

**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 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.**

**1(a)(i) Income statement for the quarter ended 31 March 2011**

	The Group			
	3 months ended 31 March			
	2011	2010	Change	%
	HK\$'000	HK\$'000	HK\$'000	
<b>Revenue</b>	453,599	377,834	75,765	20.05
Cost of sales	(385,587)	(318,981)	66,606	20.88
<b>Gross Profit</b>	68,012	58,853	9,159	15.56
Other income	6,048	2,127	3,921	184.34
Selling and distribution expenses	(9,979)	(5,058)	4,921	97.29
Administrative expenses	(34,498)	(28,303)	6,195	21.89
<b>Profit From Operations</b>	29,583	27,619	1,964	7.11
Finance costs	(5,967)	(3,182)	2,785	87.52
<b>Profit Before Tax</b>	23,616	24,437	(821)	(3.36)
Income tax expense	(5,047)	(3,626)	1,421	39.19
<b>Profit for the period</b>	18,569	20,811	(2,242)	(10.77)
<b>Attributable to:</b>				
Owners of the Company	15,498	18,818	(3,320)	(17.64)
Non-controlling interests	3,071	1,993	1,078	54.09
	18,569	20,811	(2,242)	10.77

**1(a)(ii) Statement of Comprehensive Income for the quarter ended 31 March 2011**

	The Group			
	3 months ended 31 March			
	2011	2010	Change	%
	HK\$'000	HK\$'000	HK\$'000	
<b>Profit for the period</b>	18,569	20,811	(2,242)	(10.77)
<b>Other comprehensive income</b>				
Exchange difference on translating foreign operations	3,468	(58)	3,526	6079.3
<b>Other comprehensive income for the period, net of tax</b>	3,468	(58)	3,526	6079.3

<b>Total comprehensive income for the period</b>	22,037	20,753	1,284	6.19
<b>Attributable to:</b>				
Owners of the Company	18,966	18,760	206	1.10
Non-controlling interests	3,071	1,993	1,078	54.09
	22,037	20,753	1,284	6.19

**Note:**

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

	<b>3 months ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation	13,557	12,720
Interest income	(1,459)	(95)
Interest on bank loans and overdrafts	5,967	3,181
Finance lease charges	-	1
Exchange difference, net	(772)	391

**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 31.03.2011	At 31.12.2010	At 31.03.2011	At 31.12.2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	285,693	294,966	-	-
Investments In Subsidiaries	-	-	310,205	310,205
Goodwill	2,417	2,417	-	-
	288,110	297,383	310,205	310,205
<b>Current assets</b>				
Inventories	474,757	412,479	-	-
Trade and bills receivables	310,691	317,251	-	-
Prepayments, deposits and other receivables	197,645	173,290	-	-
Current tax assets	7,205	2,208	-	-
Due from Subsidiaries	-	-	152,834	152,834
Pledged bank deposits	363,842	228,826	-	-
Bank and cash balances	116,776	160,016	109	109
	1,470,916	1,294,070	152,943	152,943
<b>Total assets</b>	<b>1,759,026</b>	<b>1,591,453</b>	<b>463,148</b>	<b>463,148</b>
<b>Current liabilities</b>				
Trade and bills payables	166,412	172,223	-	-
Accruals and other payables	160,582	135,632	455	455
Term loans	359,229	225,505	-	-
Short-term borrowings	339,919	340,252	-	-
Long-term borrowings	34,980	34,980	-	-
Current tax liabilities	21,048	19,269	-	-
	1,082,170	927,861	455	455
<b>Non-current liabilities</b>				
Long-term borrowings	85,685	94,458	-	-
Deferred tax liabilities	3,140	3,140	-	-
	88,825	97,598	-	-
<b>Total liabilities</b>	<b>1,170,995</b>	<b>1,025,459</b>	<b>455</b>	<b>455</b>
	<b>588,031</b>	<b>565,994</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	322,663	303,697	216,693	216,693

Non-controlling interests	568,663	549,697	462,693	462,693
	19,368	16,297	-	-
<b>Total equity</b>	<b>588,031</b>	<b>565,994</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 31 March 2011	As at 31 December 2010
Secured	Secured
HK\$'000	HK\$'000
734,128	600,737

**Amount repayable after one year**

As at 31 March 2011	As at 31 December 2010
Secured	Secured
HK\$'000	HK\$'000
85,685	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, the Group's land and buildings with a carrying amount of HK\$11.1 million as at 31 March 2011 and the Group's pledged bank deposits of HK\$363.8 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.

