

Combine Will International Holdings Limited

(Incorporated in Cayman Islands)

(Co. Reg. No: MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008 (“HY2008”)**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		
	HY2008 HK\$'000	HY2007 HK\$'000	Change %
Revenue	644,596	554,166	16.3
Cost of sales	(524,310)	(462,213)	13.4
Gross Profit	120,286	91,953	30.8
Other income	13,486	13,137	2.7
Selling and distribution expenses	(17,534)	(17,386)	0.9
Administrative expenses	(52,227)	(44,276)	18.0
Profit From Operations	64,011	43,428	47.4
Finance costs	(9,195)	(4,823)	90.6
Profit Before Tax	54,816	38,605	42.0
Income tax expenses	(10,238)	(7,253)	41.2
Profit for the period	44,578	31,352	42.2
Attributable to:			
Equity holders of the Company	43,918	29,015	51.4
Minority interests	660	2,337	-71.8

Note:

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

	HY2008 HK\$'000	HY2007 HK\$'000
Depreciation	22,042	21,058
Amortization of prepaid land lease payments	155	154
Loss /(Gain) on disposals of property, plant and equipment	98	(161)
Reversal of doubtful debts	-	(76)
Interest income	455	349
Interest on bank loans and overdrafts	9,187	4,811
Finance lease charges	8	12
Exchange difference, net	4,346	961

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 30.6.2008	At 31.12.2007	At 30.6.2008	At 31.12.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	12,837	12,992	-	-
Property, plant and equipment	231,283	203,539	-	-
Investments In Subsidiaries	-	-	310,205	-
Goodwill	2,417	2,417	-	-
Available-for-sale financial assets	3,779	3,779	-	-
	250,316	222,727	310,205	-
Current assets				
Inventories	308,064	268,976	-	-
Trade and bills receivables	197,571	189,532	-	-
Prepayments, deposits and other receivables	57,525	80,344	-	-
Current tax assets	4,319	5,204	-	-
Due from Subsidiaries	-	-	82,974	-
Bank and cash balances	147,733	73,717	11,175	-
	715,212	617,773	94,149	-
Total assets	965,528	840,500	404,354	-
Current liabilities				
Trade and bills payables	156,820	149,698	-	-
Accruals and other payables	149,146	180,209	1,663	-
Short-term borrowings	199,618	197,777	-	-
Current portion of long-term borrowings	6,241	11,482	-	-
Finance lease payables	106	102	-	-
Current tax liabilities	25,256	13,814	-	-
	537,187	553,082	1,663	-
Non-current liabilities				
Finance lease payables	114	167	-	-
Deferred tax liabilities	3,140	3,050	-	-
	3,254	3,217	-	-
Total liabilities	540,441	556,299	1,663	-
	425,087	284,201	402,691	-

Equity attributable to shareholders of the Company				
Share capital	246,000	1	246,000	-
Reserves	168,897	273,913	156,691	-
	414,897	273,914	402,691	-
Minority interests	10,190	10,287	-	-
Total equity	425,087	284,201	402,691	-

During the period, the Group undertook a restructuring exercise (the "Restructuring Exercise") to rationalise the structure of the Group in preparation for the listing of all the ordinary shares of the Company (the "Shares") on the mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Following the implementation of the Restructuring Exercise, the Company became the holding company of the Group on 17 April 2008 and a pooling-of-interests method of consolidation was adopted. The identifiable assets and liabilities were accounted for at their historical cost and the Shares issued were recorded at par value, in a manner similar to the pooling-of-interests method of consolidation.

Under the pooling-of-interests method, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation.

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 2008	As at 31 December 2007
Secured	Secured
HK\$'000	HK\$'000
205,965	209,361

Amount repayable after one year

As at 30 June 2008	As at 31 December 2007
Secured	Secured
HK\$'000	HK\$'000
114	167

Details of collaterals

The Group's banking facilities are secured by:

- i) cross corporate guarantees executed by some of the subsidiaries of the Company;
- ii) personal guarantees from two directors of the Company;
- iii) certain of the Group's properties and prepaid land lease payments; and
- iv) assignment of receivables of certain subsidiaries of the Company.

