GARRON INTERNATIONAL LIMITED
嘉禹國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1226)

Annual Report 2009

*For identification purpose only

CONTENTS

CORPORATE INFORMATION

STOCK CODE
1226

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

Independent Non-executive Directors:
Mr. HA Tak-kong
Mr. PENG Feng
Mr. TONG, I Tony

REMUNERATION COMMITTEE
Mr. HA Tak-kong
Mr. PENG Feng
Mr. TONG, I Tony

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Suite 4505, 45/F
Far East Finance Centre
16 Harcourt Road
Admiralty, Hong Kong

AUDITORS
HLM & Co.
Certified Public Accountants
Room 305, 3/F
Arion Commercial Centre
2-12 Queen's Road West, Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG
Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKER
Standard Chartered Bank

GROUP SECRETARY AND QUALIFIED ACCOUNTANT
Ms. LEE Man Yin, Mary
(Resigned on 31 December 2008)
Mr. Tsui Wing Tak
(Appointed on 31 December 2008)

WEBSITE
http://www.garroninternational.com

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 2009.

FINANCIAL RESULTS

For the year ended 31 March 2009, the Group recorded a substantial decrease in revenue from HK$280,698 to HK$201,539, representing a decrease of approximately 28.2%. The loss attributable to shareholders of the Group for the year amounted to HK$11,119,668 as compared to the loss for last year amounted to HK$5,439,605. The substantial increase in loss during the year was mainly due to the decrease in realised gain and increase in unrealized loss on listed share caused by the financial tsunami. The audited consolidated net asset value of the Group as of 31 March 2009 amounted to HK$1,156,433. The net asset value per share was HK$0.02, compared to HK$1.27 in 2008, a decrease of approximately 98.7%. The substantial decrease was due to the impairment of available-for-sale financial assets amounted to HK$78,143,880 as a result of a letter of intent was received from 貴州恒昌順投資管理有限公司 ("恒昌順"), which stated that the 51% equity interest of 興仁縣四聯鄉昱樟煤礦 ("昱樟煤礦") will be disposed to another shareholder of 昱樟煤業 who already owned 49% of 昱樟煤業, the original investment cost HK$4,000,000 of the Company will be refunded upon the completion of the transaction.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

The investment portfolio of the Group mainly comprises of listed securities in Hong Kong and unlisted equity securities in the PRC 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.

With regard to the investment in unlisted equity securities in the PRC, the Group acquired 30% equity interest of Southwest Mining Investments Ltd ("Southwest Mining") on 24 December 2007 with the consideration of HK$4,000,000. The principal activities of Southwest Mining is investment holding. In the opinion of the directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of Southwest Mining as the Group has no representative in the board of directors of Southwest Mining. Accordingly, Southwest Mining has been accounted for as an available-for-sale financial asset. Southwest Mining holds a 100% equity interest in a foreign enterprise incorporated in the PRC, 恒昌順, which indirectly holds a 51% equity interest in 昱樟煤礦. On 16 June 2009, the Company received a letter of intent which has been signed by 恒昌順, which stated that the 51% equity interest of 昱樟煤礦 will be disposed to another shareholder of 昱樟煤業 who already owned 49% of 昱樟煤業, the original investment cost HK$4,000,000 of the Company will be refunded upon the completion of the transaction.

Prospects

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

STATEMENT FROM THE MANAGEMENT

Liquidity and Financial Resources

As at 31 March 2009, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of HK$1,029,815 (2008: HK$454,731), which was mainly placed in bank as deposits. Since the Group has made no borrowing as at 31 March 2009, the Group is in a net cash position.

Capital Structure

The shares of the Company were listed on the Stock Exchange of Hong Kong Limited (the ”Stock Exchange”). Save as disclosed below, there has been no change in the capital structure of the Company for the year under review.

(a) On 30 April 2008, 5,600,000 warrants (“Warrants”) were issued for an aggregate consideration of HK$840,000. Each of the Warrants is conferred with a right to subscribe for one new share of the Company at a subscription price of HK$0.60 each. No Warrants has been exercised during the year under review.

The proceeds from the issue of warrants had been fully applied to working capital.

(b) The Board proposed increase its authorized share capital from HK$20,000,000.

(c) The Board proposed an open offer in the proportion of two offer shares for every one share held on the record date.

Price risk

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated balance sheet 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 2009, the Group’s loss for the year would increase or decrease by HK$206,123 (2008: HK$463,937).

Employees

During the year ended 31 March 2009, the Group had retained three employees (2008: four employees). Total staff costs of the Group, excluding directors’ remuneration, for the year under review amounted to HK$1,358,457 (2008: HK$1,462,146). 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 2009, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

Finally, I would like to express our deepest appreciation to our shareholders for their continuous support.

By Order of the Board

GARRON INTERNATIONAL LIMITED
Dr. POON Ho-man
Executive Director

Hong Kong, 10 July 2009

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. POON Ho-man, aged 36, was appointed as an Executive Director of the Group 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 Group. As at 31 March 2008, Dr. Poon has 18.45% interests in the issued share capital of the Group by virtue of his 100% interests in Planters Universal Limited, a Group incorporated in the British Virgin Islands.

Mr. Jerry CHIOU, aged 60, was appointed as an executive director of the Group 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 Group, 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 Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HA Tak-kong, aged 40, was appointed as an independent non-executive director of the Group 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 48, was appointed as an independent non-executive director of the Group 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 Group 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 41, was appointed as an independent non-executive director of the Group on 22 June 2007. He is director and co-founder of Jibo Technology and Pacificnet Ventures. Prior to founding Pacificnet, Mr. Tong worked on the leading US technology companies including Andersen Consulting (now Accenture, NYSE:ACN) and ADC Telecommunications (NASDAQ:ADCT). 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." Mr. Tong is a frequent speaker on technology investment in China, and was invited to present at the APEC Summit, China Venture Capital Forum, and China Hi-Tech Fair. Mr. Tong is a member of the G2E Asia Planning Committee and a frequent speaker on Asian gaming technology and was invited to present at the G2E Asia, EiG, AiG, Casino Affiliate Convention, and China Lottery Conference. Mr. Tong graduated with Bachelor of Mechanical-Industrial Engineering Degree from the University of Minnesota and also served as an Adjunct Professor. As a recognition to his contribution and leadership in the gaming industry, Mr. Tong was named to the 2008 "25 People to Watch" List by Global Gaming Business Magazine, and was recognized as "Asian Gaming 50 – The 50 most influential people in Asia's gaming industry" by Inside Asian Gaming Magazine 2008; and was elected member of the Euro-Asian Cooperation on Gaming Association Limited (ECG), a leading gaming association for gaming operators, suppliers, and regulators which promotes the development and growth of the legitimate gaming industry.

