

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2011

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

1(a) An income statement and statement of comprehensive income, or 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			
	2011	2010	Change	%	2011	2010	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Revenue	412,918	351,188	61,730	17.58	1,333,813	1,165,942	167,871	14.40
Cost of sales	(366,490)	(290,350)	76,140	26.22	(1,162,569)	(970,034)	192,535	19.85
Gross Profit	46,428	60,838	(14,410)	(23.69)	171,244	195,908	(24,664)	(12.59)
Other income	9,369	4,056	5,313	130.99	21,428	9,715	11,713	120.57
Selling and distribution expenses	(7,315)	(7,499)	184	(2.45)	(26,366)	(18,068)	(8,298)	45.93
Administrative expenses	(27,805)	(29,410)	1,605	(5.46)	(85,938)	(87,123)	1,185	(1.36)
Profit From Operations	20,677	27,985	(7,308)	(26.11)	80,368	100,432	(20,064)	(19.98)
Finance costs	(7,309)	(3,157)	(4,152)	131.52	(19,337)	(10,985)	(8,352)	76.03
Profit Before Tax	13,368	24,828	(11,460)	(46.16)	61,031	89,447	(28,416)	(31.77)
Income tax expenses	(3,353)	(6,192)	(2,839)	(45.85)	(12,978)	(17,317)	4,339	(25.06)
Profit for the period	10,015	18,636	(8,621)	(46.26)	48,053	72,130	(24,077)	(33.38)
Attributable to:								
Owners of the Company	10,015	18,216	(8,201)	(45.02)	39,820	68,922	(29,102)	(42.22)
Minority interests	-	420	(420)	(100.00)	8,233	3,208	5,025	156.64

Statement of Comprehensive Income for the quarter ended 30 September 2011

	The Group							
	3 months ended 30 September				9 months ended 30 September			
	2011	2010	Change	%	2011	2010	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Profit for the period	10,015	18,636	(8,621)	(46.26)	48,053	72,130	(24,077)	(33.38)
Other comprehensive income for the period, net of tax								
Exchange difference on translating foreign operations	8,103	1,766	6,337	358.83	12,818	2,600	10,218	393.00
Total comprehensive income for the period	18,118	20,402	(2,284)	(11.19)	60,871	74,730	(13,859)	(18.55)

Attributable to:									
Owners of the Company	18,118	19,982	(1,864)	(9.33)	52,638	71,522	(18,884)	(26.40)	
Minority interests	-	420	(420)	(100.00)	8,233	3,208	5,025	156.64	

Note:

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

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	12,204	14,056	39,110	38,969
Loss on disposals of property, plant and equipment	-	-	-	307
Interest income	(3,278)	-	(6,953)	(67)
Interest on bank loans and overdrafts	7,309	3,157	19,337	10,984
Finance lease charges	-	-	-	1
Exchange difference, net	(480)	2,796	(5,215)	4,616

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 30.09.2011	At 31.12.2010	At 30.09.2011	At 31.12.2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	294,637	294,966	-	-
Investments In Subsidiaries	-	-	310,205	310,205
Goodwill	2,417	2,417	-	-
	297,054	297,383	310,205	310,205
Current assets				
Inventories	492,811	412,479	-	-
Trade and bills receivables	411,844	317,251	-	-
Prepayments, deposits and other receivables	183,486	173,290	-	-
Current tax assets	2,568	2,208	-	-
Due from Subsidiaries	-	-	151,513	152,834
Pledged bank deposits	571,507	228,826	-	-
Bank and cash balances	135,597	160,016	109	109
	1,797,813	1,294,070	151,622	152,943
Total assets	2,094,867	1,591,453	461,827	463,148
Current liabilities				
Trade and bills payables	190,563	172,223	-	-
Accruals and other payables	196,259	135,632	455	455
Term loans	552,280	225,505	-	-
Short-term borrowings	374,268	340,252	-	-
Long-term borrowings	33,690	34,980	-	-
Current tax liabilities	25,776	19,269	-	-
	1,372,836	927,861	455	455
Non-current liabilities				
Long-term borrowings	113,047	94,458	-	-
Deferred tax liabilities	3,140	3,140	-	-
	116,187	97,598	-	-
Total liabilities	1,489,023	1,025,459	455	455
	605,844	565,994	461,372	462,693
Equity attributable to owners of the Company				
Share capital	246,000	246,000	246,000	246,000
Reserves	335,314	303,697	215,372	216,693

Non-controlling interests	581,314	549,697	461,372	462,693
	24,530	16,297	-	-
Total equity	605,844	565,994	461,372	462,693

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 2011	As at 31 December 2010
Secured	Secured
HK\$'000	HK\$'000
960,238	600,737

Amount repayable after one year

As at 30 September 2011	As at 31 December 2010
Secured	Secured
HK\$'000	HK\$'000
113,047	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\$10.9 million as at 30 September 2011 and the Group's pledged bank deposits of HK\$571.5 million.