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	
	HY2008	HY2007
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	54,816	38,605
Adjustments for :		
Depreciation and amortization	22,197	21,212
Loss /(Gain) on disposals of property, plant and equipment	98	(161)
Interest income	(455)	(349)
Finance costs	9,195	4,823
Operating profit before working capital changes	85,851	64,130
Increase in inventories	(39,088)	(38,266)
(Increase)/Decrease in trade and bills receivables	(8,039)	6,701
Decrease /(Increase) in prepayments, deposits and other receivables	13,226	(8,200)
Increase in trade and bills payables	7,122	22,999
Increase in accruals and other payables	2,429	10,829
Cash generated from operations	61,501	58,193
Income tax refund/(paid)	2,179	(2,705)
Interest paid	(9,187)	(4,811)
Net cash generated from operating activities	54,493	50,677
Cash flows from investing activities		
Purchase of property, plant and equipment	(45,607)	(11,271)
Proceeds from disposal of property, plant and equipment	32	161
Advance from equity holders	-	9,289
Interest received	455	349
Net cash used in investing activities	(45,120)	(1,472)
Cash flows from financing activities		
Inception of new short-term bank loans	-	3,000
Repayment of short-term bank loans	-	(3,000)
Repayment of long-term borrowings	(5,241)	(7,625)
Net advance/(repayment) of trust receipt and import loans	6,364	(11,858)
Net proceeds from issuance of new shares	103,589	-
Interest on finance lease payables	(8)	(12)
Net repayment of finance lease payables	(49)	(145)
Dividends paid to equity holders	(35,000)	(6,516)
Dividends paid to minorities	(757)	(217)
Net cash generated from /(used in) financing activities	68,898	(26,373)
Net increase in cash and cash equivalents	78,271	22,832
Cash and cash equivalents at beginning of the period	69,194	48,339
Net effect of exchange rate changes in consolidating subsidiaries	268	657
Cash and cash equivalents at end of the period	147,733	71,828

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								
	Share capital	Share premium	Merger reserve	Statutory reserve (note 1)	Translation reserve	Retained earnings	Subtotal	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	1	-	-	2,057	18,205	253,651	273,914	10,287	284,201
Share issue expenses	-	(22,512)	-	-	-	-	(22,512)	-	(22,512)
Currency translation differences	-	-	-	-	4,577	-	4,577	-	4,577
Profit for the period	-	-	-	-	-	43,918	43,918	660	44,578
Issuance of new shares pursuant to the Restructuring Exercise	180,000	-	-	-	-	-	180,000	-	180,000
Adjustment arising from Restructuring Exercise	(1)	-	(179,999)	-	-	-	(180,000)	-	(180,000)
Transfer to merger reserve	-	-	179,999	-	-	(179,999)	-	-	-
Issuance of new shares pursuant to public offer and placement	66,000	49,000	-	-	-	-	115,000	-	115,000
Dividends to minorities	-	-	-	-	-	-	-	(757)	(757)
At 30 June 2008	246,000	26,488	-	2,057	22,782	117,570	414,897	10,190	425,087
At 1 January 2007	1	-	-	1,825	7,790	193,704	203,320	34,011	237,331
Currency translation differences	-	-	-	-	599	-	599	57	656
Profit for the period	-	-	-	-	-	29,015	29,015	2,337	31,352
Capital injection from minorities in a subsidiary	-	-	-	-	-	-	-	1	1
Disposal of partial equity holding in subsidiaries to minorities	-	-	-	-	-	-	-	717	717
Transfer to statutory reserves	-	-	-	5	-	(5)	-	-	-
Dividends to equity holders	-	-	-	-	-	(2,493)	(2,493)	-	(2,493)
Dividends to minorities	-	-	-	-	-	-	-	(217)	(217)
At 30 June 2007	1	-	-	1,830	8,389	220,221	230,441	36,906	267,347

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 January 2008	-	-	-	-	-
Share issue expenses	-	(22,512)	-	-	(22,512)
Loss for the period	-	-	-	(2)	(2)
Issuance of new shares pursuant to the Restructuring Exercise	180,000	-	-	-	180,000
Arising from Restructuring Exercise	-	-	130,205	-	130,205
Issuance of new shares pursuant to public offer and placement	66,000	49,000	-	-	115,000
At 30 June 2008	246,000	26,488	130,205	(2)	402,691

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.

