CLIMAX INTERNATIONAL COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The board of directors (the "Board") of Climax International Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 and the consolidated statement of financial position as at 31 March 2010 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2010	2009
	NOTES	***HK$'000***	*HK$'000*
			(Re-presented)
Continuing operation			
Revenue	2	**166,927**	3,947
Cost of sales		**(165,238)**	(3,915)
Gross profit		**1,689**	32
Other income	3	**917**	1,257
Selling and distribution expenses		**—**	(32)
Administrative expenses		**(10,696)**	(11,698)
Gain on redemption of financial assets at fair value through profit or loss		**—**	187
Gain on changes in fair value of financial assets at fair value through profit or loss		**—**	131
Gain/(loss) on changes in fair value of held for trading investments		**432**	(4,526)
Loss on disposal of held for trading investments		**(4,227)**	(1,540)
Finance costs		**(1)**	(38)
Loss before tax		**(11,886)**	(16,227)
Income tax expense	4	**—**	—
Loss for the year from continuing operation		**(11,886)**	(16,227)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	5	**33,358**	(83,395)
Profit/(loss) for the year	6	**21,472**	(99,622)

	NOTE	Year ended 31 March 2010 HK$'000	2009 HK$'000 (Re-presented)
Other comprehensive expenses			
Exchange differences arising on translation		—	(13)
Release of exchange differences upon disposal of subsidiaries		**(1,096)**	—
Other comprehensive expenses for the year		**(1,096)**	(13)
Total comprehensive income/(expenses) for the year		**20,376**	(99,635)
Profit/(loss) for the year attributable to:			
— Owners of the Company		**21,473**	(99,622)
— Minority interests		**(1)**	—
		21,472	(99,622)
Total comprehensive income/(expenses) attributable to:			
— Owners of the Company		**20,377**	(99,635)
— Minority interests		**(1)**	—
		20,376	(99,635)
Basic and diluted earnings/(loss) per share *(in Hong Kong cents)*	8		
— From continuing operation		**(1.03)**	(1.47)
— From discontinued operation		**2.90**	(7.54)
		1.87	(9.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Plant and equipment		**303**	4,113
Prepayments		—	10,217
Available-for-sale investments		—	—
		303	14,330
Current assets			
Inventories		—	200
Trade receivables	9	**39,494**	7,224
Deposits, prepayments and other receivables		**431**	8,861
Held for trading investments		**4,482**	9,820
Amounts due from related companies		—	63
Deposits in other financial institution		**63**	69,803
Bank balances and cash		**69,722**	2,737
		114,192	98,708
Current liabilities			
Trade and other payables	10	**41,800**	57,844
Income tax payables		—	2,330
Obligations under finance leases — amount due within one year		**5**	492
Bank overdrafts		—	82
		41,805	60,748
Net current assets		**72,387**	37,960
Total assets less current liabilities		**72,690**	52,290
Non-current liability			
Obligations under finance leases — amount due after one year		**24**	—
		72,666	52,290
Capital and reserves			
Share capital		**11,486**	11,486
Reserves		**61,180**	40,803
Total equity attributable to owners of the Company		**72,666**	52,289
Minority interests		—	1
Total equity		**72,666**	52,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the"Listing Rules") and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) — Interpretation ("Int") 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK (IFRIC) — Int 13	Customer Loyalty Programmes
HK (IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK (IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK (IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard. The adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments nor changes in basis of measurement of segment profit or loss, segment assets and segment liabilities.

1. **BASIS OF PREPARATION (Continued)**

New and revised HKFRSs affecting presentation and disclosure only (Continued)

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 January 2011.
8 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold by the Group to outside customers, less discounts and sales related taxes.

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating and reportable segments under HKFRS 8 which are based on the nature of business are as follows:

Electronic products — trading of electronic products
Paper products — design, development, production and marketing of paper products

Paper products segment was discontinued with effect from 17 March 2010. Its revenue and results and stated in note 5.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment from continuing operation:

	Electronic products	
	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Revenue		
External sales	**166,927**	3,947
Segment profit	**1,511**	17
Unallocated corporate items		
Unallocated corporate income	**736**	134
Unallocated corporate expenses	**(10,518)**	(11,715)
Interest income	**181**	1,123
Gain on redemption of financial assets at fair value through profit or loss	**—**	187
Gain on changes in fair value of financial assets at fair value through profit or loss	**—**	131
Gain/(loss) on changes in fair value of held for trading investments	**432**	(4,526)
Loss on disposal of held for trading investments	**(4,227)**	(1,540)
Finance costs	**(1)**	(38)
Loss before tax (continuing operation)	**(11,886)**	(16,227)

