GARRON INTERNATIONAL LIMITED
嘉禹國際有限公司*

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

Annual Report 2010/11

*For identification purpose only

CONTENTS

CORPORATE INFORMATION

STOCK CODE
1226

BOARD OF DIRECTORS
Executive Directors
Mr. XIE Leshan
(Appointed on 26 October 2010 and appointed Chairman on 25 March 2011)
Mr. CHEN Yiquan
(Appointed on 26 October 2010 and appointed Vice Chairman on 25 March 2011)
Mr. CHAN Cheong Yee
(Appointed on 8 March 2011)
Mr. SEE Lee Seng, Reason
(Appointed on 1 December 2010)
Mr. SUNG Hiu Fai, Ronald
(Appointed on 1 March 2011)
Dr. POON Ho-man
(Resigned on 26 October 2010)
Mr. Jerry CHIOU
(Resigned on 20 September 2010)
Ms. ZHONG Hui
(Appointed on 28 July 2010 and resigned on 26 October 2010)

Independent Non-Executive Directors
Mr. CHEN Kaizhi
(Appointed on 25 March 2011 and appointed Honorary Chairman on 25 March 2011)
Mr. HA Tak-kong
Mr. LEUNG Kwong Kin
(Appointed on 1 December 2010)
Mr. LO Chi Ming
(Appointed on 26 October 2010)
Mr. PENG Feng
(Resigned on 1 December 2010)
Mr. TONG, I Tony
(Resigned on 26 October 2010)

AUDIT COMMITTEE
Mr. HA Tak-kong
Mr. LEUNG Kwong Kin
(Appointed on 1 December 2010)
Mr. LO Chi Ming
(Appointed on 26 October 2010)
Mr. PENG Feng
(Resigned on 1 December 2010)
Mr. TONG, I Tony
(Resigned on 26 October 2010)

REMUNERATION COMMITTEE
Mr. CHEN Yiquan
(Appointed on 26 October 2010)
Mr. HA Tak-kong
Mr. LEUNG Kwong Kin
(Appointed on 1 December 2010)
Dr. POON Ho-man
(Resigned on 26 October 2010)
Mr. PENG Feng
(Resigned on 1 December 2010)

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 5801-5802 The Center
99 Queen's Road Central
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
Bank of China
Standard Chartered Bank

COMPANY SECRETARY
Mr. TSE Hon Kwan, Max
(Appointed on 26 October 2010)
Ms. LAI Tin Yin, Fion
(Resigned on 26 October 2010)

AUTHORISED REPRESENTATIVE
Mr. CHEN Yiquan
(Appointed on 26 October 2010)
Mr. TSE Hon Kwan, Max
(Appointed on 26 October 2010)

WEBSITE
http://www.garroninternational.com

STATEMENT FROM THE MANAGEMENT

The board of directors (the "Board") of Garron International Limited (the "Group") is pleased to present its annual report of the Group for the year ended 31 March 2011.

FINANCIAL RESULTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

The investment portfolio of the Group mainly comprises of listed securities in Hong Kong. During the year, the investment portfolio size of the Company is approximately HK$7 million. As a whole, the portfolio was carefully managed and being fully diversified to minimise commercial risk associated with over concentration of the investment of the Group in any single industry.

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

Prospects

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

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

Event After The Reporting Period

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

STATEMENT FROM THE MANAGEMENT

Dividend

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

Liquidity and Financial Resources

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

Gearing Ratio

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

Price risk

The Group is exposed to financial assets price risk as investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in financial assets, the Group has diversified its portfolio. If the financial assets price of the respective investments held by the Group as financial assets at fair value through profit or loss were higher or lower by 5% as at 31 March 2011, the Group's loss for the year would decrease or increase by approximately HK$341,508 (2010: approximately HK$384,570).

Employees

During the year ended 31 March 2011, the Group had retained seven employees (2010: four employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to HK$2,289,998 (2010: HK$1,377,721). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

Charges on Assets and Contingent Liabilities

Throughout the year ended 31 March 2011, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Group and within the knowledge of its directors, the board of directors confirms that the Group has complied with the public float requirement of the Listing Rules for the year ended 31 March 2011.

STATEMENT FROM THE MANAGEMENT

PURCHASE, SALE AND REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("THE MODEL CODE")

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

APPRECIATION

I would like to express my sincere thanks to all our shareholders for their continuing support, and I would like to thank our staff for their loyalty, commitment and diligence in the past year.

By Order of the Board

GARRON INTERNATIONAL LIMITED
XIE Leshan
Chairman

Hong Kong, 29 April 2011

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. XIE Leshan, aged 42, was appointed as an executive Director on 26 October 2010 and Chairman of the Board on 25 March 2011. He holds a Master Degree in Finance from Sun Yat-sen University, China. He is also a member of the Chinese People's Political Consultative Conference of Foshan City, Guangdong Province. Mr. Xie joined Huading Group in 2003 and currently is the Executive Vice Chairman of Huading Guarantee Co. Ltd., of China. He had 19 years of corporate management and financial experience, specializing in risk management and investment.

