GARRON INTERNATIONAL LIMITED
嘉禹國際有限公司*

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 1226)

2007
Annual Report

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors
Dr. POON Ho-man
Mr. Jerry CHIOU

Non-Executive Director
Mr. HSIEN Chin-chen
(Resigned on 11 May 2006)

Independent Non-Executive Directors
Mr. HA Tak-kong
Mr. PENG Feng
Mr. HUANG Ching-chung
(Resigned on 22 June 2007)
Mr. TONG, I Tony
(Appointed on 22 June 2007)

AUDIT COMMITTEE
Mr. HA Tak-kong
Mr. PENG Feng
Mr. HUANG Ching-chung
(Resigned on 22 June 2007)
Mr. TONG, I Tony
(Appointed on 22 June 2007)

REMUNERATION COMMITTEE
Dr. POON Ho-man
Mr. HA Tak-kong
Mr. PENG Feng

COMPANY SECRETARY
Ms. CHAN Yam Wah
(Resigned on 22 June 2007)
Mr. CHAN Chiu Hung, Alex
(Appointed on 22 June 2007)

STOCK CODE
1226

REGISTERED OFFICE
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS
Suite 904, Far East Finance Centre
16 Harcourt Road, Admiralty
Hong Kong

AUDITORS
HLM & Co.
Certified Public Accountants

SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG
Standard Registrars Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKER
Standard Chartered Bank

STATEMENT FROM THE MANAGEMENT

The board of directors (the "Board") of Garron International Limited (the "Company") is hereby present the audited consolidated results of the Company and its subsidiary (collectively the "Group") for the year ended 31 March 2007.

FINANCIAL RESULTS

For the year ended 31 March 2007, the Group recorded a substantial increase in turnover from HK$15,648,977 to HK$38,000,466, representing an increase of approximately 143%. The loss attributable to shareholders of the Company for the year amounted to HK$7,169,339 as compared to the profit for last year amounted to HK$4,162,066.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 31 March 2007, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of HK$705,376 (2006: HK$3,745,865), which was mainly placed in bank as deposits. Since the Group has made no borrowing as at 31 March 2007, the Group is in a net cash position.

Capital Structure

In August 2006, the Company entered into a Subscription Agreement with Mr. CHEN Jui-yang for the subscription of 4,000,000 shares of the Company at HK$0.35 per share for an aggregate consideration of HK$1,400,000. The proceeds had been used as general working capital purpose.

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 minimize commercial risk resulting from over concentration of the investment of the Group in any single industry.

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

Taking advantage of the booming in the equity market for the period under review, the Group disposed its listed securities to realize certain profit and to diversify the exposure in certain equities.

Foreign Exchange Risk

As all transactions of the Group during the year under review were conducted in Hong Kong and the reporting currency of its financial statements was in Hong Kong Dollar, its exposure to fluctuations in exchange rates and any related hedges was minimal.

Material Acquisition and Disposal of Subsidiary

During the year, there was neither material acquisition nor disposal.

STATEMENT FROM THE MANAGEMENT

Employees

During the year ended 31 March 2007, the Group had retained five employees (2006: five employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to HK$1,892,498 (2005: HK$1,560,043). 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 2007, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

Prospects

With the upswing in the economy of the Greater China Region for the first half of 2007, the Group has taken advantage of these investment opportunities and actively participated in the equity market including the booming initial public offer. To ensure a stable return for the shareholders of the Company on a medium to long term basis, the Company intends to exercise its professional expertise to identify those undervalued stocks and to minimize the risk of over concentration by diversification.

APPRECIATION

On behalf of the Board, I would like to express our deepest appreciation to our shareholders for their continued support.

By Order of the Board

POON Ho-man
Executive Director

Hong Kong, 23 July 2007

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. POON Ho-man, aged 35, was appointed as an Executive Director of the Company on 22 December 2004. Dr. Poon is a Chartered Financial Analyst, Responsible Officer under the Stock Exchange of Hong Kong and Registered Responsible Officer under the Securities and Futures Commission of Hong Kong. He has been registered as dealing director and investment advisor since 2002. Dr. Poon has over 11 years of extensive experience in the equity and capital markets in Greater China region. Dr. Poon is also the Chairman and the CEO of Friedmann Pacific Investment group, which is an expanding full-line investment bank with businesses covering direct investment, asset management, corporate finance, securities brokerage and other financial services. Dr. Poon holds a bachelor degree in Engineering from the University of Hong Kong and an EMBA degree as the first EMBA session graduate from Tsinghua University. Dr. Poon also holds an Honorable Doctorate Degree of Business Management from Armstrong University, USA. He is also a member of Chamber of Hong Kong Listed Companies, a member of the Hong Kong Institute of Directors and a member of Member of the Hong Kong Society of Financial Analysts. Dr. Poon is the director of Friedmann Pacific Asset Management Limited, the investment manager of the Company. As at 31 March 2007, Dr. Poon has 18.45% interests in the issued share capital of the Company by virtue of his 100% interests in Planters Universal Limited, a company incorporated in the British Virgin Islands.