The accounting policies of the reportable segment are the same as the Group's accounting policies. Segment profit represents the profit attributable to the segment without allocation of central administration costs, directors' emoluments, interest income, finance costs, gain on redemption of financial assets at fair value through profit or loss, gain on changes in fair value of financial assets at fair value through profit or loss, gain/(loss) on changes in fair value of held for trading investments and loss on disposal of held for trading investments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

2. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2010 *HK$'000*	2009 *HK$'000*
Segment assets		
Continuing operation:		
Electronic products	**39,494**	3,947
Assets relating to discontinued operation	**—**	22,418
Unallocated corporate assets	**75,001**	86,673
Consolidated assets	**114,495**	113,038
Segment liabilities		
Continuing operation:		
Electronic products	**38,623**	3,915
Liabilities relating to discontinued operation	**—**	48,852
Unallocated corporate liabilities	**3,206**	7,981
Consolidated liabilities	**41,829**	60,748

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than available-for-sale investments, held for trading investments, amounts due from related companies, deposits in other financial institution, bank balances and cash, and other corporate assets; and
- all liabilities are allocated to reportable segments other than income tax payables, obligations under finance leases, bank overdrafts and other corporate liabilities.

(c) Other segment information

For the year ended 31 March

	Continuing operation Electronic products		Discontinued operation Paper products		Unallocated		Total	
	2010 *HK$'000*	2009 *HK$'000*	**2010** *HK$'000*	2009 *HK$'000*	**2010** *HK$'000*	2009 *HK$'000*	**2010** *HK$'000*	2009 *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Additions to non-current assets	**—**	—	**—**	—	**43**	333	**43**	333
Depreciation of plant and equipment	**—**	—	**—**	4,417	**243**	340	**243**	4,757
Impairment loss recognised in respect of trade receivables	**—**	—	**—**	2,303	**—**	—	**—**	2,303
Impairment loss recognised in respect of deposits, prepayments and other receivables	**—**	—	**—**	18,985	**454**	—	**454**	18,985
Impairment loss recognised in respect of plant and equipment	**—**	—	**—**	10,408	**—**	—	**—**	10,408
Allowance for inventories	**—**	—	**200**	9,660	**—**	—	**200**	9,660
Loss on written off of plant and equipment	**—**	—	**2,659**	3,813	**951**	—	**3,610**	3,813
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:								
Interest income	**181**	1,123	**—**	38	**—**	—	**181**	1,161
Finance costs	**1**	38	**14**	320	**—**	—	**15**	358
Income tax (credit)/expense	**—**	—	**(76)**	76	**—**	—	**(76)**	76

2. **REVENUE AND SEGMENT INFORMATION (Continued)**

(d) Geographical information

The Group's operations are located in Hong Kong and the PRC. The Group's PRC operations have ceased upon the disposal of certain subsidiaries on 17 March 2010.

The Group's revenue from continuing operation from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers Year ended 31 March		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**135,900**	3,947	**—**	—
Australia	**31,027**	—	**—**	—
Hong Kong	**—**	—	**303**	1,454
	166,927	3,947	**303**	1,454

Non-current assets excluded those relating to discontinued operation and financial instruments.

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Customer A *(Note a)*	**N/A** ***(Note c)***	15,192
Customer B *(Note b)*	**92,064**	N/A *(Note c)*
Customer C *(Note b)*	**74,863**	N/A *(Note c)*

Notes:

(a) Revenue from paper products.

(b) Revenue from electronic products.

(c) The corresponding revenue does not contribute over 10% of the total sales of the Group in the respective year.

3. OTHER INCOME

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Continuing operation		
Other income consisted of:		
Dividend income	**148**	134
Interest income	**181**	1,123
Written off of other payables	**588**	—
	917	1,257

4. INCOME TAX EXPENSE

Continuing operation

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for both years.

No provision for tax in other jurisdictions has been made as the Group did not have any assessable profits in the respective jurisdictions for both years.

5. DISCONTINUED OPERATION

On 8 October 2009, the Group entered into a sale agreement with Good Billion Holdings Limited ("Good Billion"), a company wholly owned by Mr. Tse On Kin, who is a substantial shareholder of the Group, to dispose of its subsidiaries, Climax Investments Limited and its subsidiaries (collectively referred to as the "CIL Group"), which carried out the Group's paper products business.

