GARRON INTERNATIONAL LIMITED
嘉禹國際有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1226)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

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 referred to as the "Group") for the year ended 31 March 2011.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2011

	Notes	2011 HK$	2010 HK$
Revenue	4	**188,204**	123,707
Net realised gain on disposal of financial assets at fair value through profit or loss		**321,092**	–
Net unrealised gain on financial assets at fair value through profit or loss		**591,196**	3,456,972
Other income	4	**947,424**	–
Administrative expenses		**(10,261,425)**	(8,192,740)
Finance costs	5	**(105,409)**	(184,425)
Loss before tax	7	**(8,318,918)**	(4,796,486)
Income tax expense	8	**–**	–
Loss attributable to shareholders of the Company		**(8,318,918)**	(4,796,486)
Dividends	9	**–**	–
Loss per share	10		
– Basic		**(0.10)**	(0.07)
– Diluted		**N/A**	N/A

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	2011	2010
	HK$	*HK$*
Loss attributable to shareholders of the Company	**(8,318,918)**	(4,796,486)
Other comprehensive income	**–**	–
Total comprehensive expenses attributable to the shareholders of the Company	**(8,318,918)**	(4,796,486)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$	2010 HK$
Non-current assets			
Property, plant and equipment		**651,712**	21,901
Available-for-sale financial assets	11	**–**	–
		651,712	21,901
Current assets			
Financial assets at fair value through profit or loss	12	**6,830,168**	7,691,390
Other receivables, prepayments and deposits	13	**43,513**	974,450
Bank and cash balances	14	**4,684,153**	431,971
		11,557,834	9,097,811
Current liability			
Other payables and accruals	15	**160,300**	4,627,760
Net current assets		**11,397,534**	4,470,051
Non-current liabilities			
Amount due to a director	16	**–**	8,132,005
Amount due to a shareholder	17	**16,000,000**	–
		16,000,000	8,132,005
Net liabilities		**(3,950,754)**	(3,640,053)
Capital and reserves			
Share capital	18	**17,956,000**	14,130,000
Reserves		**(21,906,754)**	(17,770,053)
Total capital deficiency		**(3,950,754)**	(3,640,053)
Net liability value per share	20	**(0.04)**	(0.05)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share capital *HK$*	Share premium *HK$*	Share option reserve *HK$*	Warrant reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 April 2009	14,130,000	25,759,973	1,384,719	1,270,000	(41,388,259)	1,156,433
Total comprehensive expenses for the year	–	–	–	–	(4,796,486)	(4,796,486)
At 31 March 2010	14,130,000	25,759,973	1,384,719	1,270,000	(46,184,745)	(3,640,053)
Reversal of share-based payments	–	–	(680,338)	–	680,338	–
Reversal of unlisted warrants	–	–	–	(1,270,000)	1,270,000	–
Written back from cancellation of share-based payments	–	–	(704,381)	–	–	(704,381)
Issue of shares under placement of shares	2,826,000	2,373,840	–	–	–	5,199,840
Recognition of share-based payments	–	–	1,312,758	–	–	1,312,758
Exercise of share options	1,000,000	2,512,758	(1,312,758)	–	–	2,200,000
Total comprehensive expenses for the year	–	–	–	–	(8,318,918)	(8,318,918)
At 31 March 2011	17,956,000	30,646,571	–	–	(52,553,325)	(3,950,754)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on 26 April 2002. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 19 September 2002. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal office in Hong Kong is at Units 5801–02, 58/F, The Center, 99 Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding.

The consolidated financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Notwithstanding that the Group incurred loss attributable to shareholders of the Company of approximately HK$8,318,918 for the year ended 31 March 2011 and that the Group's total liabilities have exceeded its total assets by HK$3,950,754 as at 31 March 2011, 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:

(i) Sky Year Limited, 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 Sky Year Limited would not demand for repayment of the amount of HK$16,000,000 due to Sky Year Limited as at 31 March 2011 within 12 months from the end of the reporting period; and

(ii) On 9 March 2011, the Company has entered into a placing agreement with the placing agent to place up to 378,760,000 shares at a placing price of HK$1.15 per share. On the same date, the Company and Sky Year Limited entered into the subscription agreement pursuant to which the Company will allot and issue 113,040,000 subscription shares at a subscription price of HK$1.15 per share. Up to the date of this announcement, the placing and subscription of shares have not been completed.

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")

The following new and revised Standards and Interpretations issued by the Hong Kong Institutes of Certified Public Accountants ("HKICPA") have been applied by the Group in the current year. The impact of the application of the new and revised Standards and Interpretations is discussed below.