	Resultant Number of Shares	Resultant Issued Share Capital (HK\$)
Issued and fully paid ordinary shares of HK\$0.01 each as at the date of incorporation on 8 October 2007 and as at 31 December 2007	1	0.01
Issued and fully paid 9,999 new ordinary shares of HK\$0.01 each to DJKS Holdings pursuant to the Restructuring Exercise	10,000	100
Issue of 17,999,990,000 new ordinary shares of HK\$0.01 each pursuant to the Share Swap	18,000,000,000	180,000,000
Consolidation of 75 ordinary shares of HK\$0.01 each into 1 ordinary share of HK\$0.75 each pursuant to the Restructuring Exercise	240,000,000	180,000,000
Issue of 88,000,000 new ordinary shares of HK\$0.75 each issued pursuant to the Invitation	328,000,000	246,000,000
Post-Invitation Share capital and as at 30 June 2008 (excluding treasury Shares)	328,000,000	246,000,000

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.

Please see 1(d)(ii)

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 the preparation of the audited combined financial statements for the year ended 31 December 2007.

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 has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2008. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies.

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	
	HY2008	HY2007
	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	18.17	12.09
(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\$43,918,000 (HY2007: HK\$29,015,000) by the weighted average number of ordinary shares in issue of 241,687,671 (HY2007: 240,000,000) during the HY2008.

No diluted earnings per share has been presented as the Group did not have any dilutive potential shares for HY2008 and HY2007 respectively.

- 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	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
	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:	129.60	118.41	122.77	-
Number of ordinary Shares in issue	328,000,000	240,000,000	328,000,000	240,000,000

Net asset value per share as at 30 June 2008 was computed based on issued share capital of 328,000,000 (At 31 December 2007: 240,000,000) ordinary shares of HK\$0.75 each as at 30 June 2008.

- 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.

Revenue

Revenue increased by HK\$90.4 million or 16.3%, from HK\$554.2 million in HY2007 to HK\$644.6 million in HY2008 due mainly to increased revenues of HK\$34.2 million, HK\$52.6 million and HK\$3.6 million derived from our ODM/OEM, Moulds and Tooling and Machine Sales business segments respectively.

- (a) Revenue from the ODM/OEM business segment increased by 9.6%, from HK\$357.4 million in HY2007 to HK\$391.6 million in HY2008. This increase was due to stable increase in sales orders due to the corresponding benefits received by our Company with business expansion by our customers.
- (b) Revenue from the Moulds and Tooling business segment increased by 41.4%, from HK\$127.0 million in HY2007 to HK\$179.6 million in HY2008 due to significant increases in sales of automobile and industrial moulds. It was mainly due to the increase in proficiency of producing automobile and industrial moulds.
- (c) Revenue from the Machine Sales business segment increased by 5.2%, from HK\$69.8 million in HY2007 to HK\$73.4 million in HY2008.

By geographical segments, revenue from Asia increased by HK\$35.5 million or approximately 8.8% from HK\$404.3 million to HK\$439.8 million from HY2007 to HY2008, due mainly to the increase in revenue from the ODM/OEM and Moulds and Tooling business segments. Revenue from Europe increased by HK\$62.5 million or 59.1% from HK\$105.8 million in HY2007 to HK\$168.3 million in HY2008, due to the continued growth of our automobile and industrial moulds business. The revenue from North America decreased by HK\$7.6 million or 17.3% from HK\$44.1 million in HY2007 to HK\$36.5 million in HY2008 due to the decrease in revenue from the ODM/OEM and Moulds and Tooling business segments.

Gross profit and gross profit margin

The gross profit increased by HK\$28.3 million or 30.8%, from HK\$92.0 million in HY2007 to HK\$120.3 million in HY2008. Correspondingly, the gross profit margin increased from 16.6% in HY2007 to 18.7% in HY2008.

