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GARRON INTERNATIONAL LIMITED

嘉禹國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1226)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The board of directors (the “Board”) of Garron International Limited (the “Company”) hereby present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2010.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	<i>Notes</i>	2010 HK\$	2009 HK\$
Revenue	4	123,707	201,539
Net realised gain on disposal of financial assets at fair value through profit or loss		–	770,602
Net unrealised gain (loss) on financial assets at fair value through profit or loss		3,456,972	(3,022,480)
Other revenue – written back of over-provided expenses in previous years		–	89,304
Administrative expenses		(8,192,740)	(8,936,384)
Finance costs – margin financing interest wholly repayable within one year		(184,425)	(222,249)
Loss before tax		(4,796,486)	(11,119,668)
Income tax expense	6	–	–
Loss attributable to owners of the Company	7	(4,796,486)	(11,119,668)
Dividends	8	–	–
Loss per share	9		
– Basic		(0.07)	(0.16)
– Diluted		N/A	N/A

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	<i>Note</i>	2010 HK\$	2009 HK\$
Loss attributable to owners of the Company	7	(4,796,486)	(11,119,668)
Other comprehensive expense:			
Available-for-sale financial assets:			
Net loss arising on change in fair value		<u> –</u>	<u>(78,143,880)</u>
Other comprehensive expenses for the year, net of tax		<u> –</u>	<u>(78,143,880)</u>
Total comprehensive expenses attributable to the owners of the Company		<u>(4,796,486)</u>	<u>(89,263,548)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	<i>Notes</i>	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Non-current assets			
Property, plant and equipment		21,901	131,176
Available-for-sale financial assets	<i>10</i>	<u>–</u>	<u>4,000,000</u>
		21,901	4,131,176
Current assets			
Financial assets at fair value through profit or loss		7,691,390	4,122,468
Other receivables, prepayments and deposits		974,450	1,186,808
Bank and cash balances		431,971	1,029,815
		9,097,811	6,339,091
Current liability			
Other payables		4,627,760	1,353,306
Net current assets			
		4,470,051	4,985,785
Non-current liability			
Amount due to a director		8,132,005	7,960,528
Net (liabilities) assets			
		(3,640,053)	1,156,433
Capital and reserves			
Share capital	<i>11</i>	14,130,000	14,130,000
Reserves		(17,770,053)	(12,973,567)
Shareholders' funds			
		(3,640,053)	1,156,433
Net (liability)/net asset value per share			
	<i>12</i>	(0.05)	0.02

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Share option reserve <i>HK\$</i>	Warrant reserve <i>HK\$</i>	Investment revaluation reserve <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2008	14,130,000	25,759,973	1,384,719	430,000	78,143,880	(30,268,591)	89,579,981
Issue of unlisted warrants	-	-	-	840,000	-	-	840,000
Loss for the year	-	-	-	-	-	(11,119,668)	(11,119,668)
Other comprehensive expenses	-	-	-	-	(78,143,880)	-	(78,143,880)
At 31 March 2009	14,130,000	25,759,973	1,384,719	1,270,000	-	(41,388,259)	1,156,433
Loss for the year	-	-	-	-	-	(4,796,486)	(4,796,486)
At 31 March 2010	<u>14,130,000</u>	<u>25,759,973</u>	<u>1,384,719</u>	<u>1,270,000</u>	<u>-</u>	<u>(46,184,745)</u>	<u>(3,640,053)</u>

NOTES:

1. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Notwithstanding that the Group incurred loss attributable to owners of the Company of approximately HK\$4,796,486 for the year ended 31 March 2010 and had net current assets of approximately HK\$4,470,051 and capital deficiency attributable to owners of the Company of approximately HK\$3,640,053 as at 31 March 2010, these consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following arrangements which include, but are not limited to, the followings:

- (i) Dr. Poon Ho-man, a director and a substantial shareholder of the Company, has agreed to provide adequate fund to enable the Group to meet in full its financial obligations when they fall due in the foreseeable future; and he would not demand for repayment of the amount of HK\$8,132,005 due to him as at 31 March 2010 within 12 months from the end of reporting period; and
- (ii) subsequent to the end of the reporting period, the Company completed the placement of 14,130,000 shares and raised approximately HK\$5,200,000 for general working capital of the Company.

Based on the above, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has adopted the following new and revised standards, amendments and interpretations (the “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective for the Group’s financial year beginning on or after 1 April 2009.

HKFRS 1 and HKAS 27 (Amendments)	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)- Int 9 & 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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Except as described below, the directors of the Company anticipate the adoption of the new and revised HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented.