Amendments to HKAS 1 Presentation of Financial Statements
(as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

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

In line with the amendments to HKAS 1, the Group has classified the liability component of convertible bonds issued in the current year as non-current based on when cash settlement is required to be made. This amendment has had no effect on amounts reported in prior years because the Group has not previously issued instruments of this nature.

Amendments to HKFRS 7 Financial Instruments: Disclosures
(as part of Improvements to HKFRSs issued in 2010)

The amendments to HKFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

Amendments to HKAS 1 Presentation of Financial Statements
(as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

New and revised Standards and Interpretations applied with no material effects on the consolidated financial statements

The following new and revised Standards and Interpretations have also been applied in these consolidated financial statements. The application of these new and revised Standards and Interpretations does not have any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time adopters*	The amendments provide two exemptions when adopting HKFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payments Transactions*	The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2008)*	The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain in a non-controlling interest in the subsidiary after the sale.

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

Amendments to HKAS 7 *Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)*	The amendments specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
Amendments to HKAS 17 *Leases*	The amendments clarify that classification of unexpired leasehold should be reassessed based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment.
Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as hedged risk or portion and hedging with options.
HK-Int 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	HK Int 5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities.
HK (IFRIC)-Int 17 *Distributions of Non-cash Assets to Owners*	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
HK (IFRIC)-Int 18 *Transfers of Assets from Customers*	The Interpretation addresses the accounting by recipients for transfer of property, plant and equipment from 'customers' and concludes that when the items of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit rating being recognised as revenue in accordance with HKAS 18 Revenue.
Improvements to HKFRSs issued in 2009	The application of *Improvements to HKFRSs issued in 2009* does not have any material effect on amounts reported in the consolidated financial statements.

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

New and revised Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 7 and HKAS 1[2]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe hyperinflation and fixed dates for first-time adopters[5]
HKFRS 3 (Amendments)	Business Combination (2008) – Improvements to HKFRSs (2010)[3]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[3]
HKFRS 9 (Revised)	Financial Instruments[7]
HKAS 1 (Amendments)	Presentation of Financial Statements – Improvements to HKFRSs (2010)[4]
HKAS 12 (Amendments)	Income Taxes – Amendments[6]
HKAS 24 (as revised in 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[1]
HK(IFRIC)-Int 13 (Amendments)	Customer Loyalty Programmes – Improvements to HKFRSs (2010)[4]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost of fair value. Specifically, debt investments that are 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 measurement at their fair values at the end of subsequent accounting period.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that 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 presented in other comprehensive income, unless the presentation 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 fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

The directors anticipate that HKFRS 9 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 may have an impact on amounts reported in respect of the Group's financial assets. 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 trade receivables previously effected. 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 amendments to HKAS 32 *titled Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and difference between the carrying amount of financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

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

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income are as follows:

	2011	2010
	HK$	*HK$*
Dividend income from financial assets at fair value through profit or loss	**188,169**	123,702
Interest income on bank deposits	**35**	5
	188,204	123,707
Other income:		
Written back from cancellation of share-based payments	**704,381**	–
Bad debts recovered	**30,000**	–
Gain on disposal of property, plant and equipment	**2,183**	–
Sundry income	**210,860**	–
	947,424	–
	1,135,628	123,707

5. FINANCE COSTS

	2011	2010
	HK$	*HK$*
Margin financing interest wholly repayable within one year	**104,220**	184,425
Bank overdraft interest	**1,189**	–
	105,409	184,425

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 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 2011 and 2010, 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.

All the activities of the Group are based in Hong Kong and all of the Group's revenue is derived from Hong Kong. Accordingly, no analysis by geographical segment is presented.

7. LOSS BEFORE TAX

	2011 *HK$*	2010 *HK$*
Loss attributable to shareholders of the Company has been arrived at after charging (crediting):		
Directors' remunerations		
Fees	**620,610**	90,000
Other remunerations	**680,645**	1,428,000
Provident fund contributions	**7,237**	12,000
Equity settled share-based payments	**1,312,758**	–
Total directors' remunerations	**2,621,250**	1,530,000
Staff costs		
Salaries	**2,245,395**	1,334,204
Provident fund contributions	**44,603**	43,517
Total staff costs (excluding directors' remunerations)	**2,289,998**	1,377,721
Auditors' remuneration	**160,000**	115,000
Annual listing fee	**253,750**	145,000
Depreciation	**38,999**	109,275
Investment manager fee	**170,000**	16,451
Legal and professional fees	**451,735**	1,414,185
Rent and rates	**2,139,443**	2,283,277
Travelling and entertainment	**744,787**	857,883
Bad debts recovered	**(30,000)**	–