The disposal was effected in order to generate cash flows for the expansion of the Group's electronic products business. The disposal was completed on 17 March 2010, on which date control of the CIL Group passed to the acquirer.

The profit/(loss) for the year from discontinued operation is analysed as follows:

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Loss of paper products operation attributable to the Group	**(11,470)**	(83,395)
Gain on disposal of subsidiaries	**44,828**	—
	33,358	(83,395)

5. DISCONTINUED OPERATION (Continued)

The results of the paper products operation for the period from 1 April 2009 to 17 March 2010, which have been included in the consolidated statement of comprehensive income, were as follows:

	Period ended 17 March 2010 *HK$'000*	Year ended 31 March 2009 *HK$'000*
Revenue	**12,768**	66,169
Cost of sales	**(13,339)**	(87,536)
Gross loss	**(571)**	(21,367)
Other income	**1,347**	5,853
Selling and distribution expenses	**(811)**	(4,267)
Administrative expenses	**(11,497)**	(33,825)
Impairment loss recognised in respect of plant and equipment	**—**	(10,408)
Impairment loss recognised in respect of deposits, prepayments and other receivables	**—**	(18,985)
Finance costs	**(14)**	(320)
Loss before tax	**(11,546)**	(83,319)
Income tax credit/(expense)	**76**	(76)
Loss for the period/year	**(11,470)**	(83,395)

Profit/(loss) for the period/year from discontinued operation has been arrived at after charging/(crediting):

	Period ended 17 March 2010 *HK$'000*	Year ended 31 March 2009 *HK$'000*
Auditor's remuneration	**—**	652
Allowance for inventories	**200**	9,660
Impairment loss recognised in respect of trade receivables	**—**	2,303
Release of non-current prepayments	**524**	1,941
Loss on written off of plant and equipment	**2,659**	3,813
Depreciation and amortisation	**—**	4,417
Staff costs	**5,815**	26,384
Loss on non-current prepayments upon sales of right of use and management premises	**—**	5,255
Deposits forfeited for early termination of a rental agreement	**—**	1,600
Interest income	**—**	(38)
Gain on disposal of plant and equipment	**—**	(1,365)
Rental income, net of outgoings included in administrative expenses of HK$524,000 (2009: HK$1,941,000)	**(666)**	(1,063)

6. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging:

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Continuing operation		
Directors' emoluments	**219**	1,001
Other staff costs	**404**	10
Share-based payment	**—**	1,695
Retirement benefit scheme contributions for staff	**17**	—
Total staff costs	**640**	2,706
Auditor's remuneration	**450**	350
Loss on written off of plant and equipment	**951**	—
Impairment loss recognised in respect of amount due from a related company	**320**	—
Impairment loss recognised in respect of deposits, prepayments and other receivables	**454**	—
Deposits forfeited for early termination of a rental agreement	**691**	—
Depreciation on		
— own assets	**242**	340
— assets held under finance leases	**1**	—
Lease payment in respect of rented premises	**2,385**	3,524

7. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

8. EARNINGS/(LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings/loss per share attributable to the owners of the Company is based on the profit for the year attributable to the owners of the Company of HK$21,473,000 (2009: loss of HK$99,622,000) and the following data:

	2010	2009
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted earnings/loss per share	**1,148,661,140**	1,105,228,260

8. EARNINGS/(LOSS) PER SHARE (Continued)

From continuing operation

The calculation of the basic and diluted loss per share from continuing operation attributable to the owners of the Company is based on the following data:

Earnings/(loss) figures are calculated as follows:

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to the owners of the Company	**21,473**	(99,622)
Less:		
Profit/(loss) for the year from discontinued operation	**33,358**	(83,395)
Loss for the purpose of basic and diluted loss per share from continuing operation	**(11,885)**	(16,227)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK2.90 cents per share (2009: basic and diluted loss of HK7.54 cents per share), based on the profit for the year from the discontinued operation of HK$33,358,000 (2009: loss of HK$83,395,000) and the denominators detailed above for both basic and diluted earnings/loss per share.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares during two years ended 31 March 2010 and 2009 before the suspension of trading in shares on the Stock Exchange in September 2008.

9. TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**39,494**	14,261
Less: allowance for doubtful debts	**—**	(7,037)
	39,494	7,224

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period. The Group did not hold any collateral over these balances.