The Board presents their annual report and the audited financial statements of the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

During the years ended 31 March 2009 and 2008 respectively, the Group's revenue and net losses were mainly derived from the interest income, dividend income and trading gain or loss from investment holding. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses. The Group's segment assets and liabilities for the year, analyzed by geographical market, are as follows:

	PRC (except Hong Kong)		**Hong Kong**		**Total**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Segment assets	**4,000,000**	82,143,880	**6,470,267**	11,346,115	**10,470,267**	93,489,995
Segment liabilities	**–**	–	**9,313,834**	3,910,014	**9,313,834**	3,910,014

MAJOR CUSTOMERS AND SUPPLIERS

As the Group's revenue was mainly derived from interest income, dividend income and trading gain or loss from investment holding, 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 2009 and the state of affairs of the Group at that date are set out in the financial statements on pages 22 to 59. The Directors do not recommend the payment of any dividend for the year ended 31 March 2009 (2008: a bonus issue of shares on the basis of three bonus shares for every existing two shares held).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Group during the year are set out in note 21 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 24 of this report and other details of the reserves of the Group is set out in note 23 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, accumulated profits and valuation reserve derived from the available-for-sale financial asset. In the opinion of the Board, the Company's reserves available for distribution to the shareholders at 31 March 2009 were HK$Nil (2008: HK$73,260,952).

DIRECTORS

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

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

Independent Non-Executive Directors:
Mr. HA Tak-kong
Mr. PENG Feng
Mr. Tong, I Tony

Pursuant to Article 88 of the articles of association (the "Articles") of the Group, Mr. Jerry Chiou and Mr. Ha Tak-kong will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

Dr. POON Ho-man entered into a service contract with the Group 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. The service contract was renewed for another three years on 1 March 2008.

Mr. Jerry CHIOU entered into a service contract with the Group 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. Mr. Chiou's contract was renewed on 1 January 2008 for another term of one year. There is no service contract between Mr. Chiou and the Company at 31 March 2009 and Mr. Chiou will have no fixed term of service with the Company, but will subject to retirement by rotation and re-election at the annual general meeting.

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 26 to the financial statements, no other contracts of significance in relation to the Group's business to which the Group or its subsidiary was a party and in which a director of the Group 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 2009, the interests and short positions of the directors and chief executives in the ordinary shares and underlying shares of the Group 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 Group 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 Directors	Number of shares of the Company	Number of underlying shares of the Company	Total	Approximate percentage of shareholding
Dr. Poon Ho-man	12,940,000 *(Note 1)*	7,070,000 *(Note 2)*	20,010,000	28.32%
Mr. Ha Tak-kong	–	70,000 *(Note 3)*	70,000	0.10%
Mr. Tong, I Tony	–	70,000 *(Note 3)*	70,000	0.10%
Mr. Peng Feng	–	70,000 *(Note 3)*	70,000	0.10%

Notes:

1. Dr. Poon Ho-man, an executive director of the Company, is deemed to be interested in these shares by virtue of his 100% interest in Planters Universal Limited, a company incorporated in the British Virgin Islands.

2. Dr. Poon Ho-man is interested in 7,000,000 share options conferring rights to subscribe for 7,000,000 shares of the Company. Save for which, Dr. Poon Ho-man is deemed to be interested in 70,000 share options held by his spouse, conferring rights to subscribe for 70,000 shares of the Company.

3. Each of Mr. Ha Tak-kong, Mr. Tong, I Tony and Mr. Peng Feng is interested in 70,000 share options conferring rights to subscribe for 70,000 shares of the Company.

Save as disclosed above, none of the directors and chief executives had any interests in equity or debt securities of the Group or of any of its associated corporations which were required to be notified to the Group 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 Group and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company's share option scheme ("Share Option Scheme") was adopted by an ordinary resolution of the Company on 31 August 2002 for the primary purpose of providing incentives to directors, eligible employees, advisers, consultants and business affiliates. At 31 March 2009, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 9,000,000 (2008: 9,000,000) representing 12.74% (2008: 12.74%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at the time of listing.

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

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

Date of grant	Outstanding at 1/4/2008	Granted	Exercised during the year	Lapsed	Outstanding at 31/3/2009	Exercise period	Exercise price per share
Category I: Directors							
5/11/2007	210,000	–	–	–	210,000	6/11/2007–5/11/2010	HK$1.24
22/11/2007	7,000,000	–	–	–	7,000,000	22/11/2007–21/11/2017	HK$1.082
Category II: Employees							
5/11/2007	1,490,000	–	–	–	1,490,000	6/11/2007–5/11/2010	HK$1.24
Category III: Consultant							
5/11/2007	300,000	–	–	–	300,000	6/11/2007–5/11/2010	HK$1.24
	9,000,000	–	–	–	9,000,000		

Particulars of share options:

Date of grant	Number of share options	Exercise period	Exercise price per share *HK$*
5/11/2007	2,000,000	6/11/2007 – 5/11/2010	1.24
22/11/2007	7,000,000	22/11/2007 – 21/11/2017	1.082
	9,000,000		

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

	Outstanding at 1/4/2008	Granted	Exercised during the year	Lapsed	Outstanding at 31/3/2009
Directors					
Dr. POON Ho-man	7,000,000	–	–	–	7,000,000
Mr. HA Tak-kong	70,000	–	–	–	70,000
Mr. TONG, I Tony	70,000	–	–	–	70,000
Mr. PENG Feng	70,000	–	–	–	70,000
Directors' total	7,210,000	–	–	–	7,210,000
Consultant	300,000	–	–	–	300,000
Employees	1,490,000	–	–	–	1,490,000
Grand total	9,000,000	–	–	–	9,000,000

WARRANTS

The Company has a total of 9,900,000 warrants outstanding at 31 March 2009 and its movements are as follows:

Date of grant	*Note*	Outstanding at 1/4/2008	Issued during the period	Exercised/ Lapsed during the period	Outstanding at 31/3/2009	Exercise period	Exercise price per share
27 September 2007	*a*	4,300,000	–	–	4,300,000	27/9/2007-26/9/2010	HK$0.70
30 April 2008	*b*	–	5,600,000	–	5,600,000	30/4/2008-29/4/2010	HK$0.60
		4,300,000	5,600,000	–	9,900,000		

Notes:

(a) On 27 September 2007, the Company placed a total of 4,800,000 unlisted warrants ("Warrants") to certain independent third parties at an issue price of HK$0.1 each of which 500,000 Warrants had been exercised and 500,000 new shares of the Company had been issued and allotted on 3 December 2007.

(b) On 30 April 2008, the Company placed a total of 5,600,000 unlisted warrants ("Warrants") to certain independent third parties at an issue price of HK$0.15 each. No Warrants had been exercised during the year ended 31 March 2009.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, 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:

	Note	**Number of shares of the Company**	**Approximate percentage of shareholding**
Planters Universal Limited	*1*	12,940,000	18.32%
Chen Jui Yang	*2*	7,000,000	9.91%
Linkasia Investment Limited	*3*	5,528,000	7.82%
BUDIMAN Leo	*3*	5,528,000	7.82%

Notes:

1. Planters Universal Limited is beneficially interested in 12,940,000 shares of the Company as at 31 March 2009. The entire shares in Planters Universal Limited are beneficially owned by Dr. Poon Ho Man. The interests of Dr. Poon Ho Man in the Company are stated under the section headed "Directors' and Chief Executives' Interests in Equity or Debt Securities".

2. Mr. Chen Jui Yang, is interested in 7,000,000 shares as at 31 March 2009. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Chen Yui Yang has no relationship with any Directors, senior management or other substantial or controlling Shareholders.