Mr. Jerry CHIOU, aged 58, was appointed as an executive director of the Company on 28 July 2003. Mr. Chiou received a bachelor degree in Economics from the National Taiwan University in Taiwan and a master degree in Finance from the University of Houston in the United States of America. In addition, Mr. Chiou is a certified public accountant in the State of California, USA and a registered investment advisor in Hong Kong. Before joining the Company, Mr. Chiou has over 20 years of experience in corporate management and the financial market, especially in asset management. Mr. Chiou is also the director of Friedmann Pacific Asset Management Limited, the investment manager of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HA Tak-kong, aged 39, was appointed as an independent non-executive director of the Company on 3 June 2004. Mr. Ha received a bachelor degree in accounting from the University of Hong Kong and is working as an accounting manager in an import and export trading firm. Mr. Ha is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. PENG Feng, aged 45, was appointed as an independent non-executive director of the Company on 22 November 2005. Mr. Peng is the Chairman and Director of Shenzhen Loyll Chemical Engineering Limited. He holds a bachelor degree in chemical engineering from Nanchang University (formally known as Jiangxi Polytechnic University) and has over 14 years' experience in chemical industry. Mr. Peng has been an independent non-executive director of Co-winner Enterprise Limited, a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, from November 2004 to September 2005.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Tong, I Tony, aged 39, was appointed as an independent non-executive director of the Company on 22 June 2007. Mr. Tong is the Chairman, CEO, Executive Director, and co-founder of PacificNet Inc., a company listed on the NASDAQ, since 1999. Mr. Tong is also an executive director of PacificNet Strategic Investments Holdings Limited. From 1995 to 1997, Mr. Tong served as the Chief Information Officer of DDS Inc., a leading SAP-ERP consulting company in the USA, which was later acquired by CIBER, Inc.. From 1993 to 1994, Mr. Tong worked for Information Advantage, Inc. ("IACO"), a leading business intelligence, data-mining and CRM technology provider serving Fortune 500 clients. IACO consummated an IPO on NASDAQ in 1997 and was later acquired by Sterling Software and Computer Associates. From 1992 to 1993, Mr. Tong worked as a Business Process Re-engineering Consultant at Andersen Consulting (now known as Accenture Ltd). From 1990 to 1991, Mr. Tong worked for ADC Telecommunications, Inc., a global supplier of telecom equipment. Mr. Tong's R&D achievements include being the inventor and patent holder of US Patent Number 6,012,066 (granted by US Patent and Trademark Office) titled "Computerized Work Flow System, an Internet-based workflow management system for automated web creation and process management." Mr. Tong also serves on the board of advisors of Fortune Telecom Holdings Limited, a company listed on the Hong Kong Stock Exchange, a leading distributor of mobile phones, PDAs, telecom services, and accessories in China and Hong Kong. Mr. Tong is a frequent speaker on technology investment in China, and was invited to present at the Fourth APEC International Finance & Technology Summit in 2001. Mr. Tong is the Vice Chairman of Hong Kong Call Centre Association, a Fellow of Hong Kong Institute of Directors, a consultant on privatization and securitization for China's State-owned Assets Supervision and Administration Commission, and a frequent speaker for LexisNexis, a licensed Continued Professional Development trainer, on China investment. Mr. Tong graduated with Bachelor of Mechanical/Industrial Engineering Degree from the University of Minnesota and served on the Computer Engineering Department Advisory Board and was an Adjunct Professor at the University of Minnesota, USA.

DIRECTORS' REPORT

The Board presents their annual report and the audited financial statements of the Company and the Group for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investing in listed and unlisted companies in Hong Kong.

SEGMENT INFORMATION

No segment information is presented as all revenue, results, assets and liabilities of the Group are attributable to investment activities which are carried out or originated principally in Hong Kong.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover was principally derived from its divestments in securities and it is believed that the disclosure of information regarding customers and suppliers would not be meaningful.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2007 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 17 to 41.

The Directors do not recommend the payment of a cash dividend for the year ended 31st March, 2007 but propose for shareholders' approval a bonus issue of shares on the basis of three bonus shares for every existing two shares held (2006: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 15 to the financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 20 of this report and other details of the reserves of the Group and the Company is set out in note 17 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, share premium of the Company is distributable to the shareholders of the Company subject to the provisions of the Memorandum and Articles of Association and a statutory solvency test. The Articles of Association provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account.

The Company's reserves available for distribution comprise the share premium and accumulated profits. In the opinion of the Board, the Company's reserves available for distribution to the shareholders at 31 March 2007 was HK$9,823,137 (2006: HK$15,294,690).

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive Director:
Dr. POON Ho-man
Mr. Jerry CHIOU

Non-Executive Director:

Mr. HSIEN Chin-chen	(resigned on 11 May 2006)

Independent Non-Executive Directors:

Mr. HA Tak-kong	
Mr. PENG Feng	
Mr. HUANG Ching-chung	(resigned on 22 June 2007)
Mr. Tong, I Tony	(appointed on 22 June 2007)

Pursuant to the Articles 88 of the Company's Articles of Association (the "Articles"), Mr. Jerry CHIOU shall retire and, being eligible, offer himself for re-election at the annual general meeting and pursuant to the Article 87(3) of the Articles, Mr. Tong, I Tony will offer himself for re-election at the annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Dr. POON Ho-man entered into service contracts with the Company for an initial term of three years commencing on 1 March 2005 unless terminated by not less than three months' written notice or payment in lieu of such notice served by either party.

Mr. Jerry CHIOU entered into service contracts with the Company for an initial term of three years commencing on 28 July 2003 unless terminated by not less than three months' written notice or payment in lieu of such notice served by either party. The term of his contract was further extended to 31 December 2007.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 19 to the financial statements, no other contracts of significance in relation to the Group's business to which the Company or its subsidiary was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 March 2007, the interests and short positions of the directors and chief executives in the ordinary shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (including interest which they are deemed or taken to have under such provisions of the SFO)), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (the "Model Code") were as follows:

Name of director	Nature of interest	Number of shares held	Approximate percentage of shareholding
Dr. POON Ho-man	Interest in controlled corporation	5,176,000	18.45%

Note:

Dr. POON Ho-man, an executive director of the Company, is interested by virtue of his 100% interest in Planters Universal Limited, a company incorporated in the British Virgin Islands.

Save as disclosed above, none of the directors and chief executives had any interests in equity or debt securities of the Company or of any of its associated corporations which were required to be notified to the Company and the Stock Exchange as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted by the sole shareholder of the Company by way of written ordinary resolution and written resolution passed on 31 August 2002 for the purposes of providing incentives or rewards to directors and eligible employees for their contribution to the Group.

The maximum number of shares in respect of which options may be granted under the Schemes shall not exceed 8,020,000 shares, being 10% (the "Scheme Mandate Limit") of the issued share capital of the Company as at the date of adoption of the Scheme. The Scheme Mandate Limit may be renewed by the approval of shareholders provided that the number of shares under outstanding options shall not exceed 30% of shares in issue from time to time. At the extraordinary general meeting of the Company held on 19 April 2006, the resolution for the refreshment of the 10% Scheme Mandate Limit was passed and the maximum number of shares in respect of which options may be granted under the refreshed Scheme Mandate Limit shall not exceed 2,406,000 shares.

No eligible employee shall be granted options in any 12-month period up to the date of grant which would result in the total number of shares issued or to be issued upon exercise of the options granted (including both exercised and outstanding options) exceeding 1% of the aggregate number of shares for the time being in issue. The period for the exercise of an option shall be notified by the Board from time to time the offer for the grant of option is made. But in any event such period shall not go beyond 31 August 2012. Options granted under the Schemes shall be accepted by a consideration of HK$1.00 payable to the Company within 28 business days from the date the offer is made. The Schemes are valid for a period of 10 years commencing on 31 August 2002 save as early terminated in accordance with the Schemes.