	2010	2009
	HK$'000	*HK$'000*
0–30 days	**34,099**	6,062
31–60 days	**4,961**	1,123
61–90 days	**252**	16
91-120 days	**171**	16
Over 120 days	**11**	7
	39,494	7,224

9. TRADE RECEIVABLES (Continued)

The Group allows an average credit period of 90 days (2009: 30 to 120 days) to its trade customers.

Included in the Group's trade receivables balance are receivables with aggregate carrying amount of approximately HK$182,000 (2009: HK$346,000) which were past due but not impaired at the reporting date for which the Group has not provided for impairment loss.

Aging of trade receivables which are past due but not impaired:

	2010	2009
	HK$'000	*HK$'000*
0–30 days	—	289
31–60 days	—	18
61–90 days	—	16
91–120 days	**171**	16
Over 120 days	**11**	7
	182	346

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in the allowance for doubtful debts:

	2010	2009
	HK$'000	*HK$'000*
At 1 April	**7,037**	4,734
Impairment loss recognised	—	2,303
Disposal of subsidiaries	**(7,037)**	—
At 31 March	—	7,037

At 31 March 2009, included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$7,037,000 since the management considered the prolonged outstanding balances were uncollectible. The Group did not hold any collateral over these balances. It was assessed that the remaining portion of the receivables is expected to be recovered.

10. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**38,381**	30,926
Other payables	**2,577**	4,533
Provision for litigation	**—**	671
Accruals	**842**	21,714
	41,800	57,844

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2010	2009
	HK$'000	*HK$'000*
0–30 days	**33,604**	5,395
31–60 days	**4,777**	412
61–90 days	**—**	31
91–120 days	**—**	452
Over 120 days	**—**	24,636
	38,381	30,926

The average credit period on purchases of goods are 90 days (2009: 30 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. COMPARATIVES

The comparative figures of consolidated statement of comprehensive income have been re-presented to conform with the current year's presentation as a result of the discontinued operation in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

INDEPENDENT AUDITOR'S REPORT

Extract of Independent Auditor's Report

Basis for disclaimer of opinion

We were unable to obtain sufficient appropriate audit evidence in respect of the financial information of one of the Group's subsidiaries, Climax Paper Products Manufacturing (Dongguan) Co., Ltd. ("CPD"), when we conducted the audit of the consolidated financial information of the Group as at 31 March 2009 and for the year then ended, and a disclaimer opinion on such financial statements was issued on 31 July 2009. As a result, the opening balances and related disclosures of the consolidated financial statements of the Group as at 1 April 2009 might have been significantly different had we been able to obtain such evidence.

As explained in note 1.2 to the consolidated financial statements, management was still unable to make available to us the complete and accurate financial information of CPD as a result of the lost of the accounting books and records of CPD during relocation of factory due to cessation of business in the year ended 31 March 2009 and such books and records were not able to be recovered. In addition, during the year ended 31 March 2010, Climax Investments Limited ("CIL"), the indirect controlling shareholder of CPD, was sold to Good Billion Holdings Limited, a connected person and a related party of the Company. The disposal was completed in March 2010. Certain accounting books and records of CIL and its subsidiaries (which included CPD and collectively referred to as the "CIL Group") were lost during relocation of office of the CIL Group in October 2009 and not be able to be recovered due to the high turnover rate of accounting personnel as a result of lack of financial resources of the CIL Group. Furthermore, as a result of the lost of accounting books and records and the high turnover rate of accounting personnel of the CIL Group, the directors of the Company were unable to provide us with complete information of the status of the lawsuits and claims of the CIL Group during the year and upon the completion of its disposal.

Against this background, we were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the profit for the year from discontinued operation of HK$33,358,000 as recorded in the Group's consolidated statement of comprehensive income for the year ended 31 March 2010, which included loss for the year of the CIL Group attributed to the Group of HK$11,470,000 and the gain on disposal of the CIL Group of HK$44,828,000, and the related disclosures included in notes 11 and 31 respectively to the consolidated financial statements. In addition, we were unable to obtain sufficient reliable evidence to satisfy ourselves as to the existence, accuracy and completeness of the adjustment and/or disclosures in relation to the contingent liabilities, commitment and pledge of assets of the CIL Group arising from the lawsuits and claims against it during the year and upon its disposal. Consequently we were not able to determine whether any adjustments to the amounts and related disclosures might have been necessary had we been able to obtain such financial information.