HKAS 1 (Revised) Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions which owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expenses, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The new format for the consolidated statement of comprehensive income and the consolidated statement of change in equity has been adopted in this financial report and corresponding amounts have been restated to conform to the new presentation. The Standard introduces the accounts of “Other comprehensive income/expense for the year” and “Total comprehensive income/expense for the year” into the consolidated statement of comprehensive income. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKFRS 7 Financial Instruments: Disclosure

The amended Standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures.

HKFRS 8 Operating Segments

This Standard requires disclosure of information about the Group’s operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. Adoption of this Standard did not have any significant effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 Segment Reporting.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKFRSs (Amendments)	Improvements to HKFRSs issued in 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 (Amendment)	Additional Exemptions of First-time Adopters ⁴
HKFRS 1 (Amendment)	Limited Exemption 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 (relating to the classification and measurement of financial assets) ⁸
HK(IFRIC)- Int 14 (Amendment)	Prepayments of 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 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

³ 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 adoption of HKFRS 3 (Revised) may affect the accounting treatment 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 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

4. REVENUE

An analysis of revenue is as follows:

	2010	2009
	HK\$	HK\$
Dividend income from financial assets at fair value through profit or loss	123,702	200,191
Interest income on bank deposits	5	1,348
	<u>123,707</u>	<u>201,539</u>

5. SEGMENT INFORMATION

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 purposes 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 segment was business segments. The adoption 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.

During the years ended 31 March 2010 and 2009, the Group's turnover and net losses were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses.

The Group operates in two principal geographical areas – the People's Republic of China (excluding Hong Kong) ("the PRC") and Hong Kong. The Group's segment assets and liabilities for the year, analysed by geographical area, are as follows:

	PRC		Hong Kong		Total	
	2010	2009	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment assets	–	4,000,000	9,119,712	6,470,267	9,119,712	10,470,267
Segment liabilities	–	–	12,759,765	9,313,834	12,759,765	9,313,834
	<u>–</u>	<u>4,000,000</u>	<u>9,119,712</u>	<u>6,470,267</u>	<u>9,119,712</u>	<u>10,470,267</u>

6. INCOME TAX EXPENSE

The tax charge for the year can be reconciled to the loss per consolidated income statement as follows:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Loss before tax	<u>(4,796,486)</u>	<u>(11,119,668)</u>
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	(791,420)	(1,834,745)
Tax effect of expenses that are not deductible in determining taxable profit, net	43,710	51,315
Tax effect of non-taxable revenues	(518,602)	(33,254)
Tax effect on temporary differences not recognised	14,514	(4,307)
Tax effect of tax losses not recognised	<u>1,251,798</u>	<u>1,820,991</u>
Tax charge for the year	<u>–</u>	<u>–</u>

No provision for Hong Kong profits tax is required since the Group has no assessable profits for the year (2009: Nil).

Deferred tax assets are not recognised for tax losses carried forward due to uncertainty of realisation of the related tax benefit through the future taxable profits.

7. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company is stated after charging the following:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Directors' remunerations		
Fees	–	90,000
Other remunerations	1,518,000	2,340,000
Provident fund contributions	<u>12,000</u>	<u>12,000</u>
Total directors' remunerations	<u>1,530,000</u>	<u>2,442,000</u>
Staff costs		
Salaries	1,334,204	1,329,774
Provident fund contributions	<u>43,517</u>	<u>28,683</u>
Total staff costs (excluding directors' remunerations)	<u>1,377,721</u>	<u>1,358,457</u>
Auditor's remuneration	115,000	115,000
Annual listing fee	145,000	145,000
Depreciation	109,275	247,470
Investment manager fee	16,451	362,303
Legal and professional fees	1,414,185	568,492
Printing and stationery	1,430	159,778
Rent and rates	2,283,277	2,474,815
Travelling and entertainment	857,883	621,209
Stock handling charges	<u>1,223</u>	<u>9,790</u>

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 March 2010 and 2009.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2010 HK\$	2009 HK\$
Loss for the purposes of basic loss per share	<u>4,796,486</u>	<u>11,119,668</u>
Number of shares:		
Number of ordinary shares for the purpose of basic loss per share	<u>70,650,000</u>	<u>70,650,000</u>

No diluted loss per share has been presented as there were no dilutive potential shares for the years ended 31 March 2010 and 2009.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Included in the available-for-sale financial assets is a company in which the percentage of equity attributable to the Group exceeds 20%. These investments, however, are not equity accounted for in accordance HKAS 28 *Investment in Associates* as the directors consider that the Group is not in a position to exercise significant influence over their operations. The results of the company are dealt within the consolidated income statement to the extent of dividends received/receivable from these companies.