3. To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, the 5,528,000 Shares are beneficially owned by Linkasia Investment Limited as at 31 March 2009. The entire shares in Linkasia Investment Limited are beneficially owned by Mr. Budiman Leo, an independent third party, and Mr. Budiman Leo is therefore deemed to be interested in 5,528,000 Shares.

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 2009.

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 any of its subsidiaries 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 Group appointed Friedmann Pacific Asset Management Limited ("FPAM"), a Group which is 90% owned by Dr. POON Ho-man, an executive director of the Group, as its investment manager to provide investment management services to the Group. 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 Group (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 Group 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 Group have been approved by the shareholders of the Group. The maximum aggregate annual value of the fee payable to FPAM shall be not more than HK$390,000. During the year, the Group paid investment management fee of HK$362,303, (2008: HK$322,141) and annual incentive fee of HK$Nil (2008: HK$Nil) was accrued in the books of the Group.

(b) Licence Agreement

During the year ended 31 March 2009, Dr. POON Ho-man is a common director and has beneficial interests in Friedmann Pacific Financial Services Limited ("FPFSL") at the balance sheet date.

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. On 23 September 2007, this agreement was terminated.

The Group paid to FPFSL licence fee of HK$Nil (2008: HK$81,200) during the year end 31 March 2009.

(c) Financial Adviser Agreement

During the year ended 31 March 2009, Dr. POON Ho-man is a common director and has beneficial interests in Friedmann Pacific Securities Limited ("FPSL") at the balance sheet date.

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. The agreement was terminated on 14 October 2007.

The Group paid to FPFSL financial adviser of HK$Nil (2008: HK$37,258) during the year ended 31 March 2009.

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 27 to the financial statements.

POST BALANCE SHEET EVENTS

Details of event after the balance sheet date are set out in note 30 to the financial statements.

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 2009.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2009, neither the Group nor its subsidiaries had purchased, sold or redeemed any of the Group's shares.

PRE-EMPTIVE RIGHTS

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

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 20 August 2009 to 24 August 2009 (both days inclusive), during which period no share transfers will be registered. In order to qualify for voting in the Company's annual general meeting, all transfers accompanied by relevant share certificates must be lodged with Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by not later than 4:30 p.m. on 19 August 2009.

FINANCIAL SUMMARY

Details of the financial summary in relation to the Group's results and assets and liabilities are set out in page 60.

AUDITORS

The Group's financial statements for the years ended 31 March 2009 and 2008 were audited by Messrs HLM & Co.. A resolution will be proposed to the forthcoming annual general meeting to re-appoint Messrs. HLM & Co. as the auditors of the Group.

By Order of the Board

Dr. POON Ho-man
Executive Director

Hong Kong, 10 July 2009

CORPORATE GOVERNANCE PRACTICES

The Group has adopted the code provisions set out in the code of corporate governance practices in Appendix 14 of the Listing Rules (the "Code") as its own code on corporate governance practices. In the opinion of the Board, save as disclosed below, the Group has complied with the code provisions of the Code during the year ended 31 March 2009.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

All directors have access to the Group secretary for advising the board procedures and regulatory matters. Any director and member of audit committee of the Group may take independent professional advice if they so wish at the expense of the Group, as arranged by the Group secretary. No chairman or chief executive officer had been appointed by the Group during the year. This constitutes a deviation from the code provision A.2.1 to A.2.3 of the Code. In view of the simple structure of the Group, all significant decision making is carried out by all executive directors of the Group while the day-to-day investment decision is based on the professional recommendation of the investment manager. The Board considers that this structure will not impair the balance of power and authority between the management of the Board and the management of its business. None of the existing non-executive directors of the Group is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the Code. However, one-third of the directors of the Group (both executive and non-executive) are subject to the retirement by rotation at each annual general meeting under the articles of association of the Group. As such, the Group considers that sufficient measures have been taken to ensure that the Group's corporate governance practices are similar to those in the Code. Under the articles of association of the Group, the chairman of the Board and/or the managing director and/or the deputy managing director of the Group are not subject to retirement by rotation or be taken into account on determining the number of directors to retire in each year. This constitutes a deviation from the code provision A.4.2 of the Code.

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 2009, the Board convened a total of 17 meetings. The directors can attend meetings in persons or through other means of electronic communication in accordance with the articles of association of the Group.

Name of director	**Attendance**	%
Executive Directors		
Dr. POON Ho-man	14/16	87.5%
Mr. Jerry CHIOU	13/16	81.3%
Independent Non-executive Directors		
Mr. HA Tak-kong	17/17	100%
Mr. PENG Feng	13/17	76.5%
Mr. TONG, I Tony	13/17	76.5%

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 2009. All of them are free to exercise their individual judgments.

REMUNERATION COMMITTEE

The Company has a remuneration committee for determining the remuneration of Directors. The members of the remuneration committee are: Mr. Ha Tak-kong, Mr. Tong I, Tony and Mr. Peng Feng . During the financial year ended 31 March 2009, the committee held 1 meeting to discuss remuneration related matters. The individual attendance of each member is as follows:–

	Attendance	%
Mr. Ha Tak-kong	1/1	100%
Mr. Tong I, Tony	1/1	100%
Mr. Peng Feng	1/1	100%

Mr. Ha Tak-kong is the chairman of the remuneration committee. The remuneration committee is responsible for the following functions: determining the policy for remuneration of Directors and senior management, assessing performance of Executive Directors, as well as determining the emolument policy of the Company. 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 Group 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 Group, and approving and terminating the appointment of a director of the Group. The executive directors of the Group 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 audit committee comprises three independent non-executive Directors and Mr. Ha Tak-kong serves as the chairman of the audit committee. No member of the audit committee is a member of the former or existing auditor of the Company. During the year ended 31 March 2009, the audit committee held 2 committee meetings. The attendance of each of the members at such meetings is as follows:–

	Attendance	%
Mr. Ha Tak-kong	2/2	100%
Mr. Tong I, Tony	1/2	50%
Mr. Peng Feng	2/2	100%

Responsibilities of the audit committee include:

(1) to be in charge of the appointment of external auditors, auditing expenses and any matters regarding the resignation or dismissal of the external auditors;

(2) to discuss with the external auditors on the nature and scope of audit prior to the commencement of the auditing procedures; and

(3) to review the interim and annual accounts. The audit committee has reviewed the auditing performance, the internal controls and the audited financial statements of the Company for the year ended 31 March 2009.

AUDITORS' REMUNERATION

For the year ended 31 March 2009, services provided to the Group by its external auditors, HLM & Co. and the respective fees paid/payable are set out as follows:

	HK$
HLM & Co.	
– Audit services (Annual report)	115,000

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges their responsibilities for the preparation of the financial statements of the Group 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 Group, Messrs. HLM & Co., with regard to their reporting responsibilities on the Group's financial statements is set out in the Independent Auditors' Report on pages 20 to 21.

INTERNAL CONTROL

The Board, recognizing its overall responsibility in ensuring the system of internal controls of the Group and for reviewing its effectiveness, is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Group. Procedures have been designed for safeguard assets against unauthorized used or disposition ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable law, rules and regulations. The procedures provide a reasonable but not absolute assurance and prevention of material untrue statements or losses, as well as management on the interruption of the Group's management system and risks existing in the course of arriving at the Group's objectives.