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	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	13,368	24,828	61,031	89,447
Adjustments for :				
Depreciation	12,204	14,056	39,110	38,969
Loss on disposals of property, plant and equipment	-	-	-	307
Interest income	(3,278)	-	(6,953)	(67)
Finance costs	7,309	3,157	19,337	10,985
Operating profit before working capital changes	29,603	42,041	112,525	139,641
Decrease/(Increase) in inventories	18,895	(41,834)	(80,332)	(89,069)
Increase in trade and bills receivables	(59,907)	(44,138)	(94,593)	(36,404)
Decrease/(Increase) in prepayments, deposits and other receivables	25,532	(18,290)	(10,196)	(72,748)
Increase in trade and bills payables	10,640	14,402	18,340	26,634
Increase/(Decrease) in accruals and other payables	19,981	(15,800)	60,627	11,639
Cash generated from/(used in) operations	44,744	(63,619)	6,371	(20,307)
Income tax paid	(5,541)	(1,277)	(6,831)	(8,267)
Interest paid	(7,309)	(3,157)	(19,337)	(10,984)
Net cash generated from/(used in) operating activities	31,894	(68,053)	(19,797)	(39,558)
Cash flows from investing activities				
Increase in pledged bank deposits	-	-	(330,071)	-
Purchase of property, plant and equipment	(3,475)	(47,820)	(40,155)	(100,884)
Proceeds from disposals of property, plant and equipment	-	-	-	369
Interest received	3,278	-	6,953	67
Net cash used in investing activities	(197)	(47,820)	(363,273)	(100,448)
Cash flows from financing activities				
Inception of new short-term bank loans	15,000	15,968	15,000	60,063
Inception of new long-term bank loans	50,000	-	50,000	110,000
Proceeds of new term loans	-	-	326,411	-
Repayment of short-term borrowings	(15,000)	-	(15,000)	(118,342)
Repayment of long-term borrowings	(14,607)	(8,865)	(32,700)	(16,940)
Net (repayment)/advance of trust receipt and import loans	(4,160)	66,397	34,023	39,326
Interest on finance lease payables	-	-	-	(1)
Repayment of finance lease payables	-	(5)	-	(62)
Dividends paid to owners	(18,969)	-	(21,021)	(18,529)
Net cash generated from financing activities	12,264	73,495	356,713	55,515
Net increase/(decrease) in cash and cash equivalents	43,961	(42,378)	(26,357)	(84,491)
Cash and cash equivalents at beginning of the period	95,832	136,692	160,009	179,058
Net effect of exchange rate changes in consolidating subsidiaries	(4,195)	6,837	1,946	6,584
Cash and cash equivalents at end of the period	135,598	101,151	135,598	101,151

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	-	-	-	-	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
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	-	-	-	-	2,600	68,922	71,522	3,208	74,730
Dividends to owners	-	-	-	-	-	(18,529)	(18,529)	-	(18,529)
At 30 September 2010	246,000	26,488	-	2,057	29,906	207,007	511,458	13,578	525,036

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)
At 30 September 2011	246,000	26,488	130,205	58,679	461,372
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)
At 30 September 2010	246,000	26,488	130,205	60,000	462,693

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

As at 30 September 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\$7.5 each as at 30 September 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\$7.5 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\$7.5 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 September		Nine months ended 30 September	
	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	30.53	55.54	121.40	210.13
(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\$10,015,000 (Q3 2010: HK\$18,216,000) by the weighted average number of ordinary shares in issue of 32,800,000 (Q3 2010: 32,800,000 (restated)) during the Q3 2011.