Mr. CHEN Yiquan (also known as CHEN Zhiben), aged 38, was appointed as an executive Director, a member of the remuneration committee and an authorised representative pursuant to Rule 3.05 of the Listing Rules with effect from 26 October 2010. Mr. Chen studied in a Master Degree in Executive Business Administration at Sun Yat-sen University of China. He is also a vice president of Guangzhou Young Entrepreneurs Association and a standing committee member of Guangzhou Youth Federation. Mr. Chen is a director of Huading Guarantee Co. Ltd., and has over 5 years of experience in finance and risk management. Mr. Chen was appointed as the Vice Chairman of the Board on 25 March 2011.

Mr. CHAN Cheong Yee ("Mr. Chan"), aged 47, was appointed as an executive director of the Company with effect from 8 March 2011. He is a licensed representative under the Securities and Futures Ordinance ("SFO") for regulated activities in dealing in securities, futures contracts, leveraged foreign exchange trading, and is a licensed responsible officer under the SFO for asset management. Mr. Chan obtained a Bachelor of Science degree from the College of Business Administration of The University of South Florida in the United States of America. Mr. Chan is experienced in dealing in securities and managing listed investment companies under Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Since June 2003, Mr. Chan joined China Innovation Investment Limited, an investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules, as executive director. Mr. Chan was appointed as an independent non-executive director of Bingo Group Holdings Limited (formerly known as Emcom International Limited), a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, in August 2007, and was reappointed as an executive director on 14 April 2009. Mr. Chan was also appointed as an independent non-executive director of Agritrade Resources Limited (formerly known as Kwong Hing International Holdings (Bermuda) Limited), a company listed in Hong Kong Stock Exchange, in August 2010.

On top of the directorships mentioned above, from 2004 to 2006, Mr. Chan was an independent non-executive director of Cosmopolitan International Holdings Limited, a company listed on the Stock Exchange, and from 1 June 2002 to 30 June 2003, he was an executive director of Haywood Investments Limited (currently Apex Capital Limited), an investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. From May 2004 to February 2005, he was an independent non-executive director of GP Nano Technology Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange until 9 June 2005. Mr. Chan was an independent non-executive director of Aurum Pacific (China) Group Limited (formerly known as S&D International Development Group Limited), a company listed on the Growth Enterprise Market of the Stock Exchange during the period from 27 March 2007 to 14 July 2008.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. SEE Lee Seng, Reason, aged 51, was appointed as an executive Director of the Company with effect from 1 December 2010.

Mr. See was the bullion manager and chief dealer of Drexel Burnham Lambert (Hong Kong) Limited, and was responsible for managing high net worth clients' funds on a discretionary basis from 1981 to 1988. Mr. See was the assistant vice-president of Drexel Burnham Lambert Trading Corporation (New Jersey) from 1988 to 1990, during which he was responsible for managing a bullion hedge fund with the size of approximately US$100 million. In 1993, Mr. See took up the position of senior investment consultant in AIM Y. K. Hui Investment Consultants Limited, a registered investment adviser and commodity trading adviser under the former Securities Ordinance. His primary role was to manage a third party fund, namely AIM Leverage Fund, with the size of approximately HK$100 million for Hong Kong investors on a discretionary basis. In 1994, Mr. See founded Keen Shing Investment Consultants Limited ("Keen Shing"), and had been acting as an investment adviser and commodity trading adviser registered with the Securities and Futures Commission of Hong Kong since 1994. As the managing director and chief fund manager of Keen Shing for the period between 1994 and 2005, Mr. See was responsible for managing a third party fund known as Joint China Financial Steady Return Fund with the size of about HK$20 million. As at the date hereof, Mr. See is the chief investment officer and responsible officer of Up Way Asia Fund Management Limited ("Up Way"), which is an investment advisory and asset management company registered with the Securities Futures Commission granted with the type 4, 5 and 9 licenses. Up Way used to be the investment manager of Opes Asia Development Limited ("Opes"), an investment fund listed on The Stock Exchange of Hong Kong Limited (stock code: 810). Mr. See is mainly responsible for portfolio and fund management of the listed investment fund since May 2009 with a net asset value of about HK$94 million as at 30 September 2010.

During the period from June 2000 to February 2002, Mr. See was the executive director of Earnest Investment Holdings Limited (stock code: 339), an investment company whose shares are listed on the Hong Kong Stock Exchange.

During the period from October 2002 to October 2008, Mr See was the executive director and chief investment manager of the listed investment fund, China Financial Leasing Group Limited (formerly known as Golden 21 Holdings Limited) (stock code: 2312) ("China Financial"). He was mainly responsible for the formulation of investment strategies and portfolio management of China Financial.