The management of the Group has conducted an review on the Group's internal control and risk management system for the year ended 31 March 2009 with no material weakness found. The management will continue to improve and strengthen its control in order to enhance the corporate governance and safeguard the interest of its shareholders.

COMMUNICATIONS WITH SHAREHOLDERS

The Code requires the Company to have a dialogue with shareholders and it is the responsibility of the Board as a whole to ensure that satisfactory dialogue takes place. The primary communication channel between the Company and its shareholders is through the publication of its interim and annual reports. The Company's Registrars serve the shareholders with respect to all share registration matters. The Company's annual general meeting provides a useful forum for shareholders to exchange views with the Board. The directors and management of the Company are available to answer shareholders' questions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Director. Details of the poll voting procedures and rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the annual report. The circular also includes details of the procedures and the timetable of proposing appropriate candidates to stand for election as Directors at annual general meetings, and relevant details of proposed resolutions, including biographies of each candidate standing for re-election and whether such candidates are considered to be independent.

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

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西 2-12 號聯發商業中心 305 室
Tel 電話 : (852) 3103 6980
Fax 傳真 : (852) 3104 0170
E-mail 電郵: hlm@hlm.com.hk

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 22 to 59, which comprise the consolidated balance sheet as at 31 March 2009, 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 consolidated 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.

AUDITOR'S 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated 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 Group as at 31 March 2009 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, 10 July 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$	2008 HK$
Revenue	7	**201,539**	280,698
Net realised gain on disposal of financial assets at fair value through profit or loss		**770,602**	6,417,281
Net unrealised loss on financial assets at fair value through profit or loss		**(3,022,480)**	(2,366,050)
Other revenue – written back of over-provided expenses in previous years		**89,304**	–
Administrative expenses		**(8,936,384)**	(9,741,138)
Finance cost – margin financing interest wholly repayable within one year		**(222,249)**	(30,396)
Loss before taxation		**(11,119,668)**	(5,439,605)
Taxation	9	**–**	–
Loss attributable to shareholders	10	**(11,119,668)**	(5,439,605)
Dividends	11	**–**	–
Loss per share	12		
– Basic		**(0.16)**	(0.08)
– Diluted		**–**	–

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	2009 HK$	2008 HK$
Non-current assets			
Property, plant and equipment	14	**131,176**	378,646
Available-for-sale financial assets	15	**4,000,000**	82,143,880
		4,131,176	82,522,526
Current assets			
Financial assets at fair value through profit or loss	16	**4,122,468**	9,278,748
Accounts receivable, prepayments and deposits	17	**1,186,808**	1,233,990
Bank and cash balances	18	**1,029,815**	454,731
		6,339,091	10,967,469
Current liability			
Other payables	19	**1,353,306**	3,910,014
Net current assets		**4,985,785**	7,057,455
Non-current liability			
Amount due to a director	20	**7,960,528**	–
Net assets		**1,156,433**	89,579,981
Capital and reserves			
Share capital	21	**14,130,000**	14,130,000
Reserves	23	**(12,973,567)**	75,449,981
Shareholders' funds		**1,156,433**	89,579,981
Net asset value per share	25	**0.02**	1.27

The consolidated financial statements on pages 22 to 59 were approved and authorised for issue by the Board of Directors on 10 July 2009 and are signed on its behalf by:

Dr. POON Ho-man
DIRECTOR

Mr. Jerry CHIOU
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Share capital *HK$*	Share premium *HK$*	Share option reserve *HK$*	Warrant reserve *HK$*	Investment revaluation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 31 March 2007	5,612,000	33,958,649	–	–	–	(24,828,986)	14,741,663
Bonus shares issued	8,418,000	(8,418,000)	–	–	–	–	–
Issue of unlisted warrants	–	–	–	480,000	–	–	480,000
Issue of new shares upon exercise of warrants	100,000	300,000	–	(50,000)	–	–	350,000
Equity-settled share option arrangements	–	–	1,384,719	–	–	–	1,384,719
Share issue expenses	–	(80,676)	–	–	–	–	(80,676)
Changes in fair value of available-for-sale financial assets	–	–	–	–	78,143,880	–	78,143,880
Loss for the year	–	–	–	–	–	(5,439,605)	(5,439,605)
At 31 March 2008	14,130,000	25,759,973	1,384,719	430,000	78,143,880	(30,268,591)	89,579,981
Issue of unlisted warrants	–	–	–	840,000	–	–	840,000
Changes in fair value of available-for-sale financial assets	–	–	–	–	(78,143,880)	–	(78,143,880)
Loss for the year	–	–	–	–	–	(11,119,668)	(11,119,668)
At 31 March 2009	14,130,000	25,759,973	1,384,719	1,270,000	–	(41,388,259)	1,156,433

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009	2008
	HK$	*HK$*
Cash flows from operating activities		
Loss before taxation	**(11,119,668)**	(5,439,605)
Adjustments for:		
Depreciation	**247,470**	169,662
Interest income	**(1,348)**	(22,230)
Dividend income	**(200,191)**	(258,468)
Interest expenses	**222,249**	30,396
Impairment loss on prepayments	**41,532**	–
Unrealised loss on financial assets at fair value through profit or loss	**3,022,480**	2,366,050
Other income	**(89,304)**	–
Operating loss before working capital changes	**(7,876,780)**	(3,154,195)
Decrease in financial assets at fair value through profit or loss	**2,133,800**	2,734,650
Increase in available-for-sale financial assets	**–**	(4,000,000)
Decrease/(increase) in accounts receivable, prepayments and deposits	**5,650**	(975,096)
(Decrease)/increase in other payables	**(2,467,404)**	3,048,176
Cash used in operations	**(8,204,734)**	(2,346,465)
Interest paid	**(222,249)**	(30,396)
Net cash used in operating activities	**(8,426,983)**	(2,376,861)
Investing activities		
Interest received	**1,348**	22,230
Dividend received	**200,191**	258,468
Purchase of property, plant and equipment	**–**	(288,525)
Net cash generated from/(used in) investing activities	**201,539**	(7,827)
Financing activities		
Net proceeds from issue of shares	**–**	319,324
Increase in amount due to a director	**7,960,528**	–
Net proceeds from issue of warrants and options	**840,000**	1,814,719
Net cash generated from financing activities	**8,800,528**	2,134,043
Net increase/(decrease) in cash and cash equivalents	**575,084**	(250,645)
Cash and cash equivalents at 1 April	**454,731**	705,376
Cash and cash equivalents at 31 March	**1,029,815**	454,731
Analysis of the balance of cash and cash equivalents		
Bank and cash balances	**1,029,815**	454,731

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 Suite 4505, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The Group is principally engaged in investment holding in Hong Kong and the Mainland China.

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 ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[6]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers on or after 1 January 2009

The adoption of HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

(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

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is measured at fair value of the consideration received or receivable and recognised in profit or loss as follows:

Dividends

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income

Interest income is recognised as it accrues using the effective interest method.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised 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%
Leasehold improvement	50%
Office equipment	20%

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.