8. INCOME TAX EXPENSE

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

	2011 *HK$*	2010 *HK$*
Loss before tax	**(8,318,918)**	(4,796,486)
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	**(1,372,621)**	(791,420)
Tax effect of expenses that are not deductible in determining taxable profit, net	**28,222**	43,710
Tax effect of non-taxable revenues	**(306,317)**	(518,602)
Tax effect on temporary differences not recognised	**(112,310)**	14,514
Tax effect of tax losses not recognised	**1,763,026**	1,251,798
Tax charge for the year	**–**	–

No provision for Hong Kong profits tax is required since the Group has no assessable profits for the year (2010: Nil).

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

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 March 2011 and 2010.

10. LOSS PER SHARE

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

	2011	2010
	HK$	*HK$*
Loss for the purposes of basic loss per share	**8,318,918**	4,796,486
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**83,591,315**	70,650,000

No diluted loss per share has been presented as there were no potential dilutive shares for both years.

11. 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%. This investment, however, was not equity accounted for in accordance with HKAS 28 *Investment in Associates* as the directors consider that the Group was not in a position to exercise significant influence over its operations. The results of the company are dealt with in the consolidated statement of comprehensive income to the extent of dividends received/receivable from the company.

	2011	2010
	HK$	*HK$*
Carrying value b/f	**–**	4,000,000
Disposal during the year	**–**	(4,000,000)
Carrying value c/f	**–**	–

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	HK$	*HK$*
Financial assets at fair value through profit or loss:		
Listed securities in Hong Kong, at market value	**6,830,168**	7,691,390

13. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2011	2010
	HK$	*HK$*
Prepayments	**17,745**	115,250
Deposits paid	**25,768**	859,200
	43,513	974,450

14. BANK AND CASH BALANCES

	2011	2010
	HK$	*HK$*
Cash at bank and in hand	**4,684,153**	431,971

The effective interest rate of the deposits range from 0.01% to 0.02% (2010: 0.01% to 0.02%) per annum and all of them have a maturity within three months from initial inception.

15. OTHER PAYABLES AND ACCRUALS

	2011	2010
	HK$	*HK$*
Accrued expenses	**160,000**	1,386,613
Other payable – broker	**300**	3,241,147
	160,300	4,627,760

Other payable due to the broker represents the amount due to broker under securities margin account. Under the terms of the margin agreement with the broker, if the Company commits a default in payment on demand of the deposits or margins or any other sums payable to the broker thereunder, on the due date thereof, or otherwise fails to comply with any of the terms therein contained, the broker shall have the right to close the margin account and to dispose of any or all the Companies' securities held by the broker.

16. AMOUNT DUE TO A DIRECTOR

The amount due is unsecured and interest-free.

17. AMOUNT DUE TO A SHAREHOLDER

The amount due is unsecured and interest-free. The shareholder concerned has confirmed that the outstanding balance of its current account amounting to HK$16,000,000 (2010: HK$Nil) at year end is not repayable within one year from the end of the reporting period.

18. SHARE CAPITAL

	Number of ordinary shares of HK$0.20 each	*HK$*
Authorised:		
At 1 April 2009, 31 March 2010 and 1 April 2010	100,000,000	20,000,000
Increased in authorised share capital *(note a)*	5,900,000,000	1,180,000,000
At 31 March 2011	6,000,000,000	1,200,000,000
Issued and fully paid:		
At 1 April 2009, 31 March 2010 and 1 April 2010	70,650,000	14,130,000
Issue of shares under placement of shares *(note b)*	14,130,000	2,826,000
Exercise of share options *(note 19)*	5,000,000	1,000,000
At 31 March 2011	89,780,000	17,956,000

(a) On 20 September 2010, the authorised share capital of the Company was increased from HK$20,000,000 divided into 100,000,000 shares to HK$1,200,000,000 divided into 6,000,000,000 shares by the creation of an additional 5,900,000,000 shares which was approved by shareholders in the annual general meeting ("AGM").

(b) On 9 July 2010, the Company entered into a placing agreement with Friedmann Pacific Securities Limited to place a total of 14,130,000 shares of HK$0.20 each in the share capital of the Company to not less than six independent investors at a price of HK$0.368.

19. 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.

During the year ended 31 March 2011, share options granted at 5 November 2007 had expired and lapsed on 5 November 2010 and share options granted at 22 November 2007 was cancelled during the year.

