

**CLIMAX INTERNATIONAL COMPANY LTD:
WHY IS MR TSE ON KIN DETERMINED TO BE GENEROUS ?**

A former, Non-Executive Director of Climax International Company Ltd () (Code: 439, Main Board, The Stock Exchange of Hongkong Ltd) is, effectively, taking over the operations of all of the principal subsidiaries of Climax International Company Ltd, leaving, virtually, little more than the 'shell' of the publicly listed corporation intact.

This appears to be the bottom line of the '*Very Substantial Disposal and Connected Transaction*' announcement of Climax International Company Ltd, dated November 10, 2009.

The question is, of course, for what reason would Mr Tse On Kin () agree to pay a little more than \$HK2.50 million for what appears, on the surface, just corporate junk.

Good Billion Holdings Ltd has agreed to purchase from Climax International Company Ltd, all of the Issued and Fully Paid-Up Share Capital of Climax Investments Ltd, a company, domiciled in the British Virgin Islands and being a wholly owned subsidiary of Climax International Company Ltd, for about \$HK2.50 million.

Good Billion Holdings Ltd, beneficially, owns about 15.23 percent of the Issued and Fully Paid-Up Share Capital of Climax International Company Ltd and is, itself, beneficially owned by Mr Tse On Kin.

By virtue of this transaction, Good Billion Holdings Ltd will control what is referred to as the Principal Subsidiaries of Climax International Company Ltd.

In aggregate, these 13, Principal Subsidiaries have amassed about \$HK94.48 million in Net Losses Attributable to Shareholders for the Financial Year, ended March 31, 2009.

In the 2008 Financial Year, these 13 subsidiaries reported Losses Attributable to Shareholders of about \$HK29.30 million.

The Net Liabilities of the 13 subsidiaries, as at March 31, 2009, amounted to about \$HK394.29 million.

And so the question is: For what reason would Mr Tse On Kin want to throw good money after bad by acquiring the corporate junk of Climax International Company Ltd?

From the point of view of Climax International Company Ltd, it would appear that it is in this publicly listed company's best interests to offload its corporate junk since it will be able to book a gain on the disposal of about \$HK29 million, one is told.

Successful businessmen do not achieve their status by being overly generous and one must assume that a man, such as Mr Tse On Kin, must fall into the category of being a successful businessman.

When somebody/a corporate entity acquires another limited liability corporation, that person/corporation acquires all of the liabilities as well as all of the assets unless otherwise specified.

This makes one ponder all the more whether or not Mr Tse On Kin knows that, according to the Mandatory

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