(d) Impairment and non-financial assets

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.

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 the 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.

(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 are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designed as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, where the carrying amount is reduced through the use of an allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, short-term, highly liquid investments that are readily convertible to cash and with a maturity of three months or less from date of investment, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the consolidated balance sheet.

(g) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events; and it is probable that the Group will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(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.

(i) Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Foreign currency translation *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity. For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(j) Share-based payment

The company issues equity-settled share-based payments to eligible employees including directors of the Company and its subsidiaries, and 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.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Taxation *(Continued)*

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.

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 in 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.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Contingent liabilities and contingent assets *(Continued)*

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 in flow is virtually certain, an asset is recognised.

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation and amortisation

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Allowance for bad and doubtful debts

The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus debt.

As at 31 March 2008, and 2009, the Group has no bank borrowings and, accordingly, the gearing ratio for both years is 0%.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, other receivables and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Cash flow and fair value interest rate risk

Except for the cash and cash equivalents which carry floating interest rate, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Assuming the balance at 31 March 2009 was the amount for the whole year, if the interest rate was 50 basis points higher or lower and all other variables were held constant, the Group's loss for the year ended 31 March 2009 would increase or decrease by HK$1,634 (2008: HK$10,520).

Price risk

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated balance sheet 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 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 2009, the Group's loss for the year would increase or decrease by HK$206,123 (2008: HK$463,937).

Credit risk

The Group has no significant concentrations in credit risk. It has policies in place to ensure that money lending transactions are made to borrowers with an appropriate credit history. The Group also has policies that limit the amount of credit exposure to any borrower.

The carrying amounts of deposits and receivables included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group considers that adequate provision for unrecoverable other receivables has been made in the relevant accounting period after considering the Group's experience in the collection of such receivables.

Liquidity risk

With regard to 2009 and thereafter, the liquidity of the Group is primarily dependent on its ability to maintain adequate cash flow from operations to meet its debt obligations as they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the balance sheet date are as follows:

	Weighted average effective interest rate	**Less than 1 year**	**More than 1 year**	**Total undiscounted cash flows**	**Carrying amount at 31.3.2009**
	%	*HK$*	*HK$*	*HK$*	*HK$*
2009					
Other payables	**N/A**	**1,353,306**	**–**	**1,353,306**	**1,353,306**
Amount due to a director	**N/A**	**–**	**7,960,528**	**7,960,528**	**7,960,528**
		1,353,306	**7,960,528**	**9,313,834**	**9,313,834**

	Weighted average effective interest rate	Less than 1 year	More than 1 year	Total undiscounted cash flows	Carrying amount at 31.3.2008
	%	*HK$*	*HK$*	*HK$*	*HK$*
2008					
Other payables	N/A	3,910,014	–	3,910,014	3,910,014

Prudent liquidity risk management includes maintaining sufficient cash and financial assets and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping sufficient cash and marketable securities.

The Group considers that the exposure to liquidity risk is insignificant as the Group does not have any material current liabilities.

Fair value

The fair value of financial instruments traded in active markets (such as trading and available-for-sale financial assets) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques, such as estimated discounted cash flows. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying values of the Group's cash and cash equivalents, other receivables and other payables approximate their fair values due to their short maturities.

7. REVENUE

An analysis of revenue is as follows:

	2009	2008
	HK$	*HK$*
Interest income	**1,348**	22,230
Dividend income from financial assets at fair value through profit or loss	**200,191**	258,468
	201,539	280,698

8. SEGMENT INFORMATION

During the years ended 31 March 2009 and 2008, the Group's turnover and net losses were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses. The Group's segment assets and liabilities for the year, analysed by geographical market, are as follows:

	PRC (except Hong Kong)		**Hong Kong**		**Total**	
	2009	2008	**2009**	2008	***2009***	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Segment assets	**4,000,000**	82,143,880	**6,470,267**	11,346,115	**10,470,267**	93,489,995
Segment liabilities	**–**	–	**9,313,834**	3,910,014	**9,313,834**	3,910,014

9. TAXATION

No provision for Hong Kong profits tax is required since the Group has no assessable profits for the year (2008: HK$Nil).

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

	2009	2008
	HK$	*HK$*
Loss before taxation	**(11,119,668)**	(5,439,605)
Tax at the domestic income tax rate of 16.5% (2008: 17.5%)	**(1,834,745)**	(951,931)
Tax effect of expenses that are not deductible in determining taxable profit, net	**51,315**	272,017
Tax effect of non-taxable revenues	**(33,254)**	(49,122)
Tax effect on temporary differences not recognised	**(4,307)**	(12,224)
Tax effect of tax losses not recognised	**1,820,991**	741,260
Taxation charge	**–**	–

10. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Loss attributable to shareholders is stated after charging the followings:

	2009	2008
	HK$	*HK$*
Directors' remunerations		
Fees	**90,000**	30,000
Other remunerations	**2,340,000**	2,169,500
Provident fund contributions	**12,000**	12,000
Total directors' remunerations	**2,442,000**	2,211,500
Staff costs		
Salaries	**1,329,774**	1,341,230
Provident fund contributions	**28,683**	26,916
Other benefits	**–**	94,000
Total staff costs (excluding directors' remunerations)	**1,358,457**	1,462,146
Auditor's remuneration	**115,000**	88,000
Annual listing fee	**145,000**	145,016
Depreciation	**247,470**	169,662
Investment manager fee	**362,303**	322,141
Legal and professional fees	**568,492**	753,519
Printing and stationery	**159,778**	251,681
Rent and rates	**2,474,815**	1,468,985
Travel and entertainment	**621,209**	1,138,687
Share based payment	**–**	1,384,719
Stock handling charges	**9,790**	114,955

11. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 March 2009 and 2008.

12. LOSS PER SHARE

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

	2009	2008
	HK$	*HK$*
Loss for the purposes of basic loss per share	**11,119,668**	5,439,605
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	**70,650,000**	70,313,014

No diluted loss per share has been presented as there were no dilutive potential shares for the years ended 31 March 2009 and 2008.

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors

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

	2009	2008
	HK$	*HK$*
Fees		
Executive directors	**–**	–
Independent non-executive directors	**90,000**	30,000
	90,000	30,000
Other emoluments		
Basic salaries and other benefits	**2,352,000**	2,181,500
	2,442,000	2,211,500

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 (2008: HK$Nil).

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

(a) Directors *(Continued)*

The emoluments paid or payable to each of the five (2008: three) directors were as follows:

	Executive directors	Fees Independent non-executive directors	Salaries Management remuneration	Employer's contributions to pension schemes	**2009 Total emoluments**	2008 Total emoluments
	HK$	*HK$*	*HK$*	*HK$*	***HK$***	*HK$*
POON Ho-man	–	–	2,100,000	12,000	**2,112,000**	1,941,500
CHIOU Jerry	–	–	240,000	–	**240,000**	240,000
HA Tak-kong	–	30,000	–	–	**30,000**	30,000
Tong, I Tony	–	30,000	–	–	**30,000**	–
Peng Feng	–	30,000	–	–	**30,000**	–
Total	–	90,000	2,340,000	12,000	**2,442,000**	2,211,500

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2008: two) directors whose emoluments are reflected in the analysis presented above.

