

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
聯志國際控股有限公司
(Incorporated in the Cayman Islands on 8 October 2007)
Company Registration No. MC-196613
(the “**Company**”)

PROPOSED EXPANSION OF ODM AND OEM OPERATIONS (INCLUDING THE PROPOSED ACQUISITION OF LAND IN GUANGXI, WUZHOU, THE PEOPLE’S REPUBLIC OF CHINA)

The Board of Directors of the Company wishes to announce that the Company, via its wholly-owned subsidiary, Combine Will Industrial Company Limited (联志工业有限公司) (the “**Subsidiary**”), intends to expand the ODM and OEM operations of the Company and its subsidiaries (the “**Group**”) by setting up operations in Guangxi, Wuzhou, the People’s Republic of China (the “**PRC**”) and such proposed expansion (the “**Expansion**”) will involve the proposed acquisition of a parcel of land with an aggregate area of approximately 100 acres (the “**Land**”) situated in Cangwu Industrial Park, Cangwu County, Wuzhou, Guangxi, PRC (the “**Acquisition**”).

The Expansion (including the Acquisition), which is in the ordinary course of business of the Company, is in furtherance of the Company’s plan as stated in its financial statement announcement dated 11 May 2012 in respect of the first quarter ended 31 March 2012, in which it was disclosed that the Company will accelerate its evaluation in the setting up of a new production facility. The Acquisition will enable the Group to expand the ODM and OEM operations of the Group in Guangxi, Wuzhou, PRC as part of the Group’s business growth.

As at the date of this announcement, the Subsidiary has entered into an agreement to formalize the terms and conditions of the Expansion and the Acquisition (the “**Agreement**”) with the Cangwu County Government (苍梧县人民政府). Pursuant to the Agreement, the indicative amount to be committed by the Group for the establishment of the ODM and OEM operations in Guangxi, Wuzhou, PRC (including the amount payable for the Acquisition) shall be RMB200 million. The Company intends to fund the Expansion (including the Acquisition) by way of a combination of external financing and internal resources with the proceeds from such funding to be invested in (and through) the Subsidiary by way of equity (to the extent required by applicable law and regulations) and shareholder loan.

The Group’s acquisition of the Land is subject to the following:

- (a) The Land shall be used by the Group in accordance with its designated purpose as set out in the Agreement, and such designated purpose needs to be permitted under the relevant city planning regulations.
- (b) The final area and precise location of the Land is subject to determination by the Cangwu County Land Resources Department (苍梧县国土资源部门) and the Cangwu County Construction Department (苍梧县建设部门).
- (c) Subsequent to the signing of the Agreement, subject to whether there are other bidders in respect of the Land, the Subsidiary may be required to participate in a bidding process in accordance with the applicable PRC legal or administrative requirements in order to acquire the rights to the Land. In the event of such bidding process, the final amount payable for the Expansion (which includes the amount payable for the Acquisition if the Group is successful in its bid) may differ from the above-mentioned amount of RMB200 million.
- (d) All necessary regulatory, administrative, governmental, internal and other approvals required for the purposes of the Expansion and the Acquisition and entry into the Agreement have been or will be obtained by, and/or within, the Cangwu County Government.

The Company will make further announcements to update shareholders on material developments in relation to the Expansion and the Acquisition, if any.

By Order of the Board

Chiu Hau Shun, Simon
Executive Director

23 May 2012