The basis of determining the exercise price under the Scheme shall be determined by (i) the closing price of the share on the date of grant of the option or; (ii) the average closing price of the five trading days preceding the day of the offer of the relevant option or; (iii) the nominal value of the shares, whichever is higher.

Since the adoption of the Scheme, no share options have been granted, exercised, cancelled or lapsed.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2007, to the best knowledge of the Board and chief executives of the Company, the following persons (other than any directors or chief executive of the Company) were substantial shareholders of the Company (as defined in the Listing Rules) and had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholdings
Interests			
LUI Sik-ying	Beneficial owner	4,145,093	14.77%
Linkasia Investment Limited *(Note 1)*	Beneficial owner	4,011,200	14.29%
BUDIMAN Leo	Interest in controlled corporation	4,011,200	14.29%
CHEN Jui-yang	Beneficial owner	4,000,000	14.26%
WONG Pui-wing	Beneficial owner	1,628,000	5.80%

Note:

1. Linkasia Investment Limited, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. BUDIMAN Leo.

Save as disclosed above, the Company had not been notified of any other person (other than directors or chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2007.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTIONS", at no time during the year was the Company or its subsidiary a party to any arrangements to enable the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in or debt securities (including debentures) of the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected transactions:

(a) Investment Management Agreement

Pursuant to the investment management agreement dated 14 June 2005 (the "IM Agreement"), the Company appointed Friedmann Pacific Asset Management Limited ("FPAM"), a company which is 90% owned by Dr. POON Ho-man, an executive director of the Company, as its investment manager to provide investment management services to the Company. FPAM was entitled to a monthly investment management fee at a rate of 2% per annum of the net asset value of the Group calculated in the way as specified by the articles of association of the Company (the "NAV") as at the immediately preceding last dealing day of the Stock Exchange in each calendar month or such other dealing days as considered appropriate by the Board for the purpose of calculating the NAV. In accordance with the IM Agreement, the investment manager will also be entitled to receive from the Company an annual incentive fee equal to 10% of the surplus net asset value as determined in accordance with the provision of the IM Agreement and payable annually in arrears within 10 business days after the annual accounts of the Company have been approved by the shareholders of the Company. The maximum aggregate annual value of the fee payable to FPAM shall be not more than HK$440,000. During the year, the Company paid investment management fee of HK$315,078 (2006: HK$191,689) and annual incentive fee of HK$Nil (2006: HK$248,311) was accrued in the books of the Company.

(b) Licence Agreement

During the year ended 31 March 2007, the Company paid to Friedmann Pacific Financial Services Limited ("FPFSL"), a company in which Dr. POON Ho-man is a common director and has beneficial interests, a licence fee of HK$144,000 (2006: HK$144,000) for granting the Company the use of an office premises under a licence agreement between the Company and FPFSL.

(c) Financial Adviser Agreement

Pursuant to a financial adviser agreement dated 1 December 2005, the Company appointed Friedmann Pacific Securities Limited ("FPSL"), a company in which Mr. POON Ho-man is a common director and has beneficial interests, as its financial adviser to provide the Company with professional advice on continuing compliance with the Listing Rules and applicable laws and regulations. The Company paid to FPSL financial adviser fee of HK$60,000 (2006: HK$20,000) during the year ended to 31 March 2007.

PUBLIC FLOAT
Based on the information that is publicly available to the Company and within the knowledge of its directors, the board of directors confirms that the Company has complied with the public float requirement of the Listing Rules for the year ended 31 March 2007.

MANAGEMENT CONTRACTS
Save as disclosed in the paragraph "Connected Transactions" in this report, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

RETIREMENT BENEFITS SCHEME
Details of the retirement benefits scheme are set out in note 20 to the financial statements.

POST BALANCE SHEET EVENT
Details of event after the balance sheet date are set out in note 21 to the financial statements.

PURCHASE, SALE AND REDEMPTION OF SHARES
For the year ended 31 March 2007, neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's shares.

PRE-EMPTIVE RIGHTS
There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

FINANCIAL SUMMARY
Details of the financial summary in relation to the Group's results and assets and liabilities are set out in page 42.

AUDITORS
The Group's financial statements for the years ended 31 March 2004, 2005 and 2006 were audited by Messrs. RSM Nelson Wheeler, Messrs. KLL Associates CPA Limited and Messrs. HLM & Co. respectively.

A resolution will be proposed to the forthcoming annual general meeting to re-appoint Messrs. HLM & Co. as the auditors or the Company.

By Order of the Board

POON Ho-man
Executive Director

Hong Kong, 23 July 2007

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company 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 Company has complied with the code provisions of the Code during the year ended 31 March 2007.

DIRECTORS' SECURITIES TRANSACTIONS

The Company 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 Company. Having made specific enquiry of all directors, the Company 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 Company 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 Company 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 company secretary for advising the board procedures and regulatory matters. Any director and member of audit committee of the Company may take independent professional advice if they so wish at the expense of the Company, as arranged by the company secretary.

No chairman or chief executive officer had been appointed by the Company 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 Company, all significant decision making is carried out by all executive directors of the Company 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 Company 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 Company (both executive and non-executive) are subject to the retirement by rotation at each annual general meeting under 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 similar to those in the Code.

Under the articles of association of the Company, the chairman of the Board and/or the managing director and/or the deputy managing director of the Company 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.

All executive directors have made full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group. During the year ended 31 March 2007, the Board convened a total of 32 meetings. The directors can attend meetings in persons or through other means of electronic communication in accordance with the articles of association of the Company.

Name of director	Attendance	%
Executive Directors		
Dr. POON Ho-man	31/32	97%
Mr. Jerry CHIOU	28/32	88%
Non-executive Director		
Mr. HSIEH Chin-chen (resigned on 11 May 2006)	0/2	0%
Independent Non-executive Directors		
Mr. HA Tak-kong	17/32	53%
Mr. HUANG Ching-chung (resigned on 22 June 2007)	0/32	0%
Mr. PENG Feng	31/32	97%

To the best knowledge of the Board, there is no financial, business or family relationship among the members of the Board as at 31 March 2007. All of them are free to exercise their individual judgments.

REMUNERATION COMMITTEE

The principal duties of the remuneration committee is to ensure that all employees, including directors, are sufficiently compensated for their efforts and time dedicated to the Company and remuneration offered is appropriate for their duties and in line with market practice. No director or any his associated, and executive is involved in deciding his own remuneration.

NOMINATION OF DIRECTORS

No nomination committee was established by the Company in view of the small size of the Board. The Board as a whole is responsible for considering the suitability of an individual to act as a director of the Company, and approving and terminating the appointment of a director of the Company.

