CLIMAX INTERNATIONAL COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011 and the consolidated statement of financial position as at 31 March 2011 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000*
Continuing operations			
Revenue	*3*	**87,366**	166,927
Cost of sales		**(86,045)**	(165,238)
Gross profit		**1,321**	1,689
Other revenue	*4*	**808**	917
Administrative expenses		**(6,311)**	(10,696)
(Loss) gain on changes in fair value of held for trading investments		**(183)**	432
Loss on disposal of held for trading investments		**—**	(4,227)
Finance costs		**(2)**	(1)
Loss before tax		**(4,367)**	(11,886)
Income tax expense	*5*	**(4)**	—
Loss for the year from continuing operations		**(4,371)**	(11,886)
Discontinued operation			
Profit for the year from discontinued operation	*6*	**—**	33,358
(Loss) profit for the year	*7*	**(4,371)**	21,472

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 March 2011

	NOTE	**2011** **HK$'000**	2010 HK$'000
Other comprehensive expense			
Release of exchange differences upon disposal of subsidiaries		**—**	(1,096)
Other comprehensive expense for the year		**—**	(1,096)
Total comprehensive (expense) income for the year		**(4,371)**	20,376
(Loss) profit for the year attributable to:			
Owners of the Company			
— Loss for the year from continuing operations		**(4,371)**	(11,885)
— Profit for the year from discontinued operation		**—**	33,358
(Loss) profit for the year attributable to owners of the Company		**(4,371)**	21,473
Non-controlling interests			
— Loss for the year from continuing operations		**—**	(1)
— Profit for the year from discontinued operation		**—**	—
Loss for the year attributable to non-controlling interests		**—**	(1)
		(4,371)	21,472
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(4,371)**	20,377
Non-controlling interests		**—**	(1)
		(4,371)	20,376
(LOSS) EARNINGS PER SHARE			
Basic and diluted (loss) earnings per share *(in Hong Kong cents)*	*9*		
From continuing operations		**(0.38)**	(1.03)
From discontinued operation		**—**	2.90
		(0.38)	1.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000*
Non-current asset			
Plant and equipment		**240**	303
Current assets			
Trade receivables	*10*	**21**	39,494
Deposits, prepayments and other receivables		**6,211**	431
Held for trading investments		**4,299**	4,482
Deposits in other financial institutions		**170**	63
Bank balances and cash		**59,908**	69,722
		70,609	114,192
Current liabilities			
Trade and other payables	*11*	**2,526**	41,800
Income tax payable		**4**	—
Obligation under finance lease — amount due within one year		**6**	5
		2,536	41,805
Net current assets		**68,073**	72,387
Total assets less current liabilities		**68,313**	72,690
Non-current liability			
Obligation under finance lease — amount due after one year		**18**	24
		68,295	72,666
Capital and reserves			
Share capital		**11,486**	11,486
Reserves		**56,809**	61,180
Total equity attributable to owners of the Company and total equity		**68,295**	72,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK-Interpretation ("Int") 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations of which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (2011)	Separate Financial Statements[6]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[6]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 July 2011.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)**

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures — Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of financial assets. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

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 results and the financial position of the Group.

3. **REVENUE AND SEGMENT INFORMATION**

The principle activity of the Group is trading of electronic products.

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

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operating decision maker, the Chief Executive Officer, for the purpose of allocating resources to segments and assessing their performance. The Group is organised into a single operating segment of trading of electronic products. Accordingly, no reportable segment is presented.

Paper products segment was discontinued with effect from 17 March 2010. Its revenue and results are stated in note 6.

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

(a) Geographical information

The Group's operations are located in Hong Kong during the year ended 31 March 2011. During the year ended 31 March 2010, the Group's operations were located in Hong Kong and the People's Republic of China (the "PRC") before the disposal of certain subsidiaries on 17 March 2010.

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

	Revenue from external customers		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**87,366**	135,900	**—**	—
Australia	**—**	31,027	**—**	—
Hong Kong	**—**	—	**240**	303
	87,366	166,927	**240**	303

Non-current asset excluded those relating to discontinued operation.

(b) Information about major customers

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

	2011	2010
	HK$'000	*HK$'000*
Customer A	**—***	92,064
Customer B	**87,366**	74,863

* The corresponding revenue did not contribute over 10% of the total sales of the Group in the respective year.