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 representing 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 various scheme is not permitted to exceed 30% of the shares of the Company in issue at the time of listing.

19. SHARE OPTIONS SCHEME *(Continued)*

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 1/4/2010	Granted	During the year Exercised	Cancelled	Lapsed	Outstanding at 31/3/2011	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
3/8/2010 *(Note a)*	–	5,000,000	(5,000,000)	–	–	–	3/8/2010-2/8/2012	HK$0.44
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
	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–		

Note:

(a) At the AGM on 20 September 2010, the resolutions to grant 5,000,000 share options to Ms. Zhong Hui under the share option scheme of the Company had been approved by the shareholders of the Company.

The Group issues equity-settled share-based payments to certain employees and consultant. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually be vested and adjusted for the effect of non market-based vesting conditions.

Based on the Black Scholes option pricing model, the fair value of the Options granted on 5 November 2007, 22 November 2007 and 20 September 2010 are HK$1.02, HK$1.01 and HK$0.26 respectively, calculated from the data of the share prices for not less than one year. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility range of 79 to 156 per cent;
2. expected annual dividend yield range equal to zero;
3. the estimated expected life of the options granted during the year is 2 years; and
4. the quoted interest rate for the Exchange Fund Notes with maturity in 2012 were 0.446 per cent which are adopted to calculate the fair value of options granted on 3 August 2010.

19. SHARE OPTIONS SCHEME *(Continued)*

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. As changes in subjective input assumptions can materially affect the fair value estimated, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

The assumptions used are as follows:

	5/11/2007	**22/11/2007**	**20/9/2011**
Risk Free Interest Rate	3.95%	4.85%	0.446%
Expected life	3	10	2
Standard Deviation	152%	151%	150%
Annualized Dividend Yield	0	0	0

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
3/8/2010	3/8/2010-2/8/2012	0.44

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

	Outstanding at 1/4/2010	**During the year** Granted	Exercised	Cancelled	Lapsed	**Outstanding at 31/3/2011**
Directors						
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)	
ZHONG Hui	–	5,000,000	(5,000,000)	–	–	–
Directors' total	7,210,000	5,000,000	(5,000,000)	(7,000,000)	(210,000)	–
Consultant	300,000	–	–	–	(300,000)	–
Employees	1,490,000	–	–	–	(1,490,000)	–
Grand total	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–

20. NET LIABILITY VALUE PER SHARE

Net liability value per share is calculated by dividing the net liabilities included in the consolidated statement of financial position of net liabilities of HK$3,950,754 (2010: HK$3,640,053) by the number of shares in issue as at 31 March 2011, being 89,780,000 (2010:70,650,000).

21. EVENT AFTER THE END OF THE REPORTING PERIOD

On 9 March 2011, the Company entered into a placing agreement with an independent placing agent to place up to 378,760,000 shares at a placing price of HK$1.15 per share. On the same date, the Company and Sky Year Limited entered into the subscription agreement pursuant to which the Company will allot and issue 113,040,000 subscription shares at a subscription price of HK$1.15 per share. The gross proceeds of the placing and the subscription of shares will amount to approximately HK$565,570,000, which will be used for financing the future investments and general working capital of the Company. After the subscription of shares, Sky Year Limited will be interested in 22.6% of the issued share capital of the Company.

The placing and subscription are conditional upon the passing of a resolution by the Independent Shareholders at the extraordinary general meeting to approve the placing agreement, the subscription agreement and the transactions contemplated thereunder including the Specific Mandate; the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the placing shares and the subscription shares; the obligations of the placing agent under the placing agreement becoming unconditional and not being terminated in accordance with the terms under the placing agreement and the subscription agreement not being terminated in accordance with the terms under the subscription agreement.

These transactions have not been completed as of the date of this result announcement. The detail of the transactions is disclosed in the circular dated 20 April 2011.

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 2011 as follows:

EMPHASIS OF MATTER

The accompanying consolidated financial statements for the year ended 31 March 2011 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 indicate that the Group incurred a net loss of HK$8,318,918 during the year ended 31 March 2011 and, as of that date, the Group's total liabilities exceed its total assets by HK$3,950,754. 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 arrangements to address the going concern issue are also described in Note 2 to the consolidated financial statements. 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 2011.