The executive directors of the Company are responsible for selecting and recommending suitable candidates for members of the Board based on their characters, qualifications, experience and background, when there is a vacancy or an additional director is considered necessary. The recommendations of the executive directors are then put forward for consideration by the Board.

AUDIT COMMITTEE

The principal duties of the audit committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the auditors of the Company.

During the year under review, two meetings held by the audit committee to carry out the principal duties as stated above, to review and to make recommendations as to the approval of the Company's interim and annual financial statements to the Board. All the committee members had attended the meetings.

The Audit Committee of the Company comprises three independent non-executive directors, namely, Mr. HA Tak-kong (Chairman of the Audit Committee), Mr. HUANG Ching-chung and Mr. PENG Feng.

The Group's annual report for the year ended 31 March 2007 has been reviewed by the Audit Committee.

AUDITORS' REMUNERATION

For the year ended 31 March 2007, services provided to the Company by its external auditors, HLM & Co. and the respective fees paid/payable are set out as follows:

	HK$
HLM & Co.	
– Audit services (Annual report)	80,000

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges their responsibilities for the preparation of the financial statements of the Company and ensures that they are prepared in accordance with statutory requirements and applicable accounting standards. The directors also ensure the timely publication of such financial statements.

The statement of the external auditors of the Company, Messrs. HLM & Co., with regard to their reporting responsibilities on the Company's financial statements is set out in the Auditors' Report on page 16.

恒健會計師行
HLM & Co.
Certified Public Accountants

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TO THE SHAREHOLDERS OF
GARRON INTERNATIONAL LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Garron International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 41, which comprise the consolidated and Company balance sheet as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's loss and cash flows for the year then ended 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.

HLM & Co.
Certified Public Accountants

Hong Kong, 23 July 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	2007 HK$	2006 HK$
Turnover	5	**38,000,466**	15,648,977
Cost of financial assets at fair value through profit or loss sold		**(37,241,451)**	(14,437,950)
		759,015	1,211,027
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		**(361,700)**	8,088,476
Other revenue	5	**136,596**	55,113
Administrative expenses		**(7,644,294)**	(5,392,550)
(Loss)/profit from operations	7	**(7,110,383)**	3,962,066
Finance costs		**(58,956)**	–
(Loss)/profit before taxation		**(7,169,339)**	3,962,066
Taxation	8	**–**	200,000
(Loss)/profit attributable to shareholders		**(7,169,339)**	4,162,066
(Loss)/earnings per share – Basic	9	**(0.27)**	0.09

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	2007 HK$	2006 HK$
Non-current assets			
Property, plant and equipment	*11*	**259,783**	375,242
Current assets			
Financial assets at fair value through profit or loss	*13*	**14,379,448**	14,416,720
Accounts receivable, prepayments and deposits		**258,894**	2,899,410
Bank and cash balances		**705,376**	3,745,865
		15,343,718	21,061,995
Current liabilities			
Other payables		**861,838**	871,735
Net current assets		**14,481,880**	20,190,260
Net assets		**14,741,663**	20,565,502
Capital and reserves			
Share capital	*15*	**5,612,000**	4,812,000
Reserves	*17*	**9,129,663**	15,753,502
Shareholders' funds		**14,741,663**	20,565,502
Net asset value per share	*18*	**0.53**	0.855

The financial statements on pages 17 to 41 were approved and authorised for issue by the Board of Directors on 23 July 2007 and are signed on its behalf by:

POON Ho-man
DIRECTOR

Jerry CHIOU
DIRECTOR

BALANCE SHEET

As at 31 March 2007

	Notes	**2007** **HK$**	2006 *HK$*
Non-current assets			
Investment in subsidiaries	*12*	**880**	880
Current assets			
Financial assets at fair value through profit or loss	*13*	**910,448**	11,342,240
Accounts receivable and prepayments		**258,894**	700,246
Amount due from subsidiaries	*14*	**14,421,377**	5,189,193
Bank and cash balances		**705,376**	3,745,865
		16,296,095	20,977,544
Current liabilities			
Other payables		**861,838**	871,734
Net current assets		**15,434,257**	20,105,810
Net assets		**15,435,137**	20,106,690
Capital and reserves			
Share capital	*15*	**5,612,000**	4,812,000
Reserves	*17*	**9,823,137**	15,294,690
Shareholders' funds		**15,435,137**	20,106,690

The financial statements on pages 17 to 41 were approved and authorised for issue by the Board of Directors on 23 July 2007 and are signed on its behalf by:

POON Ho-Man
DIRECTOR

Jerry CHIOU
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Share capital *HK$*	**Share premium** *HK$*	**Accumulated losses** *HK$*	**Total** *HK$*
At 31 March 2005	802,000	33,413,149	(21,821,713)	12,393,436
Rights issue	4,010,000	–	–	4,010,000
Profit for the year	–	–	4,162,066	4,162,066
At 31 March 2006	4,812,000	33,413,149	(17,659,647)	20,565,502
Placing of shares	800,000	545,500	–	1,345,500
Loss for the year	–	–	(7,169,339)	(7,169,339)
At 31 March 2007	5,612,000	33,958,649	(24,828,986)	14,741,663

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	2007	2006
	HK$	*HK$*
Cash flows from operating activities		
(Loss)/profit before taxation	**(7,169,339)**	3,962,066
Adjustments for:		
Depreciation	**115,459**	9,622
Interest income	**(25,852)**	(45,008)
Dividend income	**(110,659)**	–
Bank overdraft interest	**58,956**	–
Operating (loss)/profit before working capital changes	**(7,131,435)**	3,926,680
Decrease/(increase) in financial assets at fair value through profit or loss	**37,272**	(14,416,720)
Decrease in trading securities	**–**	9,457,524
Decrease/(increase) in accounts receivable, prepayments and deposits	**2,640,516**	(1,718,036)
(Decrease)/increase in other payables	**(9,897)**	406,163
Cash used in operations	**(4,463,544)**	(2,344,389)
Interest paid	**(58,956)**	–
Net cash used in operating activities	**(4,522,500)**	(2,344,389)
Investing activities		
Interest received	**25,852**	45,008
Dividend received	**110,659**	–
Purchase of property, plant and equipment	**–**	(384,864)
Net cash generated from/(used in) investing activities	**136,511**	(339,856)
Financing activities		
Net proceeds from issue of shares	**1,345,500**	4,010,000
Net cash generated from financing activities	**1,345,500**	4,010,000
Net (decrease)/increase in cash and cash equivalents	**(3,040,489)**	1,325,755
Cash and cash equivalents at beginning of year	**3,745,865**	2,420,110
Cash and cash equivalents at end of year	**705,376**	3,745,865
Analysis of the balance of cash and cash equivalents		
Bank and cash balances	**705,376**	3,745,865