	2010 HK\$	2009 HK\$
Carrying value b/f	4,000,000	82,143,880
Fair value adjustment	–	(78,143,880)
Disposal during the year	<u>(4,000,000)</u>	<u>–</u>
Carrying value c/f	<u>–</u>	<u>4,000,000</u>

The particulars of the company are as follows:

Name of investee company	Place of incorporation	Percentage of interest held	Unlisted equity securities, at cost	
			2010 HK\$	2009 HK\$
Southwest Mining Investments Limited	The British Virgin Islands	30%	<u>–</u>	<u>4,000,000</u>

11. SHARE CAPITAL

	Number of ordinary shares of HK\$0.20 each	HK\$
Authorised:		
At 31 March 2008, 2009 and 2010	<u>100,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
At 31 March 2008, 2009 and 2010	<u>70,650,000</u>	<u>14,130,000</u>

12. NET LIABILITY/NET ASSET VALUE PER SHARE

Net liabilities/net asset value per share is calculated by dividing the net liabilities/net assets included in the consolidated statement of financial position of net liabilities of HK\$3,640,053 (2009: net assets of HK\$1,156,433) by the number of shares in issue as at 31 March 2010, being 70,650,000 (2009: 70,650,000).

13. SHARE OPTIONS SCHEME

The Company's share option scheme ("Share Option Scheme") was adopted by an ordinary resolution of the Company on 31 August 2002 for the primary purpose of providing incentives to directors, eligible employees, advisers, consultants and business affiliates.

At 31 March 2010, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 9,000,000 (2009: 9,000,000) representing 12.74% (2009: 12.74%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the scheme is not permitted to exceed 30% of the shares of the Company in issue at the time of listing.

The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Details of the Company's Share Option Scheme are summarised as follow:

Date of grant	Outstanding at 1/4/2009	Granted	During the year Exercised	Lapsed	Outstanding at 31/3/2010	Exercisable period	Exercise price per share
Category I: Directors							
5/11/2007	210,000	-	-	-	210,000	6/11/2007– 5/11/2010	HK\$1.24
22/11/2007	7,000,000	-	-	-	7,000,000	22/11/2007– 21/11/2017	HK\$1.082
Category II: Employees							
5/11/2007	1,490,000	-	-	-	1,490,000	6/11/2007– 5/11/2010	HK\$1.24
Category III: Consultant							
5/11/2007	300,000	-	-	-	300,000	6/11/2007– 5/11/2010	HK\$1.24
	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000,000</u>		

13. SHARE OPTIONS SCHEME (Continued)

Particulars of share options:

Date of Grant	Exercisable period	Exercise price per share HK\$
5/11/2007	6/11/2007–5/11/2010	1.24
22/11/2007	22/11/2007–21/11/2017	1.082

The following table summarised movements in the Company's share options during the year:

	Outstanding at 1/4/2009	Granted	During the year Exercised	Lapsed	Outstanding at 31/3/2010
<i>Directors</i>					
POON Ho-man	7,000,000	–	–	–	7,000,000
HA Tak-kong	70,000	–	–	–	70,000
TONG, I Tony	70,000	–	–	–	70,000
PENG Feng	70,000	–	–	–	70,000
<i>Directors' total</i>	7,210,000	–	–	–	7,210,000
<i>Consultant</i>	300,000	–	–	–	300,000
<i>Employees</i>	1,490,000	–	–	–	1,490,000
<i>Grand total</i>	9,000,000	–	–	–	9,000,000

14. EVENT AFTER THE END OF REPORTING PERIOD

On 22 July 2010, the Company completed placement of 14,130,000 shares to Placees at a price of HK\$0.368 per share and raised approximately HK\$5,200,000 to provide working capital for the Group.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The auditors added an Emphasis of Matter paragraph in their auditors' report in respect of the consolidated financial statements for the year ended 31 March 2010 as follows:

EMPHASIS OF MATTER

The accompanying consolidated financial statements for the year ended 31 March 2010 have been prepared assuming that the Group will continue as a going concern. Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of HK\$4,796,486 for the year ended 31 March 2010 and, as of that date, the Group's total liabilities exceed its total assets by HK\$3,640,053. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Management's plans concerning measures to address the going concern issue are also described in note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

STATEMENT FROM THE MANAGEMENT

The board of directors (the "Board") of Garron International Limited (the "Group") is pleased to announce that the audited consolidated results of the Group for the year ended 31 March 2010.