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

	2009	2008
	HK$	*HK$*
Basic salaries and other benefits	**3,581,666**	3,423,770
Contributions to retirement benefits scheme	**39,000**	32,000
	3,620,666	3,455,770

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 (2008: HK$Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	**Office equipment**	**Motor vehicle**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
COST				
At 1 April 2007	–	–	384,864	384,864
Additions	247,685	40,840	–	288,525
At 31 March 2008 and 31 March 2009	247,685	40,840	384,864	673,389
DEPRECIATION AND IMPAIRMENT				
At 1 April 2007	–	–	125,081	125,081
Charge for the year	51,601	2,602	115,459	169,662
At 31 March 2008	51,601	2,602	240,540	294,743
Charge for the year	123,843	8,168	115,459	247,470
At 31 March 2009	175,444	10,770	355,999	542,213
NET BOOK VALUE				
At 31 March 2009	72,241	30,070	28,865	131,176
At 31 March 2008	196,084	38,238	144,324	378,646

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Particulars of available-for-sale financial assets are as follows:

Name of investee company	Note	Place of incorporation	Percentage of interest held	Unlisted equity securities, at cost		Fair value adjustment		Carrying value	
				2009	2008	**2009**	2008	**2009**	2008
				HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Southwest Mining Investments Limited ("Southwest Mining")	*(i)*	The British Virgin Islands	30%	**4,000,000**	4,000,000	**(78,143,880)**	78,143,880	**4,000,000**	82,143,880

Note (i):

On 24 December 2007, Garron International Limited ("Garron") acquired 30% equity interest of Southwest Mining with consideration of HK$4,000,000, its principal activities is investment holding. In the opinion of the directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of Southwest Mining as the Group has no representative in the board of directors of Southwest Mining. Accordingly, Southwest Mining has been accounted for as an available-for-sale financial asset.

Southwest Mining holds 100% equity interest of a wholly owned foreign enterprise 貴州恒昌順投資管理有限公司 ("恒昌順"), in which its principal activities is investment holding and provision of consultancy and management services. 恒昌順 holds 51% equity interest of 興仁縣昱樟煤業有限公司 ("昱樟煤業"), in which its principal activities is coal mine exploration and selling and its main assets is 興仁縣四聯鄉昱樟煤礦 ("昱樟煤礦"). In the year ended 31 March 2008, the fair value of 昱樟煤業 were valued by Grant Sherman Appraisal Limited, an independent firm of professional valuers, at approximately RMB469,200,000 through the application of the income approach technique known as discounted cash flow method.

On 16 June 2009, a letter of intent was received from 恒昌順, which stated that the 51% equity interest of 昱樟煤業 will be disposed to another shareholder of 昱樟煤業 who already owned 49% of 昱樟煤業, and the original investment cost HK$4,000,000 of the Company will be fully refunded upon completion of this transaction. Therefore, fair value adjustment of HK$78,143,880 has been made in the current year.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	HK$	*HK$*
Financial assets at fair value through profit or loss:		
Listed in Hong Kong	**4,122,468**	9,278,748
Market value of listed financial assets at fair value through profit or loss as at 31 March	**4,122,468**	9,278,748

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

Particulars of the 10 largest investments as at 31 March 2009 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$*	Net assets attributable to the investments *HK$*
China Shenhua Energy Company Limited ("China Shenhua") *(note a)*	The People's Republic of China	30,000	Less than 0.01%	1,222,000	(698,200)	523,800	252,203
Petro China Company Limited ("Petro China") *(note b)*	The People's Republic of China	80,000	Less than 0.01%	794,800	(300,400)	494,400	392,048
China Construction Bank ("CCB") *(note c)*	The People's Republic of China	100,000	Less than 0.01%	531,000	(91,000)	440,000	226,141
Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochem") *(note d)*	The People's Republic of China	200,000	Less than 0.01%	1,134,000	(752,000)	382,000	425,204
Hong Kong Exchanges and Clearing Limited ("HKEX") *(note e)*	Hong Kong	5,000	Less than 0.01%	734,000	(368,000)	366,000	33,934
China Citic Bank ("Citic Bank") *(note f)*	The People's Republic of China	120,000	Less than 0.01%	761,400	(409,800)	351,600	333,529
China Life Insurance Company Limited ("China Life") *(note g)*	The People's Republic of China	10,000	Less than 0.01%	204,333	52,667	257,000	72,486
HSBC Holdings plc ("HSBC") *(note h)*	England	6,000	Less than 0.01%	840,600	(584,700)	255,900	359,523
China Communications Construction Company Limited ("China Comm Cons") *(note i)*	The People's Republic of China	30,000	Less than 0.01%	391,200	(136,200)	255,000	94,489
Guangzhou Investment Company Limited ("Guangzhou Inv") *(note j)*	Hong Kong	200,000	Less than 0.01%	556,000	(396,000)	160,000	406,323

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

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) China Shenhua is principally engaged in the development of coal, railway, port and power businesses. The audited consolidated profit attributable to shareholders of China Shenhua for the year ended 31 December 2008 was approximately RMB26,641 million (2007: approximately RMB20,581 million). At 31 December 2008 the audited consolidated net asset value of the China Shenhua was approximately RMB147,732 million (2007: approximately RMB129,788 million). Dividend received was HK$16,373 during the year (2008: HK$38,370).

(b) Petro China 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 Petro China for the year ended 31 December 2008 was approximately RMB114,431 million (2007: approximately RMB146,750 million). At 31 December 2008 the audited consolidated net asset value of the Petro China was approximately RMB790,838 million (2007: approximately RMB738,204 million). Dividend received was HK$24,812 during the year (2008: HK$41,127).

(c) CCB is principally engaged in the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, trustee, finance leasing and other financial services. The audited consolidated profit attributable to shareholders of CCB for the year ended 31 December 2008 was approximately RMB92,599 million (2007: approximately RMB69,053 million). At 31 December 2008 the audited consolidated net asset value of the CCB was approximately RMB465,966 million (2007: approximately RMB420,977 million). Dividend received was HK$18,637 during the year (2008: HK$47,686).

(d) Shanghai Petrochem is principally engaged in the provision of corporate and personal banking services, conducting treasury business, the provision of asset management and trustee services and other financial services. The audited consolidated loss attributable to shareholders of Shanghai Petrochem for the year ended 31 December 2008 was approximately RMB6,238 million (2007: approximately RMB1,634 million). At 31 December 2008 the audited consolidated net asset value of the Shanghai Petrochem was approximately RMB13,497 million (2007: approximately RMB20,648 million). Dividend received was HK$20,300 during the year (2008: NIL).

(e) HKEX is principally engaged in operating the stock exchange and futures exchange in Hong Kong and their related clearing houses. The audited consolidated profit attributable to shareholders of HKEX for the year ended 31 December 2008 was approximately HK$5,129 million (2007: approximately HK$6,169 million). At 31 December 2008 the audited consolidated net asset value of the HKEX was approximately HK$7,295 million (2007: approximately HK$8,377 million). Dividend received was HK$46,450 during the year (2008: NIL).