Mr. SUNG Hiu Fai, Ronald, aged 33, was appointed as executive director of the Company on 1 March 2011. Mr. Sung holds a Master's Degree in Financial and Business Economics and a Bachelor's Degree in Financial Economics from the University of Essex, United Kingdom and was previously a licensed person for regulated activities of types 1, 4, 6 & 9 under Securities and Future Ordinance. Mr. Sung possesses over 7 years of experience in fund management and held senior positions at a number of financial institutions.

Mr. Sung started his finance career in Kingsway SW Asset Management Limited in 2003 focusing on private equity investments and managing a joint venture investment fund. Also Mr. Sung was an investment manager of JAIC International (Hong Kong) Co., Limited, which is a wholly owned subsidiary of Japan Asia Investment Co., Limited (Tokyo Stock Exchange: 8518) from 2007-2009, during which he was responsible for investment deal sourcing, execution and monitoring, funds management and fund raising . Prior to joining the Company, Mr. Sung was a founding member and an associate director of a licensed corporation in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Kaizhi, aged 70, was appointed as an independent non-executive Director and honorary chairman with effect from 25 March 2011. Prior to joining the Company, he held various positions in the government of Guangdong province from 1964 to 1998. He was promoted to executive vice mayor of Guangzhou in 1992 and deputy secretary of the Leading Party Group of Guangzhou Municipal Government (廣州市政府黨組副書記) in 1993. From 1998 to 2005, he was the chairman and secretary of the Leading Party Group of Guangzhou Political Consultative Conference (廣州市政協主席及黨組書記). Since his retirement from his positions in the government in 2005, he held the position of vice president of China Foundation for Poverty Alleviation (中國扶貧基金會), a charity organization in the PRC. He obtained a bachelor's degree in political education from South China Normal College (華南師範學院), which is the predecessor of South China Normal University (華南師範大學) in 1964. Mr. Chen is an independent non-executive director of BaWang International (Group) Holding Limited (01338).

Mr. HA Tak-kong, aged 42, 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. LEUNG Kwong Kin ("Mr. Leung") was appointed as an independent non-executive Director, audit committee member and remuneration committee member of the Company on 1 December 2010.

Mr. Leung, aged 42, is a fellow member of The Association of Chartered Certified Accountants ("ACCA") and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He holds (i) a bachelor degree in Commerce Accounting from Curtin University of Technology, Australia; (ii) a bachelor degree in law from Peking University; and (iii) a bachelor degree in English law from Manchester Metropolitan University. Mr. Leung has accumulated over 20 years of experience in auditing and taxation through his previous employments in various international accounting firms. Mr. Leung is now a partner of Fan, Chan & Co., a Certified Public Accountants firm in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. LO Chi Ming, aged 46, was appointed as an independent non-executive Director and a member of the audit committee with effect from 26 October 2010. He obtained his Bachelor of Social Sciences Degree and Postgraduate Certificate in Laws from The University of Hong Kong and Diploma in Chinese Laws from SouthWest University of Political Science & Law, China. He possessed 6 years of experience in the banking industry and was elected as an Associate of The Chartered Institute of Bankers. He is a solicitor of the High Court of Hong Kong with 15 years of experience in private practice.

DIRECTORS' REPORT

The Board presents their annual report and the audited financial statements of the Group for the year ended 31 March 2011.

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 2011 and 2010 respectively, the Group's revenue and net losses were mainly derived from interest income, dividend income and trading gain or loss from investment holdings. 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:

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

MAJOR CUSTOMERS AND SUPPLIERS

As the Group's revenue was mainly derived from interest income, dividend income and trading gain or loss from investment holdings, 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 2011 and the state of affairs of the Group as at that date are set out in the financial statements on pages 24 to 75. The Directors do not recommend the payment of a dividend for the year ended 31 March 2011 (2010: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Group during the year are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 27 of this report and other details of the reserves of the Group is set out in note 26 to the consolidated financial statements.

DIRECTORS' REPORT

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 2011 were HK$Nil (2010: HK$Nil).