Gross profit for the ODM/OEM business segment increased by HK\$22.1 million, from HK\$52.7 million in HY2007 to HK\$74.8 million in HY2008. Gross profit margin for this business segment increased from 14.7% in HY2007 to 19.1% in HY2008. The increase in gross profit margin for our ODM/OEM business was due mainly to:

- (a) Increased use of advanced techniques such as gas assisted injection moulding method which decreased the raw material consumption, thereby increasing production efficiency;
- (b) Cut backs on outsourcing and increase in-house production which is more profitable than outsourcing; and
- (c) Increased production capacity in our Heyuan factory.

Gross profit for the Moulds and Tooling business segment increased by HK\$8.5 million, from HK\$24.4 million in HY2007 to HK\$32.9 million in HY2008 while gross profit margin for this business segment decreased from 19.2% in HY2007 to 18.3% in HY2008. This was mainly due to increased productivity in automobile and industrial moulds, partially offset by the increase in raw material and direct labour cost resulting in decreased gross profit margin.

Gross profit for the Machine Sales business segment decreased by HK\$2.3 million, from HK\$14.9 million in HY2007 to HK\$12.6 million in HY2008. Gross profit margin for this business segment decreased from 21.4% in HY2007 to 17.2% in HY2008 due to keen market competition.

Other income

Other income increased by HK\$0.4 million or 3.1%, from HK\$13.1 million in HY2007 to HK\$13.5 million in HY2008 due mainly to an increase of miscellaneous receipts of HK\$0.4 million, such as rebates.

Selling and distribution expenses

Selling and distribution expenses increased by HK\$0.1 million or 0.6%, from HK\$17.4 million in HY2007 to HK\$17.5 million in HY2008. This is mainly due to the increase in transportation and import and export fees of HK\$2.2 million which were partially offset by a decrease in sales commissions paid of HK\$2.1 million. The increase in transportation and import and export fees are in line with the increased sales. The decrease in commission paid was mainly due to the decrease in gross profit margin in our Machine Sales business segment.

Administrative expenses

Administrative expenses increased by HK\$7.9 million or 17.8%, from HK\$44.3 million in HY2007 to HK\$52.2 million in HY2008 mainly due to the increase in salaries of HK\$3.3 million, increase in directors' fee of HK\$1.4 million, increase in local and overseas travelling expenses of approximately HK\$0.9 million, increase in government fees of HK\$2.3 million. The increase in salaries are in line with the increase in production capacity and the increase in minimum wages. The increase in directors' overseas travelling is mainly for the promotion of customer relationships and increasing the awareness of our products overseas. The increase in government fees was related to the change in the usage rights of the self-owned factory buildings in Hong Kong to commercial use.

Finance Costs

Finance costs increased by HK\$4.4 million or 91.7%, from HK\$4.8 million in HY2007 to HK\$9.2 million in HY2008. The increase in finance costs was mainly due to higher utilization of banking facilities which results from the increased working capital needs to finance the increased production level and expansion needs.

Income tax expense

Income tax expense increased by HK\$3.0 million or 41.2%, from HK\$7.3 million in HY2007 to HK\$10.2 million in HY2008 is in line with the increase in profit before tax of HK\$ 54.8 million in HY2008 compared to HK\$38.6 million in HY2007.

Financial position

The Group's non-current assets, comprising property, plant and equipment, prepaid land lease payments, goodwill and available-for-sale financial assets, amounted to HK\$231.3 million, HK\$12.8 million, HK\$2.4 million and HK\$3.8 million respectively. Property, plant and equipment comprised buildings, plant and machinery, tooling, furniture, fixtures and equipment and motor vehicles. Prepaid land lease payments refer to the land use rights payment made upfront for land. Goodwill refers to the excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities. Available-for-sale financial assets refer to non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories.

The Group's non-current assets increased by HK\$27.6 million or 12.4%, from HK\$222.7 million as at 31 December 2007 to HK\$250.3 million as at 30 June 2008. This is due mainly to the increase in property, plant and equipment of HK\$50.0 million and partially offset by depreciation expense that amounted to HK\$22.0 million charged for the period. The increase was mainly due to the purchase of new machinery for use in the Heyuan new factories which was approximately HK\$15.0 million, renovation of new Heyuan factories for production facilities installation and increase in number of workers amounted to approximately to HK\$15.0 million, increase in translation reserves approximately HK\$4.6 million due to RMB appreciation and acquisition / improvement of machinery and equipment amounting to approximately to HK\$15.4 million.