1. GENERAL

The Company is a company 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 KYI-1111, Cayman Islands and its principal office in Hong Kong is at Suite 904, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The Group is principally engaged in investing in listed and unlisted companies in Hong Kong.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs has no material effect on how the results and the financial positions for the current or prior accounting periods have been prepared and presented.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 8	Scope of HKFRS 2[3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions[6]
HK(IFRIC)-Int 12	Service Concession Arrangements[7]

[1] Effective for annual periods beginning on or after 1 January 2007

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 May 2006

[4] Effective for annual periods beginning on or after 1 June 2006

[5] Effective for annual periods beginning on or after 1 November 2006

[6] Effective for annual periods beginning on or after 1 March 2007

[7] Effective for annual periods beginning on or after 1 January 2008

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of financial assets at fair value through profit or loss.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. A subsidiary is an entity in which the Company, directly or indirectly, has control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

In the Company's balance sheet, the investment in a subsidiary is stated at cost less provision for impairment losses.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Proceeds from the disposal of financial assets at fair value through profit or loss are recognised on the trade date when a sale and purchase contract is entered into;

(ii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable; and

(iii) Dividend income is recognised when the right to receive payment is established.

(c) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as revaluation decrease under that accounting standard.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Impairment *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that accounting standard.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognisd impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates:

Motor vehicle	30%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

(e) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

(i) Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is included in the income statement.

(f) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand, demand deposits and short term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, and have a short maturity of generally within three months when acquired. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(g) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(h) Employee benefits

(i) Employee leaves entitlements

Employee entitlements to annual leave and long service leave are recognised when they are accrued to employees. A provision is made for estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefits scheme contributions charged to the income statement represent contribution payable by the Group to the scheme.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Foreign currency translation

Transactions in foreign currencies are translated into Hong Kong dollars at the approximate rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Gains and losses resulting from this translation policy are dealt with in income statement.

(j) Share-based payment

The Company issues equity-settled share-based payments to eligible employees including directors of the Company and its subsidiaries, any other persons including consultants, advisors, agents, customers, suppliers etc. to subscribe for shares in the Company. Equity-settled share-based payments are measured at fair value 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 vest and adjusted for the effort of non market-based vesting conditions.

(k) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(l) Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of asset and liabilities in financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition other than in a business combination of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Taxation *(Continued)*

Deferred tax liabilities are recognised for the taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with equity.

(m) Operating lease

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases.

Payments made under operating leases are recognised on straight-line basis over the relevant lease term.

(n) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as provision.

A contingent asset is a possible asset that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group achieves its investment objective through investing in equities therefore is exposed to market price, credit, liquidity, and interest rate risks in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Group limits its exposure to market price risk by transacting securities that the Group considers to be of good credit ratings.

The Group's investment activities expose it to the various types of market risks which are associated with the markets in which it invests and to the extent of the amount invested in equities totalling HK$14,379,448 as at year end (2006: HK$14,416,720).

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of available-for-sale financial assets, financial assets at fair value through profit and loss, bank balances and amounts receivable on sale of investments.

The Group limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Group considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers.

Accordingly, the Group has no significant concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in selling a financial asset quickly at close to its fair value.

(d) Interest rate risk

The Group is exposed to minimal interest rate risk as the Group invests mainly in equities and only the bank balances and debts are exposed to interest rate risk which is considered to be minimal.

(e) Fair values

As at 31 March 2007, the carrying amount of cash and cash equivalents, prepayments, deposits and other receivables, accrued liabilities and other payables approximated their fair values due to the short term maturities of these assets and liabilities. The Group considers that financial assets at fair value through profit and loss are included in the balance sheet at amounts approximating to their fair values.

5. TURNOVER AND OTHER REVENUE

An analysis of turnover and other revenue is as follows:

	2007	2006
	HK$	*HK$*
Turnover		
Proceeds from sale of financial assets at fair value through profit or loss	**38,000,466**	15,648,977
Other revenue		
Interest income	**25,852**	45,008
Other income	**85**	2,170
Dividend income from financial assets at fair value through profit or loss	**110,659**	7,935
	136,596	55,113

6. SEGMENT INFORMATION

No segment information is presented as all of the revenue, results, assets and liabilities of the Group are attributable to investment activities which are carried out or originated principally in Hong Kong.

7. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations for the year is stated after charging the following:

	2007	2006
	HK$	*HK$*
Directors' remunerations		
Fees	**30,000**	60,000
Other remunerations	**1,224,000**	840,000
Provident fund contributions	**12,000**	12,000
Total directors' remunerations	**1,266,000**	912,000
Staff costs		
Salaries	**1,618,898**	1,354,683
Provident fund contributions	**48,000**	44,823
Other benefits	**225,600**	160,537
Total staff costs (excluding directors' remunerations)	**1,892,498**	1,560,043
Auditors' remuneration	**80,000**	111,550
Operating lease rental of land and buildings	**144,000**	144,000

8. TAXATION

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the year (2006: Nil).

The charge for the year can be reconciled to the (loss)/profit per income statement as follows:

	2007	2006
	HK$	*HK$*
(Loss)/profit before taxation	**(7,169,339)**	3,962,066
Tax at the domestic income tax rate of 17.5%	**(1,254,634)**	693,362
Tax effect of expenses/(income) that are not deductible/(taxable) in determining taxable profit, net	**73,321**	(1,420,660)
Tax effect of tax losses not recognised	**1,181,313**	727,298
Taxation charge	**–**	–

Deferred taxation

The major deferred tax liabilities/(assets) recognised by the Group is as follows:

	2007	2006
	HK$	*HK$*
Brought forward from previous year – Unrealised gain on trading securities	**–**	200,000
Charge to income statement for the year	**–**	(200,000)
	–	–

At the balance sheet date the Group has unused tax losses of approximately HK$28,449,165 (2006: HK$21,644,304) available for offset against future profits. Tax losses, which are subject to agreement with the Hong Kong Inland Revenue Department, will be carried forward indefinitely.

