

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) 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 September				9 months ended 30 September			
	2012	2011	Change	%	2012	2011	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	428,043	412,918	15,125	3.66	1,160,216	1,333,813	(173,597)	(13.02)
Cost of sales	(385,209)	(366,490)	18,719	5.11	(1,023,235)	(1,162,569)	(139,334)	(11.99)
Gross Profit	42,834	46,428	(3,594)	(7.74)	136,981	171,244	(34,263)	(20.01)
Other income	6,116	9,369	(3,253)	(34.72)	21,799	21,428	371	1.73
Selling and distribution expenses	(7,282)	(7,315)	(33)	(0.45)	(22,845)	(26,366)	(3,521)	(13.35)
Administrative expenses	(24,752)	(27,805)	(3,053)	(10.98)	(81,896)	(85,938)	(4,042)	(4.70)
Profit From Operations	16,916	20,677	(3,761)	(18.19)	54,039	80,368	(26,329)	(32.76)
Finance costs	(2,588)	(7,309)	(4,721)	(64.59)	(11,725)	(19,337)	(7,612)	(39.36)
Loss on disposal of subsidiaries	-	-	-	-	(36)	-	36	-
Profit Before Tax	14,328	13,368	960	7.18	42,278	61,031	(18,753)	(30.73)
Income tax expense	(4,096)	(3,353)	743	22.16	(10,600)	(12,978)	(2,378)	(18.32)
Profit for the period	10,232	10,015	217	2.17	31,678	48,053	(16,375)	(34.08)
Attributable to:								
Owners of the Company	11,898	10,015	1,883	18.80	32,316	39,820	(7,504)	(18.84)
Non-controlling interests	(1,666)	-	(1,666)	-	(638)	8,233	(8,871)	(107.75)

1(a)(ii) A statement of Comprehensive Income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2012	2011	Change	%	2012	2011	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit for the period	10,232	10,015	217	2.17	31,678	48,053	(16,375)	(34.08)
Other comprehensive income for the period, net of tax								
Exchange difference on translating foreign operations	595	8,103	7,508	(92.66)	91	12,818	(12,727)	(99.29)
Total comprehensive income for the period	10,827	18,118	(7,291)	(40.24)	31,769	60,871	(29,102)	(47.81)

Attributable to:								
Owners of the Company	12,493	18,118	(5,625)	(31.05)	32,407	52,638	(20,231)	(38.43)
Non-controlling interests	(1,666)	-	(1,666)	-	(638)	8,233	(8,871)	(107.75)

Note:

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

	3 months ended 30 September		9 months ended 30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	13,289	12,204	39,871	39,110
Interest income	(4)	(3,278)	(2,760)	(6,953)
Interest on bank loans and overdrafts	2,588	7,309	11,725	19,337
Exchange difference, net	1,388	(480)	2,510	(5,215)

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 30.09.2012	At 31.12.2011	At 30.09.2012	At 31.12.2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	290,400	303,626	-	-
Investments In Subsidiaries	-	-	310,215	310,205
Goodwill	2,417	2,417	-	-
	292,817	306,043	310,215	310,205
Current assets				
Inventories	488,135	442,813	-	-
Trade and bills receivables	396,901	378,132	-	-
Prepayments, deposits and other receivables	176,421	180,251	-	-
Current tax assets	19,585	20,336	-	-
Due from Subsidiaries	-	-	151,503	151,513
Pledged bank deposits	-	329,639	-	-
Bank and cash balances	82,887	108,726	109	109
	1,163,929	1,459,897	151,612	151,622
Total assets	1,456,746	1,765,940	461,827	461,827
Current liabilities				
Trade and bills payables	184,766	196,570	-	-
Accruals and other payables	153,343	192,720	455	455
Term loans	-	326,531	-	-
Short-term borrowings	299,178	214,943	-	-
Long-term borrowings	47,267	53,393	-	-
Current tax liabilities	22,414	27,260	-	-
	706,968	1,011,417	455	455
Non-current liabilities				
Long-term borrowings	105,676	141,276	-	-
Deferred tax liabilities	3,140	3,140	-	-
	108,816	144,416	-	-
Total liabilities	815,784	1,155,833	455	455
	640,962	610,107	461,372	461,372
Equity attributable to owners of the Company				
Share capital	246,000	246,000	246,000	246,000
Reserves	372,403	339,996	215,372	215,372

Non-controlling interests	618,403	585,996	461,372	461,372
	22,559	24,111	-	-
Total equity	640,962	610,107	461,372	461,372

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 September 2012	As at 31 December 2011
Secured	Secured
HK\$'000	HK\$'000
346,444	594,867

Amount repayable after one year

As at 30 September 2012	As at 31 December 2011
Secured	Secured
HK\$'000	HK\$'000
105,676	141,276

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies, and the guarantee issued by the Government of the Hong Kong Special Administrative Region.