The Group's current assets, comprising inventories, trade and bills receivables, prepayments, deposits and other receivables and bank and cash balances, amounted to HK\$715.2 million as at 30 June 2008. Inventories consist of raw materials, consumables and supplies, work in progress and finished goods. Prepayments, deposits and other receivables consist mainly of deposits paid in advance to suppliers of raw materials and other miscellaneous fees and expenses paid in advance.

Current assets increased by HK\$97.4 million or 15.8%, from HK\$617.8 million as at 31 December 2007 to HK\$715.2 million as at 30 June 2008 due mainly to an increase in inventories of HK\$39.1 million, an increase in trade and bills receivables of HK\$8.0 million, an increase in bank and cash balances of HK\$74.0 million and partially offset by a decrease in prepayments, deposits and other receivables of HK\$22.8 million. The increase in inventories are mainly due to raw material price increase of 5% when compared with same period in the prior year which amounted to approximately HK\$20.0 million, increase in work-in-progress and finished goods to be shipped for the second half year approximately to HK\$20.0 million, which is in line with the increase of our sales. The increase in trade and bills receivables is in line with our increase in sales. The decrease in prepayments, deposits and other receivables was mainly due to the reduction in deposits paid to suppliers for materials purchase when compared to 31 December 2007, which was mainly due to the timing of production schedules.

The Group's non-current liabilities, comprising finance lease payables and deferred tax liabilities amounted to HK\$3.3 million as at 30 June 2008. Finance lease payables refer to present value of finance lease liabilities of the motor vehicles leased by the Group. Deferred tax liabilities relate to the taxable temporary differences between the tax bases of the liabilities and their carrying amounts.

The Group's current liabilities, comprising trade and bills payables, accruals and other payables, short-term borrowings, current portion of long-term borrowings, finance lease payables and current tax liabilities, that amounted to HK\$537.2 million as at 30 June 2008. Trade and bills payable includes outstanding amounts owing to our suppliers and bills payables related to our use of bank trade financing instruments. Accruals and other payables include mould and trade deposits received, amounts due to equity holders of the Company and various expenses owing to and accrued for. Short-term borrowing includes short-term bank loans, trade financing and bank overdrafts. Current portion of long-term borrowings are bank loans secured by the Group mainly to finance the payment of plant and machinery. Finance lease payables refer to the present value of the finance lease liabilities of the assets leased by the Group such as motor vehicles.

Current liabilities decreased by HK\$15.9 million or 2.9%, from HK\$553.1 million as at 31 December 2007 to HK\$537.2 million as at 30 June 2008 mainly due to a decrease of current portion of long term borrowings of HK\$5.2 million, decrease of accruals and other payables of HK\$31.1 million which were partially offset by an increase of trade and bills payable of HK\$7.1 million, an increase in short-term borrowings of HK\$1.8 million and an increase in current tax payable of HK\$11.4 million. The decrease in long term borrowings was due to scheduled repayment of long term borrowings. The decrease of accruals and other payables are mainly due to the settlement of dividend accrued which approximately to HK\$35.0 million and partially offset by the increase in other accruals and payables of approximately HK\$4.0 million due to increased purchases. The increase in trade and bills payables and short-term borrowings totaling of approximately HK\$9.0 million was mainly due to the increased working capital needs for increased purchases, such as the increase utilisation of invoice financing. The increase of current tax payable is in line with the increase in sales and thus the tax liabilities.

Cash Flow Statement

The Group's cash position remains strong. Cash and cash equivalents held by the Group increased by HK\$78.5 million from HK\$69.2 million as at 31 December 2007 to HK\$147.7 million as at 30 June 2008 mainly from the gross proceeds of HK\$115.0 million (S\$20.2 million) when the Company's shares listed on the Main Board of the SGX-ST on 23 June 2008.

The net increase in cash inflow from operating activities and financing activities was off-set by the outflow from investing activities of purchase of property, plant and equipment.

The cash inflow from operating activities arose from the operating profit before working capital changes of HK\$85.6 million and decrease in prepayments, deposits and other receivables of HK\$13.2 million which partially offset by the increase of inventories, trade and bills receivables of HK\$39.1 million. The decrease of prepayments, deposits and other receivables as the Shares were listed by the end of this period and the listing expenses paid were set off against the Share premium during the period. The increase of inventories and trade and bills receivables was in line with the increase of the sales during the period.