A deferred tax asset of approximately HK$3,546,993 (2006: HK$2,356,142) comprising unrealised loss on financial assets at fair value through profit or loss of HK$63,298 (2006: unrealised gain of HK$1,431,611) and tax losses of HK$4,978,604 (2006: HK$3,787,753) has not been recognised in the financial statements of the Group in respect of tax losses available to offset future profits as it is not certain whether the tax losses will be utilised in the foreseeable future.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on loss for the year of HK$7,169,339 (2006: profit of HK$4,162,066) and the weighted average of 26,536,712 (2006: 48,976,932) ordinary shares in issue during the year.

Diluted (loss)/profit per share for the year ended 31 March 2007 and 2006 were not disclosed as there were no dilutive potential ordinary shares.

10. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors

The aggregate amounts of emoluments payable by the Company during the years are as follows:

	2007	2006
	HK$	*HK$*
Fees		
Executive directors	**–**	–
Non-executive directors	**–**	–
Independent non-executive directors	**30,000**	60,000
	30,000	60,000
Other emoluments		
Basic salaries and other benefits	**1,236,000**	852,000
	1,266,000	912,000

The emoluments of each of the directors fell within the remuneration band of HK$ Nil to HK$1,000,000.

No directors waived any emoluments and no emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office during the year (2006: Nil).

10. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(Continued)*

(a) Directors *(Continued)*

The emoluments paid or payable to each of the three (2006: four) directors were as follows:

The Group	**Fees**		**Salaries**		**2007**	2006
	Executive directors *HK$*	**Independent non–executive directors** *HK$*	**Management remuneration** *HK$*	**Employer's contributions to pension schemes** *HK$*	**Total emoluments** *HK$*	Total emoluments *HK$*
POON Ho-man	**–**	**–**	**984,000**	**12,000**	**996,000**	612,000
CHIOU Jerry	**–**	**–**	**240,000**	**–**	**240,000**	240,000
HA Tak-kong	**–**	**30,000**	**–**	**–**	**30,000**	30,000
HUANG Ching-chung	**–**	**–**	**–**	**–**	**–**	30,000
PENG Feng	**–**	**–**	**–**	**–**	**–**	–
Total	**–**	**30,000**	**1,224,000**	**12,000**	**1,266,000**	912,000

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2006: one) directors whose emoluments are reflected in the analysis presented above.

The aggregate amounts of emoluments payable to the five highest paid individuals including directors of the Group during the year are as follows:

	2007 *HK$*	2006 *HK$*
Basic salaries and other benefits	**2,872,933**	1,937,155
Contributions to retirement benefits scheme	**41,000**	44,823
	2,913,933	1,981,978

The emoluments of each of the individuals fell within the remuneration band of HK$Nil to HK$1,000,000.

No emoluments were paid to these individuals as inducement to join or upon joining the Group as compensation for loss of office during the year (2006: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Motor vehicle
	HK$
COST	
At 1 April 2006 and 31 March 2007	384,864
DEPRECIATION AND IMPAIRMENT	
At 1 April 2006	9,622
Charge for the year	115,459
At 31 March 2007	125,081
NET BOOK VALUE	
At 31 March 2007	259,783
At 31 March 2006	375,242

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2007	2006
	HK$	*HK$*
Unlisted shares, at cost	**880**	880

Details of the subsidiaries at 31 March 2007 are as follows:

Name of subsidiary	**Place of incorporation**	**Particulars of issued share capital**	**Direct interest held**		**Principal activities**
			2007	2006	
			HK$	*HK$*	
Garron International (HK) Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Novel Epoch Investments Limited	British Virgin Islands	US$100	**100%**	100%	Investment holding

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2007	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*
Financial assets at fair value through profit or loss:				
Listed in Hong Kong	**14,379,448**	14,416,720	**910,448**	11,342,240
Market value of listed financial assets at fair value through profit or loss as at 31 March	**14,379,448**	14,416,720	**910,448**	11,342,240

Particulars of the 10 largest investments as at 31 March 2007 are as follows:

Name of investee company	**Place of incorporation**	**Number of shares held**	**Percentage of interest held**	**Cost** *HK$*	**Accumulated unrealised gain/(loss)** *HK$*	**Market value** *HK$*
Oriental Investment Corporation Limited ("Oriental") *(note a)*	Bermuda	2,000,000 ordinary shares of HK$0.10 each	0.02%	7,290,460	(5,550,460)	1,740,000
PICC Property and Casualty Company Limited ("PICC") *(note b)*	People's Republic of China	400,000 ordinary shares of RMB1 each	0.01%	1,963,795	(171,795)	1,792,000
China Life Insurance Company Limited ("China Life") *(note c)*	People's Republic of China	60,000 ordinary shares of RMB1 each	Less than 0.01%	1,225,980	121,020	1,347,000
Industrial and Commercial Bank of China Limited ("ICBC") *(note d)*	People's Republic of China	270,000 ordinary shares of RMB1 each	Less than 0.01%	1,206,300	(23,700)	1,182,600
Swire Pacific Limited ("Swire Pacific") *(note e)*	Hong Kong	10,000 ordinary shares of "A" shares of HK$0.60 each	Less than 0.01%	1,168,600	(291,600)	877,000
PCCW Limited ("PCCW") *(note f)*	Hong Kong	230,000 ordinary shares of HK$0.25 each	Less than 0.01%	1,161,295	(82,595)	1,078,700

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Name of investee company	Place of incorporation	Number of shares held	Percentage of interest held	Cost *HK$*	Accumulated unrealised gain/(loss) *HK$*	Market value *HK$*
PetroChina Company Limited ("PetroChina") *(note g)*	People's Republic of China	100,000 ordinary shares of RMB1 each	Less than 0.01%	904,000	23,000	927,000
HSBC Holdings plc ("HSBC") *(note h)*	England	6,000 ordinary shares of USD0.5 each	Less than 0.01%	840,600	(25,800)	814,800
Oriental Press Group Limited ("Oriental Press Group") *(note i)*	Hong Kong	380,000 ordinary shares of HK$0.25 each	0.02%	573,100	(18,300)	554,800
Value Convergence Holdings Limited ("VC Holdings") *(note j)*	Hong Kong	646,400 ordinary shares of HK$0.10 each	0.25%	563,340	257,588	820,928

Notes:

A brief description of the business and financial information of the listed investee companies, based on their latest published annual report are as follows:

(a) Oriental is principally engaged in investment holding, property investment, operations of bakery retail shops, provision of consultancy services for hotel management and trading of electronic products. The audited consolidated loss attributable to shareholders of Oriental for the year ended 30 April 2006 was approximately HK$25 million (2005: approximately HK$21 million). At 30 April 2006 the audited consolidated net asset value of the Oriental was approximately HK$128 million (2005: approximately HK$95 million). No dividend was received during the year (2006: Nil).