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

	The Group			
	3 months ended 30 September		9 months ended 30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	14,328	13,368	42,278	61,031
Adjustments for :				
Depreciation	13,289	12,204	39,871	39,110
Interest income	(4)	(3,278)	(2,760)	(6,953)
Finance costs	2,588	7,309	11,725	19,337
Operating profit before working capital changes	30,201	29,603	91,114	112,525
Decrease/(Increase) in inventories	6,113	18,895	(45,322)	(80,332)
Increase in trade and bills receivables	(83,164)	(59,907)	(18,769)	(94,593)
(Increase)/Decrease in prepayments, deposits and other receivables	7,605	25,532	3,830	(10,196)
(Decrease)/Increase in trade and bills payables	(22,214)	10,640	(11,804)	18,340
Increase/(Decrease) in accruals and other payables	6,384	19,981	(39,377)	60,627
Cash generated (used in)/from operations	(55,075)	44,744	(20,328)	6,371
Income tax paid	(6,157)	(5,541)	(14,695)	(6,831)
Interest paid	(2,588)	(7,309)	(11,725)	(19,337)
Net cash generated (used in)/from operating activities	(63,820)	31,894	(46,748)	(19,797)
Cash flows from investing activities				
Decrease/(Increase) in pledged bank deposits	-	-	329,639	(330,071)
Purchase of property, plant and equipment	(13,441)	(3,475)	(26,645)	(40,155)
Interest received	4	3,278	2,760	6,953
Net cash generated (used in)/from investing activities	(13,437)	(197)	305,754	(363,273)
Cash flows from financing activities				
Inception of new short-term bank loans	-	15,000	-	15,000
Inception of new long-term bank loans	-	50,000	-	50,000
Inception of new term loans	-	-	-	326,411
Repayment of term loans	-	-	(326,531)	-
Repayment of short-term bank loans	-	(15,000)	(20,000)	(15,000)
Repayment of long-term borrowings	(13,893)	(14,607)	(41,726)	(32,700)
Net advance/(repayment) of trust receipt and import loans	57,374	(4,160)	106,131	34,023
Dividends paid to owners of the Company	-	(18,969)	-	(21,021)
Dividends paid to non-controlling interests	(914)	-	(914)	-
Net cash generated/(used in) from financing activities	42,567	12,264	(283,040)	356,713
Net (decrease)/increase in cash and cash equivalents	(34,690)	43,961	(24,034)	(26,357)
Cash and cash equivalents at beginning of the period	117,086	95,832	106,830	160,009
Net effect of exchange rate changes in consolidating subsidiaries	491	(4,195)	91	1,946
Cash and cash equivalents at end of the period	82,887	135,598	82,887	135,598

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 2012	246,000	26,488	-	2,057	50,011	261,440	585,996	24,111	610,107
Total comprehensive income for the period	-	-	-	-	91	32,316	32,407	(638)	31,769
Dividends to non-controlling interests	-	-	-	-	-	-	-	(914)	(914)
At 30 September 2012	246,000	26,488	-	2,057	50,102	293,756	618,403	22,559	640,962
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	-	-	-	-	12,818	39,820	52,638	8,233	60,871
Dividends to owners	-	-	-	-	-	(21,021)	(21,021)	-	(21,021)
At 30 September 2011	246,000	26,488	-	2,057	46,070	260,699	581,314	24,530	605,844

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2012	246,000	26,488	130,205	58,679	461,372
Total comprehensive income for the period	-	-	-	-	-
At 30 September 2012	246,000	26,488	130,205	58,679	461,372
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)
At 30 September 2011	246,000	26,488	130,205	58,679	461,372

- 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 September 2012, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 30 September 2012, 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.**

32,800,000 ordinary shares of HK\$7.50 each as at 31 December 2011.