The cash inflow from financing activities mainly arose from the net proceed for issuance of new shares by placing and invitation of HK\$103.6 million. In addition, net advance of trust receipts and import loans increased for purchase of raw materials, consumables and etc for ODM/OEM business segment and Moulds and Tooling business segment to cope with increase of sales as stated above which was partially offset against the repayment of long-term borrowings and payment of dividends to the equity holders of the Company which were declared in FY2007 and dividends to the minorities during the period.

The cash outflow from investing activities mainly arose from acquisition of property, plant and equipment to expand the operations of the ODM/OEM business segment in our Heyuan factory which included the renovation of 3 blocks of factory premises leased and the commencement of the operations during this period to cope with the sales to our customers. In addition, our Group acquired plant and machinery and installed in our factory in Dongguan to cope with the increase of sales in the ODM/OEM and the Moulds and Tooling business segments.

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.

A Stable Growth Outlook

In spite of a competitive and demanding operating landscape, exacerbated by an accelerating appreciation of the RMB against USD, fluctuations in plastic raw materials, rising inflation in the PRC and higher labour costs arising from the newly effective China Labour Contract Law, and other manufacturing overheads, the Group continues to be positive about growing its revenue, gross margin and profitability at a stable rate in the year ahead.

ODM/OEM

Our ODM/OEM business segment continues to be a major contributor to our Group's revenue and profitability. With additional production capacity and capability built up in our Heyuan plant, coupled with improved engineering design abilities and quality control systems in place, we are confident that this business segment will continue to grow. It will continue to benefit from the increasing outsourcing trend of multinational companies in the PRC, and the focus on quality and safety and toys and premiums from these MNCs. Coupled with our capabilities in design, engineering, production of moulds and tooling, plastic-injection and die-casting, the Group is well-positioned to capture this growth.

Moulds and Tooling

Our in-depth knowledge and experience in the Moulds and Tooling business segment, as well as better utilization and productivity, will also continue to put us in a position of strength, as a leading plastic injection and die-casting moulds producer in Southern China.

Leveraging on our capacity and capability to produce large moulds of up to 1,200 tonnes of injection moulding machine capacity particularly for automobile moulds, we will embark on the production of automobile parts by the end of FY2008. We will initially make small automobile parts as we gradually increase our production learning curve. However, we hope to produce bigger and higher-margin automobile parts in the near future.

Machine Sales

It has been estimated that one out of every five machines produced outside the PRC is imported into the PRC. The PRC, along with South Korea and Canada, ranks amongst the countries with substantial percentage increase in exports. As such, we see rising demand for advanced machines and precision tools used in the manufacture of moulds, die-cast products and automobile parts in the PRC, and this demand is expected to grow further.

As a distributor of advanced machines and precision tools from Japan, US, Germany, UK, Taiwan and Italy known for their consistency, quality and accuracy, the Group intends to expand its distribution channels as well as the range of machines that it distributes and represents.

Growth Strategy

Moving ahead, the Group's immediate strategy would be to:

1. Continue investing in expanding our production facilities and acquiring additional equipment to increase capacity and capabilities;
2. Allocate more resources for R&D;
3. Expand our automobile part business; and
4. Broaden our sales and marketing network

In view of the challenging operating environment, the Group envisages that it may face greater challenges in cost management in the coming year. To counter rising costs, the Group will continue to increase efficiency, raise productivity and exercise stringent control over operating costs.

The Group sees great potential and opportunity, particularly in the Moulds and Tooling business segment, and will leverage on its core technical expertise to expand its business operations further. As such, the Group intends to stay focused on its proactive design and development collaborations with its customers and continue developing its automobile parts production.

Barring unforeseen circumstances, the Directors expect the Group to remain profitable 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?

Dividends declared for the HY2007 represented interim dividends declared by a wholly-owned subsidiary of the Company, Combine Will Holdings Limited, to its then shareholders prior to the Restructuring Exercise.

(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 directors of the Company, do hereby confirm on behalf of the board of 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 six months financial period ended 30 June 2008 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**

12 August 2008