(b) PICC is principally engaged in the provision of property and casualty insurance services. The audited consolidated profit attributable to shareholders of PICC for the year ended 31 December 2006 was approximately RMB2,082 million (2005: RMB940 million). At 31 December 2006 the audited consolidated net asset value of the PICC was approximately RMB20,727 million (2005: approximately RMB17,798 million). No dividend was received during the year (2006: Nil).

(c) China Life is principally engaged in the writing of life insurance business, providing life, annuities, accident and health insurance products in China. The audited consolidated profit attributable to shareholders of China Life for the year ended 31 December 2006 was approximately RMB19,956 million (2005: approximately RMB9,306 million). At 31 December 2006 the audited consolidated net asset value of China Life was approximately RMB140,205 million (2005: approximately RMB80,809 million). No dividend was received during the year (2006: Nil).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: (Continued)

(d) ICBC is principally engaged in the provision of banking services including Renminbi and foreign currency deposits, loans, payment and settlements services. The audited consolidated profit attributable to shareholders for the year ended 31 December 2006 was approximately RMB49,263 million (2005: approximately RMB37,555 million) and the audited consolidated net asset value as at 31 December 2006 was approximately RMB471,001 million (2005: approximately RMB259,876 million). No dividend was received during the year (2006: Nil).

(e) Swire Pacific focuses on the long-term development of businesses where it can add value through its industry-specific expertise and particular knowledge of the Greater China region. The audited consolidated profit attributable to shareholders of Swire Pacific for the year ended 31 December 2006 was approximately HK$22,566 million (2005: HK$18,757 million). The audited consolidated net asset value of Swire Pacific was approximately HK$115,091 million (2005: approximately HK$100,772 million). No dividend was received during the year (2006: Nil).

(f) PCCW is principally engaged in the provision of telecommunication services, internet and multimedia services, sale and rental of equipment and technical services, investment in and development of infrastructure, properties and technology-related business. The audited consolidated profit attributable to shareholders of PCCW for the year ended 31 December 2006 was approximately HK$1,632 million (2005: approximately HK$1,867 million). The audited consolidated net asset value of PCCW was approximately HK$2,899 million (2005: approximately HK$2,732 million). No dividend was received during the year (2006: Nil).

(g) PetroChina is principally engaged in the exploration, development and production of crude oil and natural gas; refining, transportation, storage and marketing of crude oil and petroleum products; production and sale of chemicals; transmission, marketing and sale of natural gas. The audited consolidated profit attributable to shareholders of PetroChina for the year ended 31 December 2006 was approximately RMB142,224 million (2005: approximately RMB133,362 million). The audited consolidated net asset value of PetroChina was approximately RMB617,591 million (2005: approximately RMB543,667 million). HK$15,813 was received as dividend during the year (2006: Nil).

(h) HSBC is principally engaged in the provision of a comprehensive range of banking and related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa. The audited consolidated profit attributable to shareholders for the year ended 31 December 2006 was approximately USD15,789 million (2005: approximately USD15,081 million) and the audited consolidated net asset value as at 31 December 2006 was approximately USD114,928 million (2005: approximately USD98,226 million). No dividend was received during the year (2006: Nil).

(i) Oriental Press Group is principally engaged in the publication of newspapers and magazines, property investment and building management. The audited consolidated profit attributable to shareholders for the year ended 31 March 2007 was approximately HK$123 million (2006: HK$127 million) and the audited consolidated net asset value as at 31 March 2007 was approximately HK$2,595 million (2006: HK$2,513 million). No dividend was received during the year (2006: Nil).

(j) VC Holdings is principally engaged in the provision of securities brokerage, commodities trading and corporate finance business via traditional means and the Internet. The audited consolidated profit attributable to shareholders for the year ended 31 December 2006 was approximately HK$26 million (2005: approximately HK$5 million) and the audited consolidated net asset value as at 31 December 2006 was approximately HK$193 million (2005: approximately HK$164 million). No dividend was received during the year (2006: Nil).

14. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

15. SHARE CAPITAL

	Note	**Number of ordinary shares of HK\$0.20 each**	**Number of ordinary shares of HK\$0.01 each**	**HK\$**
Authorised:				
At 31 March 2005		–	2,000,000,000	20,000,000
Share consolidation		100,000,000	(2,000,000,000)	–
At 31 March 2006 and 2007		100,000,000	–	20,000,000
Issued and fully paid:				
At 31 March 2005		–	80,200,000	802,000
Share consolidation		4,010,000	(80,200,000)	–
Rights issue		20,050,000	–	4,010,000
At 31 March 2006		24,060,000	–	4,812,000
Placing of shares	*a*	4,000,000	–	800,000
At 31 March 2007		28,060,000	–	5,612,000

During the year, the movements in the Company's share capital are as follows:

(a) On 18 August 2006 the Company issued and allotted 4,000,000 new shares at HK\$0.35 by placing.

16. SHARE OPTIONS

(a) Share Option Scheme

The Share Option Scheme was adopted by an ordinary resolution of the then sole shareholder of the Company on 31 August 2002. The major terms of Share Option Scheme are summarised as follows:

(i) The Share Option Scheme enables the Company to grant options to selected participants as incentives and/or rewards for their contribution and support to the Group.

(ii) The participants of the Share Option Scheme include any employees, directors, advisers, consultants, agents or business affiliates who, at the sole determination of the Board if directors, as incentives or their contribution to the Group.

(iii) HK$1 is payable by the grantee to the Company on acceptance of the option offer. The option offer will be offered for acceptance for a period of 28 days from the date on which the offer is granted.

(iv) The subscription price for shares under the Share Option Scheme shall be a price notified by the directors to a participant and shall be at least the highest of (i) the closing price of the shares as stated in Stock Exchange's daily quotations sheet on the offer date which must be a business day; and (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the offer date provided that the subscription price shall not be lower than the nominal value of the shares.

(v) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the relevant class of securities of the Company in issue from time to time.

(vi) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company for the time being must not, in aggregate, exceed 10% of the shares in issue unless an approval by the shareholders at general meeting has been obtained.

(vii) An option maybe exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the tenth anniversary of the Share Option Scheme.

(viii) The Share Option Scheme will remain valid for a period of 10 years commencing from 31 August 2002 saved as early terminated in accordance with the Share Option Scheme.