32,800,000 ordinary shares of HK\$7.50 each as at 30 September 2012.

- 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 2011.

- 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 2012. 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 September		Nine months ended 30 September	
	2012	2011	2012	2011
	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 in issue; and	36.27	30.53	98.52	121.40
(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\$11,898,000 (Q3 2011: HK\$10,015,000) by the weighted average number of ordinary shares in issue of 32,800,000 (Q3 2011: 32,800,000 (restated)) during the Q3 2012.

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$32,316,000 (3Q 2011: HK\$39,820,000) by the weighted average number of ordinary shares in issue of 32,800,000 (3Q 2011: 32,800,000 (restated)) during the 3Q 2012.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q3 2012 and Q3 2011.

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	
	30/09/2012	31/12/2011	30/09/2012	31/12/2011
	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:	1,885.38	1,786.57	1,406.62	1,406.62
Number of ordinary shares in issue	32,800,000	32,800,000	32,800,000	32,800,000

Net asset value per share as at 30 September 2012 was computed based on issued share capital of 32,800,000 ordinary shares of HK\$7.5 each (At 31 December 2011: 32,800,000 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

In Q3 2012, the Group's overall revenue increased by 3.7% or HK\$15.1 million, from HK\$412.9

million in Q3 2011 to HK\$428.0 million in Q3 2012. The breakdown in the performance by the Group's 3 business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+52.3m	+17.8	Increase in revenue was mainly due to differences in the timing of the delivery schedule.
Moulds and Tooling	-14.6m	-24.3	Decreased revenue due to a slow-down in customer orders arising from uncertain global economic conditions which resulted in a decrease in demand for our products.
Machine Sales	-22.6m	-38.1	Decreased revenue due to a slow-down in orders from our manufacturing customers in China which faced uncertain global economic conditions.

Increase/Decrease in revenue by geographical segments for Q3/2012

Region	(+/-) in HK\$	%	Comments
Asia	17.2m	+5.6	Increase in sales to our ODM/OEM customers in Asia which was partially offset by decreases in the Moulds and Tooling and Machine Sales business segments.
North America	+7.9m	+17.9	Increase in revenue from North America, mainly due to difference in the timing of the delivery schedule on ODM/OEM segment.
Europe	-10.0m	-15.6	Decrease in revenue from Europe was mainly due to the decrease in sales to this region by the Moulds and Tooling business segment.

8.2 Gross profit and gross profit margin

In Q3 2012, the Group's gross profit decreased by 7.74% or HK\$3.6 million with lower, gross profit margin of 10.0% (Q3 2011: 11.2%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+12.5m	+52.0	Increase in gross profit and improvement in gross profit margins were due to the improved costs savings resulting from increased productivity through, the use of automation, more efficient technical design and better production planning.
Moulds and Tooling	-12.2m	-101.0	Decrease in gross profit was primarily due to competitive price pressures experienced as a result of the slowdown in the U.S and Europe economies which led to a shrinkage of demand.

Machine Sales	-3.9m	-38.2	Decrease in gross profit and gross margin was due to a combination of decrease in revenue and price pressure as a result of the slowdown in the U.S and Europe economies, which in turn impacted China manufacturers.
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8.3 Other Income

The Group's other income decreased by 34.7% or HK\$ 3.3 million, from HK\$ 9.4 million in Q3 2011 to HK\$ 6.1 million in Q3 2012 mainly due to a decrease in interest income on the maturity of the pledged time deposits.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses remained relatively unchanged at HK\$7.28 million in Q3 2012 (Q3 2011: HK\$7.31 million) as increase in Import and Export expenses were offset by a decrease in transportation expenses due to a decrease in percentage of customer orders on CIF trading terms as compared to ex-factory.

8.5 Administrative expenses

The Group's administrative expenses decreased by 11.0% or HK\$3.0 million, from HK\$27.8 million in Q3 2011 to HK\$ 24.8 million in Q3 2012 due to a decrease in labor cost arising mainly from the streamlining initiatives taken in the Moulds and Tooling segment.

8.6 Finance Costs

Finance costs decreased by 64.6% or HK\$4.7 million, from HK\$7.3 million in Q3 2011 to HK\$2.6 million in Q3 2012 mainly due to positive results of cash flow management to improve liquidity.