	<b>The Group</b>	
	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	23,616	24,437
Adjustments for :		
Depreciation and amortization	13,557	12,720
Interest income	(1,459)	(95)
Finance costs	5,967	3,182
<b>Operating profit before working capital changes</b>	<b>41,681</b>	<b>40,244</b>
Increase in inventories	(62,278)	(76,261)
Decrease/(Increase) in trade and bills receivables	6,560	(20,723)
Increase in prepayments, deposits and other receivables	(24,355)	(762)
(Decrease)/Increase in trade and bills payables	(5,811)	40,197
Increase in accruals and other payables	24,950	24,658
<b>Cash (used in)/generated from operations</b>	<b>(19,253)</b>	<b>7,353</b>
Income tax paid	(8,265)	(1,230)
Interest paid	(5,967)	(3,181)
<b>Net cash (used in)/generated from operating activities</b>	<b>(33,485)</b>	<b>2,942</b>
<b>Cash flows from investing activities</b>		
Increase in pledged bank deposits	(135,016)	-
Purchase of property, plant and equipment	(4,117)	(13,666)
Interest received	1,459	95
<b>Net cash used in investing activities</b>	<b>(137,674)</b>	<b>(13,571)</b>
<b>Cash flows from financing activities</b>		
Inception of new term loans	133,724	-
Repayment of short-term borrowings	-	(3,024)
Repayment of long-term borrowings	(8,773)	(3,434)
Net repayment of trust receipt and import loans	(326)	(58,832)
Interest on finance lease payables	-	(1)
Net repayment of finance lease payables	-	(28)
<b>Net cash generated from/(used in) financing activities</b>	<b>124,625</b>	<b>(65,319)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(46,534)</b>	<b>(75,948)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>160,009</b>	<b>179,058</b>
Net effect of exchange rate changes in consolidating subsidiaries	3,301	107
<b>Cash and cash equivalents at end of the period</b>	<b>116,776</b>	<b>103,217</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	Merger reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Subtotal HK\$'000		
	At 1 January 2011	246,000	26,488	-	2,057	33,252	241,900		
Total comprehensive income for the period	-	-	-	-	3,468	15,498	18,966	3,071	22,037
<b>At 31 March 2011</b>	<b>246,000</b>	<b>26,488</b>	<b>-</b>	<b>2,057</b>	<b>36,720</b>	<b>257,398</b>	<b>568,663</b>	<b>19,368</b>	<b>588,031</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	-	-	-	-	(58)	18,818	18,760	1,993	20,753
<b>At 31 March 2010</b>	<b>246,000</b>	<b>26,488</b>	<b>-</b>	<b>2,057</b>	<b>27,248</b>	<b>175,432</b>	<b>477,225</b>	<b>12,363</b>	<b>489,588</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	-	-	-	-	-
<b>At 31 March 2011</b>	<b>246,000</b>	<b>26,488</b>	<b>130,205</b>	<b>60,000</b>	<b>462,693</b>
At 1 January 2010	246,000	26,488	130,205	60,000	462,693
Total comprehensive income for the period	-	-	-	-	-
<b>At 31 March 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 31 March 2011, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 31 March 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 March 2011 and 328,000,000 ordinary shares of HK\$0.75 each as at 31 December 2010.

- 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 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 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.**

	<b>3 months ended 31 March</b>	
	2011	2010
	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	4.73	5.74
(b) On a fully diluted basis	N/A	N/A

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$15,498,000 (Q1 2010: HK\$18,818,000) by the weighted average number of ordinary shares in issue of 328,000,000 (Q1 2010: 328,000,000) during the Q1 2011.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q1 2011 and Q1 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.**

	<b>The Group</b>		<b>The Company</b>	
	<b>31/3/2011</b>	<b>31/12/2010</b>	<b>31/3/2011</b>	<b>31/12/2010</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 end of the year:	173.37	167.59	141.06	141.06
Number of ordinary shares in issue	328,000,000	328,000,000	328,000,000	328,000,000

Net asset value per share as at 31 March 2011 was computed based on issued share capital of 328,000,000 (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 Q1 2010, the Group's overall revenue increased by 20.1% in Q1 2011. This is largely a result of significantly improved performance in the ODM/OEM and Machine Sales segments. The breakdown according to business segments is as follows:

<b>Business Segment</b>	<b>(+/-) in HK\$</b>	<b>%</b>	<b>Comments</b>
ODM/OEM	+64.7m	+26.0	Growth in sales as a result of economic recovery.
Moulds and Toolings	+11.6m	+21.1	Direct result of customers' delivery schedule.
Machine Sales	-0.5m	-0.7	



*Increase/Decrease in revenue by geographical segments for Q1/2011*

<b>Region</b>	<b>(+/-) in HK\$</b>	<b>%</b>	<b>Comments</b>
Asia	+71.0m	+29.7	Mainly increase in all business segments.
North America	-2.5m	-2.7	
Europe	+7.3m	+15.8	Mainly from ODM/OEM business.