There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the abovementioned matters. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Any adjustment to these figures may have a consequential significant effect on the opening balances of the consolidated financial statements of the Group as at 1 April 2009 and the profit of the Group for the year ended 31 March 2010.

INDEPENDENT AUDITOR'S REPORT (Continued)

Extract of Independent Auditor's Report (Continued)

Disclaimer of opinion: Disclaimer on view given by limitation of scope

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 March 2010 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other aspects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Review

For the year ended 31 March 2010 ("2010"), the Group's turnover from electronic business was HK$167 million, increased by 4,129% as comparing with HK$4 million for the year ended 31 March 2009 ("2009"). With the significant increase in turnover in 2010, the Group recorded a gross profit of HK$2 million from electronic business (2009: gross profit of HK$32,000).

For the paper products segment, the turnover was dropped dramatically from HK$66 million for 2009 to HK$13 million for 2010, the Group recorded a gross loss of HK$0.6 million from paper products business (2009: gross loss of HK$21 million). In view of the keen competition and poor operating environment and performance of the paper products segment, the Group has disposed of this segment at the end of 2010.

Profit attributable to owners of the Company increased to HK$21 million (2009: loss attributable to owners of the Company of HK$100 million).

Outlook

More resources will be allocated to the electronic products business to enlarge the customer base and improve the quality of products in achieving the aim of profitability in the electronic products business. Besides, the Board will use its best endeavour to formulate a plan for the resumption of trading of the shares of the Company so as to protect the interest of the shareholders of the Company.

Capital Structure

The Group had no change in capital structure during 2010.

Liquidity and Financial Resources

As at 31 March 2010, the total shareholders fund of the Group amounted to approximately HK$73 million (2009: HK$52 million), total assets of approximately HK$114 million (2009: HK$113 million) and total liabilities of approximately HK$42 million (2009: HK$61 million).

The gearing ratio as of 31 March 2010, defined as the percentage of total interest bearing debt to net asset value, was 0.04% (2009: 1%).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and Financial Resources (Continued)

The Group's business operation and investment are in Hong Kong and most assets, liabilities and transactions of the Group are denominated in Hong Kong dollar and United States dollar. The directors did not consider the Group was exposed to any significant foreign currency exchange risk.

Investment Position and Planning

During 2010, the Group spent approximately HK$43,000 (2009: HK$333,000) for the acquisition of fixtures and furniture.

The Group has invested in shares of certain companies that are traded over The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 March 2010, the Group held shares with fair value of approximately HK$4 million.

On 17 March 2010, the Group disposed of its entire equity interests in Climax Investments Limited and its subsidiaries (the "Disposed Subsidiaries") and assigned all the debts due from the Disposed Subsidiaries to the purchaser at approximately HK$2.5 million which resulted in a gain on disposal of approximately HK$45 million. The Disposed Subsidiaries are engaged in the paper products business. Upon the disposal of paper products business, the resources was reallocated to electronic products business in order to further improve its performance.

Save as disclosed above, the Group did not have any significant investment and there are no material acquisition or disposal of subsidiaries and associated companies during 2010.

Charges on the Group's Assets and Contingent Liabilities

As at 31 March 2010, the Group did not pledge any assets.

As at 31 March 2010, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

As at 31 March 2010, the Group had 5 employees. The Group provides competitive remuneration packages to employees with attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") during the year under review, save for the deviation from code provision A.2.1 which is explained in the relevant paragraph in this report. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Due to the resignation of Ms. Chan Hoi Ling, the ex-chairman, on 24 November 2009, the Company has deviated from this requirement. The Company has appointed Mr. Tse On Kin as the chairman on 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The audit committee, comprising of three independent non-executive directors. The current members of the audit committee are Mr. Lau Man Tak (who acts as chairman of the committee), Dr. Wong Yun Kuen and Mr. Man Kwok Leung. All audit committee members have appropriate qualifications and experience to properly discharge its roles and responsibilities.

The audit committee has met to review the results of the Group for the year ended 31 March 2010 and the effectiveness of internal control system; and to approve the audit and non-audit services provided by the auditor for the year ended 31 March 2010.

By order of the Board
Climax International Company Limited
Tse On Kin
Chairman

Hong Kong, 13 July 2010

As at the date of this announcement, the Board comprises of two executive directors, Mr. Tse On Kin and Mr. Wong Hin Shek and three independent non-executive directors, Dr. Wong Yun Kuen, Mr. Lau Man Tak and Mr. Man Kwok Leung.