FINANCIAL RESULTS

For the year ended 31 March 2011, the Group recorded an increase in revenue from HK$123,707 to HK$188,204, representing an increase of approximately 52.14%. The loss attributable to owners of the Group for the year amounted to HK$8,318,918 as compared to the loss for last year which amounted to HK$4,796,486. The substantial increase in loss during the year was mainly due to less unrealised gain on listed securities of HK$591,196 (2010: unrealised gain of HK$3,456,972) and the share based payment expense of HK$1,312,758. The audited consolidated net liability value of the Group as of 31 March 2011 amounted to HK$3,950,754 as compared to 2010 of HK$3,640,053. The net liability per share of the Group was amounted to HK$0.04 (2010: net liability per share was HK$0.05).

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

The investment portfolio of the Group mainly comprises of listed securities in Hong Kong. During the year, the investment portfolio size of the Company is approximately HK$7 million. 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

For the year 2011, it is a volatile year with debt crisis among members in the European Union, the quantitative easing in the United States and credit tightening in China. It is also possible that there will be slow down in the growth rate in China due to gradual increase in interest rate. In addition, the effect of the tragic earthquake in Japan and political turmoil in Middle East and North Africa would hinder growth and global recovery from the economic crisis. Management expect the investment market to continue to be volatile.

The Company would consider investing in certain unlisted securities and listed securities with high potential in order to diversify further the market risk.

Event After The Reporting Period

On 9 March 2011, the Company has entered into a placing agreement with an independent placing agent to place up to 378,760,000 shares at a placing price of HK$1.15 per share. On the same date, the Company and Sky Year Limited has entered into the subscription agreement pursuant to which the Company will allot and issue 113,040,000 subscription shares at a subscription price of HK$1.15 per share. The gross proceeds of the placing and the subscription of shares will amount to approximately HK$565,570,000, which will be used for financing the future investments and general working capital of the Company. After the subscription of shares, Sky Year Limited will be interested in 22.6% of the issued share capital of the Company. The placing and subscription are conditional upon the passing of a resolution by the Independent Shareholders at the extraordinary general meeting.

The transactions have not been completed up to the date of this result announcement and the detail of the transactions is disclosed in the circular dated 20 April 2011.

Dividend

The Board has resolved not to recommend a payment of final dividend.

Liquidity and Financial Resources

As at 31 March 2011, the Group had no borrowing and no credit facilities from financial institutions. The Group had bank balances and cash on hand of HK$4,684,153 (2010: HK$431,971), which was mainly placed in bank as deposits.

Gearing Ratio

As at 31 March 2011, the amount of total non-current liabilities was HK$16,000,000 (2010: HK$8,132,005). The gearing is equal to approximately 131% (2010: 89%) of the total assets of HK$12,209,546 (2010: HK$9,119,712).

Price risk

The Group is exposed to financial assets price risk 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 2011, the Group's loss for the year would increase or decrease by HK$341,508 (2010: HK$384,570).

Employees

During the year ended 31 March 2011, the Group had retained seven employees (2010: four employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to HK$2,289,998 (2010: HK$1,377,721). 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 2011, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

SUFFICIENCY OF 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 2011.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2011, neither the Group nor its subsidiaries had purchased, sold or redeemed any of the Group's shares.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Code") throughout the year ended 31 March 2011, with deviation from code provisions A.4.1 of the Code only in respect of the service term of the directors.

None of the independent non-executive directors of the Company were appointed for a specific term. But all the directors of the Company are subject to retirement by rotation according to the provisions under article 88 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the consolidated results of the Group for the year ended 31 March 2011, including the accounting principles and accounting practices adopted by the Company, and discussed matters relating to auditing, internal controls, financial reporting, the adequacy of resources, qualification and experience of staff. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2011 have been agreed by the Group's auditors, HLM & Co., to the amounts set out in the Group's draft consolidated financial statements for the year.

The audit committee of the Group consists of 3 independent non-executive directors, namely Mr. HA Tak-kong, Mr. LEUNG Kwong Kin and Mr. LO Chi Ming.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in Model Code during the year.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.garroninternational.com.hk) under the section of "Announcements and Notices". The 2011 annual report will be dispatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
GARRON INTERNATIONAL LIMITED
XIE Leshan
Chairman

Hong Kong, 29 April 2011

As at the date of this announcement, the board of the Company consists of Mr. XIE Leshan, Mr. CHEN Yiquan, Mr. SEE Lee Seng Reason, Mr. SUNG Hiu Fai, Ronald and Mr. CHAN Cheong Yee as executive directors and Mr. CHEN Kaizhi, Mr. HA Tak-kong, Mr. LO Chi Ming and Mr. LEUNG Kwong Kin as independent non-executive directors.