### **8.2 Gross profit and gross profit margin**

In Q1 2011, the Group's gross profit increased by 15.6% or HK\$9.2 million, generating gross profit margin of 15.0% (Q1 2010: 15.6%). The breakdown according to business segments is as follows:

<b>Business Segment</b>	<b>(+/-) in HK\$</b>	<b>%</b>	<b>Comments</b>
ODM/OEM	-5.3m	-13.1	Direct result of increase in labour costs offset by better production efficiency and control of production cost.
Moulds and Toolings	+3.0m	+40.2	Direct result of Customers delivery schedule.
Machine Sales	+11.5m	+105.3	Direct result of market recovery.

### **8.3 Other Income**

The Group's other income increased by 184.3% to HK\$6.0 million, mainly due to a increase in mould engineering income by ODM/OEM business segment.

### **8.4 Selling and distribution expenses**

The Group's selling and distribution expenses increased by 97.3% to HK\$10.0 million, mainly due to the increase of transportation and import expenses as a result of increased sales.

### **8.5 Administrative expenses**

The Group's administrative expenses increased by 21.9% to HK\$34.5 million in Q1 2011 mainly as a result of increase in labour costs.

### **8.6 Finance Costs**

Finance costs increased by 87.5% to HK\$6.0 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.

### **8.7 Income Tax Expenses**

Income tax expenses increased by 39.2% to HK\$5.0 million mainly due to increase in profit in the Machine Sales segment.

## Financial position

### 8.8 Non-current assets

The Group's non-current assets decreased by 3.1% or HK\$9.3 million as at 31 March 2011, due mainly to the increase in property, plant and equipment of HK\$4.1 million which was partially offset against the depreciation expense of HK\$13.6 million charged for the period ended 31 March 2011.

### 8.9 Current assets

As at 31 March 2011, the Group's current assets increased by 13.7% to HK\$1,470.9 million mainly due to:

- an increase in inventories of HK\$62.3 million due to customer delivery schedule;
- a decrease in trade and bills receivables of HK\$6.6 million due to customer delivery schedule;
- an increase in prepayments, deposits and other receivables of HK\$24.4 million due to increase in purchase to meet customer delivery schedule;
- an increase in pledged bank deposit of HK\$135.0 million due to utilization of RMB hedging products;
- an increase in current tax assets of HK\$5.0 million due mainly to the increase in net profit for the period; and
- a decrease in bank and cash balances of HK\$43.2 million due mainly to the repayment of bank borrowings and the purchase of property, plant and equipment.

### 8.10 Current liabilities

As at 31 March 2011, the Group's current liabilities increased by 16.6% to HK\$1,082.2 million mainly due to:

- a decrease in trade and bills payables amounting to approximately HK\$5.8 million due to timely settlement of trade and bills payables;
- an increase in accruals and other payables of HK\$25.0 million due to increase in purchase by ODM/OEM business segment;
- an increase in term loans of HK\$133.7 million due to utilization of RMB hedging products;
- an increase in current tax liabilities of HK\$1.8 million due to the increased profit before tax; and
- a decrease in short-term borrowings amounting to approximately HK\$0.3 million mainly due to repayment of bank loans;

### 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 31 March 2011, the Group's cash resources of HK\$116.8 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$46.5 million held by the Group for the 3 months ended 31 March 2011 is comprised of:

- Net cash used in operating activities of HK\$33.5 million, due to higher utilization of working capital to meeting customers' delivery schedule.
- Net cash used in investing activities of HK\$137.7 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\$124.6 million, mainly due to increase in bank loans amounting to HK\$133.7 million.

**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 ODM/OEM market appears to be witnessing a period of stabilization with tangible opportunities for growth. Product development and design has become critical for ODM manufacturers to communicate with their customers and to put in more effort on Research and Development.

Under the 12th Five Year Plan, the PRC government is going to support and encourage innovation for SMEs. We believe that our core corporate strategies in these respects are in line with the stated government policy. However, despite a gradual recovery of the global economy, certain factors may continue to challenge the industry. These factors include RMB appreciation, accelerating labour costs and raw material price volatility.

The Guangdong provincial government had recently increased the monthly minimum wage from RMB920 to RMB1,100 in Dongguan and from RMB710 to RMB850 in Heyuan with effect from March 1, 2011.

Management is familiar with these challenges and has been taking appropriate actions to mitigate their impact on the Group's business.

Barring unforeseen circumstances, the Group is cautiously optimistic that it will remain profitable for the next reporting period.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

However, the Board of Directors has recommended that a special dividend of S\$0.09 per share be declared and approved by shareholders at an Extraordinary General Meeting to be convened. Further details with regards to the special dividend will be provided to

shareholders in a circular to be despatched in due course.

**(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**

To be announced.

**(d) Books closure date**

To be announced.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable

**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 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

13 May 2011