>At 30 June 2011</b>	<b>246,000</b>	<b>26,488</b>	<b>130,205</b>	<b>58,679</b>	<b>461,372</b>
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>

- 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 2011, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 30 June 2011, 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 31 December 2010.

32,800,000 ordinary shares of HK\$7.50 each as at 30 June 2011

On 6 April 2011, a share consolidation of every ten existing ordinary shares of HK\$0.75 each consolidated into one consolidated share of HK\$7.50 each. As a result, the issued shares of the Company decreased from 328,000,000 ordinary shares of HK\$0.75 each to 32,800,000 ordinary shares of HK\$7.50 each.

- 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 2010.

- 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 2011. 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.**

	The Group			
	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	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	43.62	97.22	90.87	154.59
(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\$14,307,000 (Q2 2010: HK\$31,888,000) by the weighted average number of ordinary shares in issue of 32,800,000 (Q2 2010: 32,800,000 (restated)) during the Q2 2011.

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$29,805,000 (HY 2010: HK\$50,706,000) by the weighted average number of ordinary shares in issue of 32,800,000 (HY 2010: 32,800,000 (restated)) during the HY 2011.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share consolidation on 6 April 2011 and the comparative figure has been restated accordingly.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q2 2011 and Q2 2010.

**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	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	17.92	1.68	14.07	1.41
Number of ordinary shares in issue	32,800,000	328,000,000	32,800,000	328,000,000

Net asset value per share as at 30 June 2011 was computed based on issued share capital of 32,800,000 ordinary shares of HK\$7.5 each (At 31 December 2010: 328,000,000 ordinary shares of HK\$0.75 each).



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 Q2 2010, the Group's overall revenue increased by 7.0% in Q2 2011. This is largely a result of significantly improved performance in the Machine Sales segment. The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-36.7m	-11.1	Direct result of customers' delivery schedule.
Moulds and Toolings	+9.8m	+16.8	Direct result of customers' delivery schedule.
Machine Sales	+57.2m	+120.1	Direct result of marketing efforts leading to increased orders from customers.

*Increase/Decrease in revenue by geographical segments for Q2/2011*

Region	(+/-) in HK\$	%	Comments
Asia	+110.9m	+39.8	Increase in all business segments.
North America	-75.1m	-81.2	Mainly from ODM/OEM business.
Europe	-5.4m	-8.3	Mainly from ODM/OEM business.

### 8.2 Gross profit and gross profit margin

In Q2 2011, the Group's gross profit decreased by 25.5% or HK\$19.4 million, generating gross profit margin of 12.2% (Q2 2010: 17.4%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-28.2m	-59.2	Direct result of increase in labour costs.
Moulds and Toolings	-1.9m	-11.4	Direct result of increase in labour costs.
Machine Sales	+10.7m	+87.4	Direct result of marketing efforts leading to increased orders from customers.

### 8.3 Other income

The Group's other income increased by 70.2% to HK\$6.0 million, mainly due to a increase in interest income from the pledged time deposits.

### 8.4 Selling and distribution expenses

The Group's selling and distribution expenses increased by 64.6% to HK\$9.1 million, mainly due to the increase of transportation and import expenses as a result of increased sales in Machine Sales business segment.

### 8.5 Administrative expenses

The Group's administrative expenses decreased by 19.6% to HK\$23.6 million in Q2 2011 mainly as a result of exchange gain on RMB deposit.

### 8.6 Finance costs

Finance costs increased by 30.5% to HK\$6.1 million mainly due to interest expenses from higher utilization of banking facilities.

### 8.7 Income tax expense

Income tax expense decreased by 39.0% to HK\$4.6 million mainly due to decrease in profit in the ODM/OEM business segment.

## Financial position

### 8.8 Non-current assets

The Group's non-current assets increased by 2.8% or HK\$8.3 million as at 30 June 2011, due to additions of property, plant and equipment of HK\$36.7 million to cope with the increased demand of production and automation which was partially offset by the depreciation of HK\$26.9 million charged for the period.

### 8.9 Current assets

As at 30 June 2011, the Group's current assets increased by 33.3% to HK\$1,724.7 million mainly due to:

- an increase in inventories of HK\$99.2 million due to customer delivery schedule;
- an increase in trade and bills receivables of HK\$34.7 million due to customer delivery schedule;
- an increase in prepayments, deposits and other receivables of HK\$28.0 million due to increase in purchase to meet customer delivery schedule;
- an increase in pledged bank deposit of HK\$330.1 million due to utilization of RMB hedging products; and
- a decrease in bank and cash balances of HK\$64.2 million mainly due to the repayment of bank borrowings and purchase of property, plant and equipment;

### 8.10 Current liabilities

As at 30 June 2011, the Group's current liabilities increased by 46.4% to HK\$1,358.6 million mainly due to:

- an increase in accruals and other payables of HK\$40.6 million due to increase in purchase by ODM/OEM business segment;
- an increase in term loans of HK\$326.4 million due to utilization of RMB hedging products;
- an increase in dividend payables of HK\$19.0 million due to the special dividend declared and payable in July 2011; and
- an increase in short-term borrowings amounting to approximately HK\$38.2 million mainly due to increase in inventory.

### 8.11 Non-current liabilities

The decrease in long-term borrowings is mainly due to repayment of the long-term borrowings according to the payment schedule.

## 8.12 Statement of Cash Flows

As at 30 June 2011, the Group's cash resources of HK\$95.8 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$70.3 million held by the Group for the 6 months ended 30 June 2011 comprised :

- Net cash used in operating activities of HK\$51.7 million, due to higher utilization of working capital to meeting customers' delivery schedule.
- Net cash used in investing activities of HK\$363.1 million, mainly due to increase in capital expenditure and the utilization of RMB hedging financial products, and
- Net cash generated from financing activities of HK\$344.4 million, mainly due to increase in utilization of bank loans for RMB hedging financial products.

**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.**

2011 is a challenging year for PRC ODM/OEM companies in an environment of increasing raw material prices and labour costs. The industry is entering a period of consolidation. Automation and innovative product designs have become vital elements for successful companies.

Management is well aware of these challenges and has been taking appropriate actions to minimize their impact on the Group's business. However, it still takes time for the proactive measures to effectively neutralize the increased pressures on the Group's cost structure.

The Group is cautiously optimistic that it will maintain continuous profitability by engaging in the development and production of high quality premiums and consumer products

**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

However, please refer to the Company's announcement dated 27 May 2011 where the Board had announced its proposal to declare a special dividend of S\$0.09 per Share for the financial year ended 31 December 2010. The special dividend had since been approved by the Shareholders at a special general meeting held on 17 June 2011.

**(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 2011 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**

14 August 2011