4. **OTHER REVENUE**

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Dividend income	**155**	148
Interest income	**408**	181
Written off of other payables	**245**	588
	808	917

5. INCOME TAX EXPENSE

Continuing operations

	2011	2010
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— Under-provision in prior year	**4**	—

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Taxation 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.

6. 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 Climax Investments Limited and its subsidiaries (hereinafter 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 for the year from the discontinued operation is analysed as follows:

	Year ended 31 March 2011	Year ended 31 March 2010
	HK$'000	*HK$'000*
Loss of paper products operation for the year attributable to the Group	**—**	(11,470)
Gain on disposal of paper products operation	**—**	44,828
	—	33,358

6. 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:

	Year ended 31 March 2011 ***HK$'000***	Period ended 17 March 2010 *HK$'000*
Revenue	—	12,768
Cost of sales	—	(13,339)
Gross loss	—	(571)
Other revenue	—	1,347
Selling and distribution expenses	—	(811)
Administrative expenses	—	(11,497)
Finance costs	—	(14)
Loss before tax	—	(11,546)
Income tax credit	—	76
Loss for the year/period	—	(11,470)

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

	Year ended 31 March 2011 ***HK$'000***	Period ended 17 March 2010 *HK$'000*
Allowance for inventories	—	200
Release of non-current prepayments	—	524
Loss on written off of plant and equipment	—	2,659
Staff costs	—	6,573
Rental income, net of outgoings included in administrative expenses of Nil (2010: HK$524,000)	—	(666)

No charge or credit arose on gain on discontinuance of the operation.

7. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Directors' emoluments	**240**	219
Other staff costs	**1,278**	404
Retirement benefit scheme contributions for staff	**49**	17
Total staff costs	**1,567**	640
Auditor's remuneration	**450**	450
Depreciation for plant and equipment	**63**	243
Exchange loss	**59**	—
Loss on written off of plant and equipment	**—**	951
Impairment loss recognised in respect of deposits, prepayments and other receivables	**—**	454
Impairment loss recognised in respect of amount due from a related company	**—**	320
Deposits forfeited for early termination of a rental agreement	**—**	691
Lease payment in respect of rented premises	**600**	2,385

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2011, nor has any dividend been proposed since the end of the reporting period (2010: Nil).

9. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$4,371,000 (2010: profit of HK$21,473,000) and the following data:

	2011	2010
Number of shares		
Weighted average number of shares for the purpose of basic and diluted (loss) earnings per share	**1,148,661,140**	1,148,661,140

9. (LOSS) EARNINGS PER SHARE (Continued)

From continuing operations

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

(Loss) earnings figures are calculated as follows:

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company	**(4,371)**	21,473
Less: Profit for the year from discontinued operation	**—**	33,358
Loss for the purpose of basic and diluted loss per share from continuing operations	**(4,371)**	(11,885)

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 (2011: Nil), based on the profit for the year ended 31 March 2010 from the discontinued operation of approximately HK$33,358,000 (2011: Nil) and the denominators detailed above for both basic and diluted earnings 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 2011 and 2010 before the suspension of trading in shares on the Stock Exchange in September 2008.

10. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**21**	39,494
Less: impairment loss recognised	**—**	—
	21	39,494

10. TRADE RECEIVABLES (Continued)

The Group allows an average credit period of 90 days (2010: 90 days) to its trade customers. The following is an aged analysis of trade receivables net of impairment loss recognised presented based on the invoice date at the end of the reporting period. The Group did not hold any collateral over these balances.

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	—	34,099
31–60 days	9	4,961
61–90 days	9	252
91–120 days	3	171
Over 120 days	—	11
	21	39,494

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$3,000 (2010: HK$182,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on the 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.

Ageing of trade receivables which are past due but not impaired

	2011	2010
	HK$'000	*HK$'000*
91–120 days	3	171
Over 120 days	—	11
Total	3	182

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

Movement in the impairment loss on trade receivables

	2011	2010
	HK$'000	*HK$'000*
1 April	—	7,037
Disposal of subsidiaries	—	(7,037)
31 March	—	—

The Group did not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**—**	38,381
Other payables and accruals	**2,526**	3,419
	2,526	41,800

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

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**—**	33,604
31–60 days	**—**	4,777
	—	38,381