8.7 Income Tax Expense

Income tax expense increased by 22.2% or HK\$0.7 million, from HK\$3.4 million in Q3 2011 to HK\$4.1 million in Q3 2012, mainly due to an increase in income tax expenses in the ODM/OEM segment which were partially offset by a decrease in income tax expenses in both the Moulds and Tooling and Machine Sales segments.

Financial position as at 30 Sep 2012

8.8 Non-current assets

The Group's non-current assets decreased by 4.3% or HK\$13.2 million, from HK\$306.0 million as at 30 September 2011 to HK\$292.8 million as at 30 September 2012, due mainly to depreciation expense of HK\$39.8 million charged for the period which were partially offset by an increase in property, plant and equipment of HK\$26.6 million.

8.9 Current assets

The Group's current assets decreased by 20.3% or HK\$296.0 million, to HK\$1,163.9 million mainly due to:

- a decrease in prepayments, deposits and other receivables of HK\$3.8 million due to a decrease in purchase deposits paid to suppliers;
- a decrease in current tax assets of HK\$0.8 million due mainly to provisional income tax during the period set off against prepaid income tax;
- a decrease in pledged bank deposits of HK\$329.6 million; and

- a decrease in bank and cash balances of HK\$25.8 million which was mainly due to increased cash flows required to finance the customers' scheduled production activities.

These decreases were partially offset by:

- an increase in inventories of HK\$45.3 million due to a ramp up of our production activity to meet customers' orders for Q4's delivery schedule; and
- an increase in trade and bills receivables of HK\$18.8 million due to a general increase in sales.

8.10 Current liabilities

The Group's current liabilities decreased by HK\$304.4 million or 30.1%, to HK\$707.0 million mainly due to:

- a decrease in trade and bills payables amounting to approximately HK\$11.8 million due to timely settlement of trade and bills payables; a decrease in accruals and other payables of HK\$39.4 million due to decreased amount of customer deposits derived from the Moulds & Tools and Machine Sales business segments;
- a decrease in term loans of HK\$326.5 million;
- a decrease in current portion of long-term borrowings of HK\$6.1 million due to the repayment of long-term borrowings according to the payment schedule; and
- a decrease in current tax liabilities of HK\$4.8 million due to the payment of tax net of the income tax charged for the period.

Which were partially offset by:

- an increase in short-term borrowings amounting to approximately HK\$84.2 million mainly to finance our short term working capital requirements.

8.11 Non-current liabilities

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

8.12 Statement of Cash Flows

As at 30 September 2012, the Group's cash resources of HK\$82.9 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$24.0 million held by the Group for the 9 months ended 30 September 2012 comprised:

- Net cash used in operating activities of HK\$46.7 million, due to higher utilization of working capital to meet customers' delivery schedule; and
- Net cash generated from investing activities of HK\$305.7 million; and
- Net cash used in financing activities of HK\$283.0 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 Group expects market conditions to remain challenging over the rest of 2012 given the uncertainties in the recovery of the global economy and subdued demand for its moulds and tooling equipment as well as the machinery segment. Nonetheless, the Group is cautiously optimistic about the ongoing performance of the ODM/OEM segment with the expected launch of new products and incorporation of technological innovation in the production process.

ODM/OEM

With the expectation that the production costs would stabilize as a result of increased use of automation, more efficient technical design and better production planning, the Group remains cautiously optimistic of the ODM/OEM business and will continue to remain focused on building up its ODM/OEM capabilities and lowering costs where possible.

Moulds and Tooling

Faced with tough market conditions and uncertain future prospects, the Group expects results for the Moulds and Tooling business to be lacklustre. The Group will continue to focus on consolidating and streamlining this segment.

Machine Sales

Business prospects for the Machine Sales segment is expected to remain challenging and the Group will continue to increase its marketing efforts to maintain existing relationships and broaden its customer base while securing new ones.

Whilst business conditions are uncertain, the Company remains confident of its future prospects with the launch of new products and continuing efforts undertaken to improve its competitive strengths by enhancing its production capabilities and consolidating and streamlining its business operations to lower costs. Barring unforeseen circumstances, the Company expects to remain profitable for the year.

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/recommended, a statement to that effect.

No dividend has been declared / recommended for the current period reported on.

13. If the group has obtained a general mandate from shareholders of IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained for the current period reported on.

14. 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 9 months financial period ended 30 September 2012 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 November 2012