No option has been granted under the Share Option Scheme since its adoption on 31 August 2002.

17. RESERVES

	GROUP		
	Share premium	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*
At 1 April 2005	33,413,149	(21,821,713)	11,591,436
Profit for the year	–	4,162,066	4,162,066
At 31 March 2006	33,413,149	(17,659,647)	15,753,502
Placing of shares	545,500	–	545,500
Loss for the year	–	(7,169,339)	(7,169,339)
At 31 March 2007	33,958,649	(24,828,986)	9,129,663

	COMPANY		
	Share premium	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*
At 1 April 2005	33,413,149	(21,817,033)	11,596,116
Profit for the year	–	3,698,574	3,698,574
At 31 March 2006	33,413,149	(18,118,459)	15,294,690
Placing of shares	545,500	–	545,500
Loss for the year	–	(6,017,053)	(6,017,053)
At 31 March 2007	33,958,649	(24,135,512)	9,823,137

Under the Companies Law of the Cayman Islands, share premium of the Company is distributable to the shareholders of the Company subject to the provisions of the Memorandum and Articles of Association and a statutory solvency test. The Articles of Association provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account.

18. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net asset value of the Group as at 31 March 2007 of HK$14,741,663 of HK$ (2006: HK$20,565,502) and 28,060,000 (2006: 24,060,000) ordinary shares in issue at that date.

19. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2007, the Group had entered into the following significant related party transactions which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business:

	2007	2006
	HK$	*HK$*
Friedmann Pacific Asset Management Limited *(note a)* to which the following expenses were paid:		
Investment management fee *(note b)*	**315,708**	440,000
Friedmann Pacific Securities Limited *(note c)* to which the following expenses were paid:		
Financial adviser fee *(note d)*	**60,000**	20,000
Friedmann Pacific Financial Services Limited *(note e)* to which the following expenses were paid:		
Rental and building management fee *(note f)*	**144,000**	144,000

Notes:

(a) During the year ended 31 March 2007, Mr. CHIOU Jerry and Dr. POON Ho-man are common directors of Friedmann Pacific Asset Management Limited ("FPAML") and the Company.

An executive director of the Company, Dr. POON Ho-man., has beneficial interests in FPAML at the balance sheet date.

(b) The Company entered into an investment management agreement with FPAML on 14 June 2005 for a period of one year with effect from 16 June 2005 and shall continue for successive periods of one year each unless terminated at any time by serving on the other party not less than three months prior notice in writing. FPAML was entitled to receive an investment management fee on a quarterly basis at a rate of 2% per annum of the net asset value of the Company as at the valuation date as defined in the agreement. FPAML was also entitled to receive an incentive fee at a rate of 10% of the surplus net asset of the Company as at the last valuation date in a financial year as a defined in the agreement but the maximum aggregate annual value of the fee shall not be more than HK$440,000.

(c) During the year ended 31 March 2007, Dr. POON Ho-man is a common director and has beneficial interests in Friedmann Pacific Securities Limited ("FPSL") at the balance sheet date.

(d) The Company entered into a financial adviser agreement with FPSL for a period commencing from 1 December 2005 and ending on 30 November 2006 and renewed automatically and each party shall have the right to terminate this agreement by giving not less than one month written notice to the other party. The fee will be HK$5,000 per month payable on the first day of every calendar month.

19. RELATED PARTY TRANSACTIONS *(Continued)*

Notes: (Continued)

(e) During the year ended 31 March 2007 Dr. POON Ho-man is a common director and has beneficial interests in Friedmann Pacific Financial services Limited ("FPFSL") at the balance sheet date.

(f) The Company entered into a Licence Agreement with FPFSL commencing from 1 December 2005 and ending on 30 November 2008 or the date that the Principal Agreement being terminated. The Principal Agreement is the tenancy agreement made between FPFSL and the landlord dated 24 November 2005. The Licence Agreement can also be terminated at any time by either party serving not less than three months' prior notice in writing. Pursuant to Licence Agreement, FPFSL is entitled to receive a monthly licence fee of HK$12,000 for granting the Company the use of an office premises.

20. RETIREMENT BENEFIT SCHEME

The Group has participated in a defined contribution Mandatory Provident Fund Scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustee. Under the scheme, each of the Group (the employer) and its employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Scheme Ordinance. The contributions from each of the employer and employees are subject to a maximum contribution of HK$1,000 per month and thereafter contributions are voluntary. No forfeited contribution is available to reduce the contributions payable in the future years.

The total contributions charged to the consolidated income statement for HK$48,000 (2006: HK$ 44,823), representing contributions payable to the Scheme by the Group in respect of the year ended 31 March 2007.

21. POST BALANCE SHEET EVENT

On 23 July 2007, the Board of the Company proposed a bonus issue to qualifying shareholders. The bonus issue is proposed to be made on the basis of three bonus shares for every existing two shares held by the qualifying shareholders. On the basis of 28,060,000 existing shares in issue at the balance sheet date, 42,090,000 bonus shares will be issued under the bonus issue, representing approximately 150% of the issued share capital as at the balance sheet date. The approval of the bonus issue by the shareholders will be held at the extraordinary general meeting on 23 August 2007.

22. COMPARATIVES FIGURES

Certain comparative figures have been reclassified for better presentation.

FIVE YEARS FINANCIAL SUMMARY

Year ended 31 March 2007

	Year/period ended 31 March				
	2007	2006	2005	2004	2003
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
			(Restated)		
RESULTS					
Turnover	**38,000,466**	15,648,977	2,490,391	1,777,062	2,288,600
(Loss)/profit before taxation	**(7,169,339)**	3,962,066	(21,126,160)	(738,606)	2,107,288
Taxation	**–**	200,000	–	–	(200,000)
(Loss)/profit attributable to shareholders	**(7,169,339)**	4,162,066	(21,126,160)	(738,606)	1,907,288
(Loss)/earnings per share – Basic	**(0.27)**	0.09	(2.63)	(0.01)	0.04

	At 31 March				
	2007	2006	2005	2004	2003
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Non-current assets	**259,783**	375,242	–	1,587,640	3,300,000
Current assets	**15,343,718**	21,061,995	13,059,008	33,631,430	29,782,125
Current liabilities	**(861,838)**	(871,735)	(465,572)	(1,118,286)	(657,413)
Non-current liabilities	**–**	–	(200,000)	(200,000)	(200,000)
Shareholder' funds	**14,741,663**	20,565,502	12,393,436	33,900,784	32,224,712