FINANCIAL RESULTS

For the year ended 31 March 2010, the Group recorded a substantial decrease in revenue from HK\$201,539 to HK\$123,707, representing a decrease of approximately 38.6%. The loss attributable to owners of the Group for the year amounted to HK\$4,796,486 as compared to the loss for last year amounted to HK\$11,119,668. The substantial decrease in loss during the year was mainly due to a record of unrealised gain on listed securities of HK\$3,456,972 (2009: unrealised loss of HK\$3,022,480). The audited consolidated net liability value of the Group as of 31 March 2010 amounted to HK\$3,640,053. The net liability value per share of the Group was amounted to HK\$0.05 (2009: net asset value per share was HK\$0.02). The decrease was due to poor market sentiment and lack of good investment opportunity during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

The investment portfolio of the Group mainly comprises of listed securities in Hong Kong during the year. As a whole, the portfolio was carefully managed and being fully diversified to minimise commercial risk resulting from over concentration of the investment of the Group in any single industry.

During the year, the listed investment portfolio of the Group is focused in Hong Kong listed securities and covered various industry sectors.

Prospects

Given the credit market turmoil as well as the downturn of the global economy by the global financial tsunami, the Directors will continue to take a cautious and prudent approach in managing the Group's investment portfolio and develop the investment strategies. Given the present continuous economic improvement in the PRC, the Group will continue to look for investment opportunities which offer outstanding returns and within the acceptable risk profile of the Group.

Liquidity and Financial Resources

As at 31 March 2010, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of HK\$431,971 (2009: HK\$1,029,815), which was mainly placed in bank as deposits. Since the Group has made no borrowing as at 31 March 2010, the Group is in a net cash position.

Price risk

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio. If the financial assets price of the respective investments held by the Group as financial assets at fair value through profit or loss were higher or lower by 5% as at 31 March 2010, the Group's loss for the year would increase or decrease by HK\$384,570 (2009: HK\$206,123).

Employees

During the year ended 31 March 2010, the Group had retained four employees (2009: four employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to HK\$1,377,721 (2009: HK\$1,358,457). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

Charges on Assets and Contingent Liabilities

Throughout the year ended 31 March 2010, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

Public Float

Based on the information that is publicly available to the Group and within the knowledge of its directors, the board of directors confirms that the Group has complied with the public float requirement of the Listing Rules for the year ended 31 March 2010.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2010, neither the Group nor its subsidiaries had purchased, sold or redeemed any of the Group's shares.

CORPORATE GOVERNANCE PRACTICES

The Group has adopted the code provisions set out in the code of corporate governance practices in Appendix 14 of the Listing Rules (the "Code") as its own code on corporate governance practices. In the opinion of the Board, save as disclosed below, the Group has complied with the code provisions of the Code during the year ended 31 March 2010.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by directors of the Group. Having made specific enquiry of all directors, the Group confirmed that all directors have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board of Directors (the "Board") of the Group is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board comprises a total of five directors, with two executive directors and three independent non-executive directors. One of the independent non-executive directors, Mr. HA Tak-kong, has appropriate professional qualifications in accounting pursuant to Rule 13.10 of the Listing Rules. Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Group is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

All directors have access to the Group secretary for advising the board procedures and regulatory matters. Any director and member of audit committee of the Group may take independent professional advice if they so wish at the expense of the Group, as arranged by the Group secretary. No chairman or chief executive officer had been appointed by the Group during the year. This constitutes a deviation from the code provision A.2.1 to A.2.3 of the Code. In view of the simple structure of the Group, all significant decision making is carried out by all executive directors of the Group while the day-to-day investment decision is based on the professional recommendation of the investment manager. The Board considers that this structure will not impair the balance of power and authority between the management of the Board and the management of its business. None of the existing non-executive directors of the Group is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the Code. However, one-third of the directors of the Group (both executive and non-executive) are subject to the retirement by rotation at each annual general meeting under the articles of association of the Group. As such, the Group considers that sufficient measures have been taken to ensure that the Group's corporate governance practices are similar to those in the Code. Under the articles of association of the Group, the chairman of the Board and/

or the managing director and/or the deputy managing director of the Group are not subject to retirement by rotation or be taken into account on determining the number of directors to retire in each year. This constitutes a deviation from the code provision A.4.2 of the Code.

AUDITORS

The Group's consolidated financial statements for the years ended 31 March 2010 and 2009 were audited by Messrs HLM & Co.. A resolution will be proposed to the forthcoming annual general meeting to re-appoint Messrs. HLM & Co. as the auditors of the Group.

By Order of the Board
GARRON INTERNATIONAL LIMITED
Dr. POON Ho-man
Executive Director

Hong Kong, 27 July 2010

As at the date of this announcement, the executive directors of the Company are Dr. POON Ho-man and Mr. Jerry CHIOU and the independent non-executive directors of the Company are Mr. HA Tak-kong, Mr. PENG Feng and Mr. TONG, I Tony.