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$39,820,000 (3Q 2010: HK\$68,922,000) by the weighted average number of ordinary shares in issue of 32,800,000 (3Q 2010: 32,800,000(restated)) during the 3Q 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 Q3 2011 and Q3 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	
	30/9/2011	31/12/2010	30/9/2011	31/12/2010
	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:	1,772.30	167.59	1,406.62	141.06
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 September 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 Q3 2010, the Group's overall revenue increased by 17.6% in Q3 2011, the performance by the Group's 3 business units according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+31.4m	+12.0	Direct result of customers' delivery schedule.
Moulds and Toolings	-5.5m	-8.2	Direct result of customers' delivery schedule.
Machine Sales	+35.9m	+152.4	Direct result of marketing efforts.

Increase/Decrease in revenue by geographical segments for Q3/2011

Region	(+/-) in HK\$	%	Comments
Asia	+87.7m	+40.4	Mainly increase in all business segments.
North America	-5.0m	-10.1	Mainly from ODM/OEM business.
Europe	-21.0m	-24.7	Mainly from ODM/OEM business.

8.2 Gross profit and gross profit margin

In Q3 2011, the Group's gross profit decreased by 23.7% or HK\$14.4 million, generating gross profit margin of 11.2% (Q3 2010: 17.3%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	-11.8m	-32.8	Direct result of increase in direct labour.
Moulds and Toolings	-5.0m	-29.2	Direct result of increase in direct labour.
Machine Sales	+2.2m	+29.8	Direct result of marketing efforts.

8.3 Other Income

The Group's other income increased by 131.0% to HK\$9.4 million, mainly due to an increase in interest income from the pledged time deposits.

8.4 Selling and distribution expenses

The Group's selling and distribution expenses decreased by 2.5% to HK\$7.3 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 5.5% to HK\$27.8 million in Q3 2011 mainly due to exchange gain of RMB deposits.

8.6 Finance Costs

Finance costs increased by 131.5% to HK\$7.3 million mainly due to the interest expense from higher utilization of banking facilities.

8.7 Income Tax Expenses

Income tax expense decreased by 45.9% to HK\$3.4 million is in line with the decrease in profit before tax.

Financial position

8.8 Non-current assets

The Group's non-current assets decreased by 0.11% or HK\$0.3 million as at 30 September 2011, due mainly to the increase in property, plant and equipment of HK\$40.2 million which was partially offset against the depreciation expense of HK\$39.1 million charged for the nine months ended 30 September 2011.

8.9 Current assets

As at 30 September 2011, the Group's current assets increased by 38.9% to HK\$1,797.8 million mainly due to:

- an increase in inventories of HK\$80.3 million due to customer delivery schedule;
- an increase in trade and bills receivables of HK\$94.6 million due to customer delivery schedule;
- an increase in pledged bank deposit of HK\$342.7 million due to utilization of RMB hedging products; and
- a decrease in bank and cash balances of HK\$24.4 million mainly due to purchase of property, plant and equipment;

8.10 Current liabilities

As at 30 September 2011, the Group's current liabilities increased by 48.0% to HK\$1,372.8 million mainly due to:

- an increase in trade and bills payables amounting to approximately HK\$18.3 million due to increase of purchase to meet its production commitment;
- an increase in accruals and other payables of HK\$60.6 million due to increase in purchase by ODM/OEM business segment;
- an increase in term loans of HK\$326.8 million due to utilization of RMB hedging products;
- an increase in short-term borrowings amounting to approximately HK\$34.0 million mainly due to increase in inventory.

8.11 Non-current liabilities

The increase in long-term borrowings is due to the increase of financing of non-current asset.

8.12 Statement of Cash Flows

As at 30 September 2011, the Group's cash resources of HK\$135.6 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$26.3 million held by the Group for the 9 months ended 30 September 2011 is comprised Net cash used in operating activities of HK\$19.8 million, due to higher utilization of working capital to meeting customers' delivery schedule.

Net cash used in investing activities of HK\$363.3 million, mainly due to increase in capital

expenditure and utilization of RMB hedging financial products, and

Net cash generated from financing activities of HK\$356.7 million, mainly due to increase in utilization of bank loan for RMB hedging 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.

The industry is still undergoing a period of consolidation. In the next 12 months, it is expected to be plagued by increased inflation, weaker demands and especially a sharp increase of labour costs. However, there are indications from the customers and other sources that the business prospects for the Group remains healthy and positive in the next 12 months. The Management has been taking effective measures in improving productivity and to maintain profitability level. Barring unforeseen circumstances, the Directors are cautiously confident that the Company will remain profitable in the next reporting period.

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/recommendeded, a statement to that effect.

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

13. Interested Person Transactions

The Company does not have any general mandate in place for interested person transactions.

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 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 November 2011