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

INDEPENDENT AUDITOR'S REPORT

Extract of Independent Auditor's Report

Basis for qualified opinion

Corresponding figures

As explained in our independent auditor's report dated 13 July 2010 on the Group's consolidated financial statements for the year ended 31 March 2010, due to the lost of accounting books and records and high turnover rate of accounting personnel of Climax Investments Limited and its subsidiaries (collectively referred to as the "CIL Group"), which was disposed of during the year ended 31 March 2010, 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 amounts recorded in the consolidated statement of cash flows and the related amounts disclosed in the notes to the consolidated financial statements in respect of CIL Group for the year ended 31 March 2010. 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 ended 31 March 2010 and upon its disposal. We issued a "disclaimer opinion" on the consolidated financial statements for the year ended 31 March 2010 in respect of this scope limitation accordingly.

Any adjustments that might have been found necessary in respect of the above would have had a consequential impact on the related amounts recorded in the consolidated statement of comprehensive income and consolidated statement of cash flows; and the related disclosures thereof for the year ended 31 March 2010.

Qualified opinion on the loss and cash flows arising from limitation of scope

In our opinion, except for the possible effects of any adjustments that might have been determined to be necessary had we been able to obtain sufficient information concerning the matters as described in the basis for qualified opinion paragraph, the consolidated statement of comprehensive income and the consolidated statement of cash flows give a true and fair view of the Group's loss and cash flows for the year ended 31 March 2011 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Opinion on the financial position

In our opinion, the consolidated statement of financial position gives a true and fair view of the state of affairs of the Group as at 31 March 2011 in accordance with Hong Kong Financial Reporting Standards and 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 2011 ("2011"), the Group's turnover from electronic business was approximately HK$87 million, decreased by 48% as compared to HK$167 million for the year ended 31 March 2010 ("2010"). The Group recorded a gross profit of approximately HK$1 million from electronic business (2010: gross profit of HK$2 million).

Loss attributable to owners of the Company was approximately HK$4 million (2010: profit attributable to owners of the Company of HK$21 million).

Outlook

On 20 January 2011, the Company entered into a conditional sale and purchase agreement with an independent third party whereby the Company agreed to purchase the entire interest of a company which, together with its subsidiaries, is principally engaged in manufacture and sales of paper packaging products and paper gift items and the printing of paper promotional materials, for the purpose of formulate a plan for the resumption of trading of the shares of the Company so as to protect the interests of the shareholders of the Company.

Upon completion of the above acquisition, the Group will enlarge the customer base in the paper product market and improve the quality of products in achieving the aim of expansion and profitability in newly acquired business.

Besides, the Group will closely monitor the conditions of paper product market and take advantage of the market adversities and seize upon further suitable investment opportunities to provide tremendous value-added to shareholders.

Capital Structure

The Group had no change in capital structure during 2011.

Liquidity and Financial Resources

As at 31 March 2011, the total shareholders fund of the Group amounted to approximately HK$68 million (2010: HK$73 million), total assets of approximately HK$71 million (2010: HK$114 million) and total liabilities of approximately HK$3 million (2010: HK$42 million).

The gearing ratio as of 31 March 2011, defined as the percentage of total interest bearing debt to net asset value, was 0.04% (2010: 0.04%).

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, United States dollar and Renminbi. The directors did not consider the Group was exposed to any significant foreign currency exchange risk.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Investment Position and Planning

On 20 January 2011, the Company entered into a conditional sale and purchase agreement with an independent third party whereby the Company agreed to purchase the entire interest of a company which, together with its subsidiaries, is principally engaged in manufacture and sales of paper packaging products and paper gift items and the printing of paper promotional materials. The acquisition forms part of the resumption proposal of the Company which was under review by the Stock Exchange.

During 2011, the Group did not purchase any plant and equipment (2010: HK$43,000).

The Group has invested in shares of certain companies that are traded over the Stock Exchange. As at 31 March 2011, the Group held shares with fair value of approximately HK$4 million (2010: HK$4 million).

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 2011.

Charges on the Group's Assets and Contingent Liabilities

As at 31 March 2011, the Group did not pledge any assets.

As at 31 March 2011, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

As at 31 March 2011, the Group had 4 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. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

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 comprises three independent non-executive directors, namely Mr. Lau Man Tak (who acts as chairman of the committee), Dr. Wong Yun Kuen and Mr. Man Kwok Leung. The audit committee has met to review the results of the Group for the year ended 31 March 2011.

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

Hong Kong, 28 June 2011

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.