



COMBINE WILL

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in the Cayman Islands)

Reg. No. MC-196613

(the "Company")

---

**ANNOUNCEMENT OF FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2011 (THE "FY2011 RESULTS ANNOUNCEMENT")**

**- QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

---

The Board of Directors of Combine Will International Holdings Ltd (the "Company") refers to the FY2011 Results Announcement released on 29 February 2012.

In relation to the FY2011 Results Announcement, the Singapore Exchange Securities Trading Limited has raised certain queries and the Company's responses to the said queries are set out against each of them:

- a) *"The Company disclosed that "Administrative expenses had increased by 75.2% from HK\$26.4m in Q42010 to HK\$46.3m in Q42011 due mainly to a write off of HK\$11 million of legal, professional and related cost incurred on the Korean Dual Listing which the Board has decided to put "on hold" with no foreseeable prospects of resuming; and a HK\$4 million of business development cost incurred on expansion of moulds and tooling business in Eastern China. The proposed expansion project is placed on hold due to the current economic situation.*

*Please provide a breakdown of the major items in Administrative expenses. Please also quantify and explain the significant increase in these items."*

	<b>Amount (HKD million)</b>	<b>Description</b>
Salaries	15.8	Increased by approximately HKD 4.0 million, mainly due to increase in standard labour rate in the PRC
Dual Listing Fee	11.2	This is the amount written off for legal, professional and related costs incurred on the Korean Dual Listing
Expansion Costs	4.3	These are for business development cost incurred on expansion of Moulds and Tooling business in Eastern China

Others	14.5	Miscellaneous items below HKD 2 million
--------	------	---

- b) *"We note on page 10 that the Group's prepayments, deposits and other receivables increased from HK\$173.3m as at 31 December 2010 to HK\$180.3m as at 31 December 2011. This was mainly due to an increase in purchase deposits paid to suppliers.*

*In view that this is material in relation to the NAV, please provide a breakdown of the major items and provide the reasons for such prepayments and deposits."*

	<b>Amount (HKD million)</b>	<b>Description</b>
Other Receivables	64.5	Representing mainly the receivables from our import / export agent, which resulted from the "pay first, refund later" policy of the PRC Government's tax bureau
Utilities deposits and rental prepayments	13.6	Deposits for water, electricity, warehouses, factory plant and dormitory
Mould deposits	38.1	Deposits paid to mould subcontractors. It is the industry practice to pay approximately 30-40% of the subcontracted price when the purchase orders are placed. Also, before the moulds are released to us for testing, we would need to pay up to approximately 70% of the mould price
Accrued Income	5.4	Mainly interest income receivable from RMB bank deposits
Prepayments	58.7	Mainly prepayments for materials acquisitions and prepayments from our major customers, our raw materials usually sourced from approved vendors. In order to secure a smooth production cycle and reduce our exposure to price fluctuations of raw materials, we would make bulk purchases. This is especially the case for some year-long production orders.

The increase is a direct result of the substantial year-on-year increase in the Group's production output, increase in labour rate and raw material costs when comparing year 2010 with year 2011

- c) "We note on page 3 of the financial results that Accruals and other payables increased by 42.1% from HK\$135.6m as at 31 December 2010 to HK\$192.7m as at 31 December 2011.

*In this respect, please provide a breakdown of the major items and the reasons for the increase in such accruals and payables."*

	<b>Amount (HKD million)</b>	<b>Description</b>
Accruals	57.3	Mainly represent accruals for salaries and wages payable and loan interests
Mould and trade deposits received	118.1	Deposits received from customers. It is the industry practice to receive approximately 30-40% of the deposit when the purchase orders are confirmed and company beginning to purchase raw material. Also, before the moulds are released to customers for testing, we would charge another 40% deposit
Other payable	17.3	Mainly represent sundries deposit and social insurance payable

The increase is mainly due to HKD58 million additional deposits received from customers, such increase is in line with the substantial year-on-year increase in the Group' s business turnover when comparing year 2010 with year 2011.

By Order of the Board

Chiu Hau Shun, Simon  
Executive Director  
7 March 2012