(f) Citic Bank is principally engaged in the provision of corporate and personal banking services, conducting treasury business and corresponding banking businesses, and the provision of asset management, entrusted lending and custodian services. The audited consolidated profit attributable to shareholders of Citic Bank for the year ended 31 December 2008 was approximately RMB13,354 million (2007: approximately RMB8,322 million). At 31 December 2008 the audited consolidated net asset value of the Citic Bank was approximately RMB95,658 million (2007: approximately RMB84,086 million). Dividend received was HK$7,249 during the year (2008: NIL).

(g) 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 2008 was approximately RMB21,277 million (2007: approximately RMB38,879 million). At 31 December 2008 the audited consolidated net asset value of the China Life was approximately RMB180,649 million (2007: approximately RMB205,500 million). Dividend received was HK$4,720 during the year (2008: HK$5,714).

(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 of HSBC for the year ended 31 December 2008 was approximately USD5,728 million (2007: approximately USD19,133 million). At 31 December 2008 the audited consolidated net asset value of the HSBC was approximately USD93,591 million (2007: approximately USD128,160 million). Dividend received was HK$43,397 during the year (2008: HK$40,737).

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

Notes: (Continued)

(i) China Comm Cons is principally engaged in the construction and design of transportation infrastructure, dredging and port machinery manufacturing business. The audited consolidated profit attributable to shareholders of China Comm Cons for the year ended 31 December 2008 was approximately RMB6,075 million (2007: approximately RMB6,032 million). At 31 December 2008 the audited consolidated net asset value of the China Comm Cons was approximately RMB41,171 million (2007: approximately RMB45,145 million). Dividend received was HK$2,973 during the year (2008: HK$400).

(j) Guangzhou Inv is principally engaged in development, operation and management of toll highways and bridges, development, selling and management of properties, holding of investment properties and manufacturing and trading of newsprint. The audited consolidated profit attributable to shareholders of Guangzhou Inv for the year ended 31 December 2008 was approximately HK$608 million (2007: approximately HK$1,031 million). At 31 December 2008 the audited consolidated net asset value of the Guangzhou Inv was approximately HK$14,479 million (2007: approximately HK$13,790 million). Dividend received was HK$10,200 during the year (2008: HK$18,400).

17. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2009	2008
	HK$	*HK$*
Prepayments	**118,804**	374,790
Rental deposits	**859,200**	859,200
Others	**208,804**	–
	1,186,808	1,233,990

18. CASH AND CASH EQUIVALENTS

	2009	2008
	HK$	*HK$*
Cash at bank and in hand	**1,029,815**	454,731

The effective interest rates of the deposits range from 0.01% to 1.88% (2008: 1.88% to 4.91%) per annum and all of them have a maturity within three months from initial inception.

19. OTHER PAYABLES

	2009	2008
	HK$	*HK$*
Accrued expenses	**653,306**	896,182
Other payable – broker	**700,000**	2,555,009
Others	**–**	458,823
	1,353,306	3,910,014

20. AMOUNT DUE TO A DIRECTOR

The amount due is unsecured and interest-free. In the opinion of the director, the amount is not likely to be repayable within one year from the balance sheet and is therefore shown in the balance sheet as non-current.

21. SHARE CAPITAL

	Number of ordinary shares of HK$0.20 each	*HK$*
Authorised:		
At 31 March 2008 and 2009	100,000,000	20,000,000
Issued and fully paid:		
At 31 March 2007	28,060,000	5,612,000
Bonus shares issued	42,090,000	8,418,000
Issue of new shares upon exercise of warrants	500,000	100,000
At 31 March 2008 and 2009	70,650,000	14,130,000

22. SHARE OPTIONS SCHEME

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

At 31 March 2009, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 9,000,000 (2008: 9,000,000) representing 12.74% (2008: 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 both scheme is not permitted to exceed 30% of the shares of the Company in issue at the time of listing.

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

22. SHARE OPTIONS SCHEME *(Continued)*

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

Date of grant	Outstanding at 1/4/2008	Granted	During the year exercised	Lapsed	Outstanding at 31/3/2009	Exercise period	Exercise price per share
Category I: Directors							
5/11/2007	210,000	–	–	–	210,000	6/11/2007–5/11/2010	HK$1.24
22/11/2007	7,000,000	–	–	–	7,000,000	22/11/2007–21/11/2017	HK$1.082
Category II: Employees							
5/11/2007	1,490,000	–	–	–	1,490,000	6/11/2007–5/11/2010	HK$1.24
Category III: Consultant							
5/11/2007	300,000	–	–	–	300,000	6/11/2007–5/11/2010	HK$1.24
	9,000,000	–	–	–	9,000,000		

Particulars of share options:

Date of Grant	Exercise 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

22. SHARE OPTIONS SCHEME *(Continued)*

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

	Outstanding at 1/4/2008	Granted	During the year Exercised	Lapsed	Outstanding at 31/3/2009
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
Directors' total	7,210,000	–	–	–	7,210,000
Consultant	300,000	–	–	–	300,000
Employees	1,490,000	–	–	–	1,490,000
Grand total	9,000,000	–	–	–	9,000,000

23. RESERVES

	Share premium HK$	Share option reserve HK$	Warrant reserve HK$	Investment revaluation reserve HK$	Accumulated losses HK$	Total HK$
At 31 March 2007	33,958,649	–	–	–	(24,828,986)	9,129,663
Bonus shares issue	(8,418,000)	–	–	–	–	(8,418,000)
Issue of unlisted warrants	–	–	480,000	–	–	480,000
Issue of new shares upon exercise of warrants	300,000	–	(50,000)	–	–	250,000
Equity-settled share option arrangements	–	1,384,719	–	–	–	1,384,719
Share issue expenses	(80,676)	–	–	–	–	(80,676)
Changes in fair value of available-for-sale financial assets	–	–	–	78,143,880	–	78,143,880
Loss for the year	–	–	–	–	(5,439,605)	(5,439,605)
At 31 March 2008	25,759,973	1,384,719	430,000	78,143,880	(30,268,591)	75,449,981
Issue of unlisted warrants	–	–	840,000	–	–	840,000
Changes in fair value of available-for-sale financial assets	–	–	–	(78,143,880)	–	(78,143,880)
Loss for the year	–	–	–	–	(11,119,668)	(11,119,668)
At 31 March 2009	25,759,973	1,384,719	1,270,000	–	(41,388,259)	(12,973,567)

24. WARRANTS

The Company has a total of 9,900,000 warrants outstanding at 31 March 2009 and its movement are as follows:

Date of grant	*Note*	Outstanding at 1/4/2008	Issued during the year	Exercised/ lapsed during the year	Outstanding at 31/3/2009	Exercise period	Exercise price per share
27 September 2007	*a*	4,300,000	–	–	4,300,000	27/9/2007– 26/9/2010	HK$0.70
30 April 2008	*b*	–	5,600,000	–	5,600,000	30/4/2008– 29/4/2010	HK$0.60
		4,300,000	5,600,000	–	9,900,000		

Notes:

(a) On 27 September 2007, the Company placed a total of 4,800,000 unlisted warrants ("Warrants") to certain independent third parties at an issue price of HK$0.1 each of which 500,000 Warrants had been exercised and 500,000 new shares of the Company had been issued and allotted on 3 December 2007.

(b) On 30 April 2008, the Company placed a total of 5,600,000 unlisted Warrants to certain independent third parties at an issued price of HK$0.15 each. No Warrants has been exercised during the year ended 31 March 2009.

25. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the net assets included in the consolidated balance sheet of HK$1,156,433 (2008: HK$89,579,981) by the number of shares in issue as at 31 March 2009, being 70,650,000 (2008: 70,650,000).

26. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2009, 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:

	2009	2008
	HK$	HK$
Friedmann Pacific Asset Management Limited *(note a)* to which the following expenses were paid:		
Investment management fee *(note b)*	**362,303**	322,141
Friedmann Pacific Securities Limited *(note c)* to which the following expenses were paid:		
Financial adviser fee *(note d)*	**–**	37,258
Friedmann Pacific Financial Services Limited *(note e)* to which the following expenses were paid:		
Rental and building management fee *(note f)*	**–**	81,200

Notes:

(a) During the year ended 31 March 2009, 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$390,000.

(c) During the year ended 31 March 2009, 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. The agreement was terminated on 14 October 2007.

(e) During the year ended 31 March 2009, 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. On 23 September 2007, this agreement was terminated.

26. RELATED PARTY TRANSACTIONS *(Continued)*

Remuneration for key management personnel, including amounts paid to the Company's Directors and certain of the highest paid employees as disclosed in note 13, is as follows:

	2009	2008
	HK$	*HK$*
Directors' fee	**90,000**	30,000
Salaries, allowance and benefits in kind	**2,340,000**	2,169,500
Mandatory provident fund contribution	**12,000**	12,000
	2,442,000	2,211,500

27. 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 amounted to HK$40,683 (2008: HK$38,916), representing contributions payable to the Scheme by the Group in respect of the year ended 31 March 2009.

28. FINANCIAL INFORMATION OF THE COMPANY

	2009	2008
	HK$	*HK$*
Non-current assets		
Property, plant and equipment	**102,311**	234,322
Available-for-sale financial assets *(note 15)*	**4,000,000**	82,143,880
Investment in subsidiaries *(note a)*	**880**	880
	4,103,191	82,379,082
Current assets		
Financial assets at fair value through profit or loss	**144,568**	396,688
Accounts receivable and prepayments	**1,254,716**	1,233,990
Amount due from subsidiaries	**2,676,004**	4,417,514
Bank and cash balances *(note 18)*	**1,029,815**	454,731
	5,105,103	6,502,923
Current liability		
Other payables	**653,306**	1,491,053
Net current assets	**4,451,797**	5,011,870
Non-current liability		
Amount due to a director *(note 20)*	**7,010,584**	–
Net assets	**1,544,404**	87,390,952
Capital and reserves		
Share capital *(note 21)*	**14,130,000**	14,130,000
Reserves *(note b)*	**(12,585,596)**	73,260,952
Total equity	**1,544,404**	87,390,952

28. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes:

(a) Subsidiaries

Details of the subsidiaries at 31 March 2009 are as follows:

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Direct interest held 2009	Direct interest held 2008	Principal activities
Garron International (HK) Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Novel Epoch Investments Limited	The British Virgin Islands	US$100	**100%**	100%	Investment holding

(b) Reserve

	Share premium HK$	Share option reserve HK$	Warrant reserve HK$	Investment revaluation reserve HK$	Accumulated losses HK$	Total HK$
At 31 March 2007	33,958,649	–	–	–	(24,135,512)	9,823,137
Bonus shares issue	(8,418,000)	–	–	–	–	(8,418,000)
Issue of unlisted warrants	–	–	480,000	–	–	480,000
Issue of new shares upon exercise of warrants	300,000	–	(50,000)	–	–	250,000
Share-based option expenses	–	1,384,719	–	–	–	1,384,719
Share issue expenses	(80,676)	–	–	–	–	(80,676)
Changes in fair value of available-for-sale financial assets	–	–	–	78,143,880	–	78,143,880
Loss for the year	–	–	–	–	(8,322,108)	(8,322,108)
At 31 March 2008	25,759,973	1,384,719	430,000	78,143,880	(32,457,620)	73,260,952
Issue of unlisted warrants	–	–	840,000	–	–	840,000
Changes in fair value of available-for-sale financial assets	–	–	–	(78,143,880)	–	(78,143,880)
Loss for the year	–	–	–	–	(8,542,668)	(8,542,668)
At 31 March 2009	25,759,973	1,384,719	1,270,000	–	(41,000,288)	(12,585,596)

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.

29. COMMITMENTS

At the balance sheet date, the Group had outstanding minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2009	2008
	HK$	*HK$*
Within one year	**1,238,680**	2,577,600
In the second to fifth year inclusive	**–**	1,238,680
	1,238,680	3,816,280

Operating leases are negotiated and payments are fixed for an average of 2 years.

30. POST BALANCE SHEET EVENTS

On 5 February 2009, the Board proposed to raise not less than approximately HK$33,629,400 and not more than HK$38,341,800 before expenses, by issuing not less than 141,300,000 shares and not more than 161,100,000 shares at the subscription price of HK$0.238 per share, by way of the open offer on the basis of two shares for every one share held on and payable in full upon acceptance. The despatch of circular is to be postponed to on or before 24 July 2009 because the Company would first need to finalise the annual results of the Company for the financial year ended 31 March 2009. For further details, please refer to the Company's announcements dated 5 February 2009 and 29 May 2009.

On 16 June 2009, a letter of intent was received from 恒昌順, which stated that the 51% equity interest of 昱樟煤業 will be disposed to another shareholder of 恒昌順 who already owned 49% of 恒昌順, and the original investment cost of HK$4,000,000 made by the Company will be fully refunded upon completion of the transaction. For further details, please refer to the announcement dated 17 June 2009.

31. COMPARATIVES FIGURES

Certain comparatives figures have been reclassified for better presentation.

FIVE YEARS FINANCIAL SUMMARY

Year ended 31 March 2009

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
RESULTS					
Revenue	**201,539**	280,698	136,511	52,943	5,050
(Loss)/profit before taxation	**(11,119,668)**	(5,439,605)	(7,169,339)	3,962,066	(21,126,160)
Taxation	**–**	–	–	200,000	–
(Loss)/profit attributable to shareholders	**(11,119,668)**	(5,439,605)	(7,169,339)	4,162,066	(21,126,160)
(Loss)/earnings per share – Basic	**(0.16)**	(0.08)	(0.11)	0.09	(2.63)

	At 31 March				
	2009	2008	2007	2006	2005
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Non-current assets	**4,131,176**	82,522,526	259,783	375,242	–
Current assets	**6,339,091**	10,967,469	15,343,718	21,061,995	13,059,008
Current liabilities	**(1,353,306)**	(3,910,014)	(861,838)	(871,735)	(465,572)
Non-current liabilities	**(7,960,528)**	–	–	–	(200,000)
Shareholders' funds	**1,156,433**	89,579,981	14,741,663	20,565,502	12,393,436