DIRECTORS

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

Executive Directors

Mr. XIE Leshan (Appointed on 26 October 2010 and appointed Chairman on 25 March 2011)
Mr. CHEN Yiquan (Appointed on 26 October 2010 and appointed Vice Chairman on 25 March 2011)
Mr. CHAN Cheong Yee (Appointed on 8 March 2011)
Mr. SEE Lee Seng, Reason (Appointed on 1 December 2010)
Mr. SUNG Hiu Fai, Ronald (Appointed on 1 March 2011)
Dr. POON Ho-man (Resigned on 26 October 2010)
Mr. Jerry CHIOU (Resigned on 20 September 2010)
Ms. ZHONG Hui (Appointed on 28 July 2010 and resigned on 26 October 2010)

Independent Non-Executive Directors

Mr. CHEN Kaizhi (Appointed on 25 March 2011 and appointed Honorary Chairman on 25 March 2011)
Mr. HA Tak-kong
Mr. LEUNG Kwong Kin (Appointed on 1 December 2010)
Mr. LO Chi Ming (Appointed on 26 October 2010)
Mr. PENG Feng (Resigned on 1 December 2010)
Mr. TONG, I Tony (Resigned on 26 October 2010)

No director 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 29 to the consolidated 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 2011, 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 Director	Number of shares of the Company	Number of underlying shares of the Company	Total	Approximate percentage of shareholding
Mr. Chen Yiquan	18,378,060	–	18,378,060	20.47%

Note: Mr. Chen Yiquan ("Mr. Chen") beneficially owns approximately 55% of the shareholdings of Sky Year Limited. As at the date of this financial year end, Sky Year Limited is interested in 18,378,060 shares, representing approximately 20.47% of the total issued shares of the Company. Pursuant to Part XV of the Securities and Futures Ordinance. Mr. Chen is deemed to be interested in such 18,378,060 shares.

Save as disclosed above, none of the directors 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 2011, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was zero (2010: 9,000,000) representing 0% (2010: 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.

SHARE OPTIONS *(Continued)*

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

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

Date of grant	Outstanding at 1/4/2010	Granted	Exercised during the year	Cancelled/ Lapsed	Outstanding at 31/3/2011	Exercisable period	Exercise price per share
Category I: Directors							
5/11/2007	210,000	–	–	(210,000)	–	6/11/2007– 5/11/2010	HK$1.24
22/11/2007	7,000,000	–	–	(7,000,000)	–	22/11/2007– 21/11/2017	HK$1.082
3/8/2010	–	5,000,000	(5,000,000)	–	–	3/8/2010– 2/8/2012	HK$0.44
Category II: Employees							
5/11/2007	1,490,000	–	–	(1,490,000)	–	6/11/2007– 5/11/2010	HK$1.24
Category III: Consultant							
5/11/2007	300,000	–	–	(300,000)	–	6/11/2007– 5/11/2010	HK$1.24
	9,000,000	5,000,000	(5,000,000)	(9,000,000)	–		

Particulars of share options:

Date of grant	Number of share options	Exercisable 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
3/8/2010	5,000,000	3/8/2010 – 2/8/2012	0.44
	14,000,000		

SHARE OPTIONS *(Continued)*

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

	Outstanding at 1/4/2010	Granted	During the year exercised	Cancelled	Lapsed	Outstanding at 31/3/2011
Directors						
POON Ho-man	7,000,000	–	–	(7,000,000)	–	–
HA Tak-kong	70,000	–	–	–	(70,000)	–
TONG, I Tony	70,000	–	–	–	(70,000)	–
PENG Feng	70,000	–	–	–	(70,000)	–
ZHONG Hui	–	5,000,000	(5,000,000)	–	–	–
Directors' total	7,210,000	5,000,000	(5,000,000)	(7,000,000)	(210,000)	–
Consultant	300,000	–	–	–	(300,000)	–
Employees	1,490,000	–	–	–	(1,490,000)	–
Grand total	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–

WARRANTS

The Company has no warrants outstanding at 31 March 2011 (2010: 9,900,000 warrants) and its movements are as follows:

Date of grant	Note	Outstanding at 1/4/2010	Issued during the year	Lapsed during the year	Outstanding at 31/3/2011	Exercisable 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
		9,900,000	–	(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. No Warrants has been exercised during the year ended 31 March 2011 and 2010.

All warrants was expired and lapsed during the year ended 31 March 2011.

(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 2011 and 2010.

All warrants was expired and lapsed during the year ended 31 March 2011.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011, 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 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**
Sky Year Limited	1	18,378,060	20.47%
Chen Jui Yang	2	7,000,000	8.26%

Notes:

1. Sky Year Limited is interested in 18,378,060 shares of the Company as at 31 March 2011. Mr. Chen Yiquan ("Mr. Chen") beneficially owns approximately 55% of the shareholdings of Sky Year Limited. The interests of Mr. Chen 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 2011. 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.

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 2011.

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 ended 31 March 2011 and 2010, 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:

	2011	2010
	HK$	*HK$*
Friedmann Pacific Asset Management (Hong Kong) Limited (note a) to which the following expenses were paid:		
Investment manager's fee (note b)	**–**	16,451
Success Talent Investment Limited (note c)	**170,000**	–

CONNECTED TRANSACTIONS *(Continued)*

Notes:

(a) On 31 August 2009, Friedmann Pacific Asset Management Limited has changed its name to Friedmann Pacific Asset Management (Hong Kong) Limited ("FPAML"). During the year 2011 and 2010, Mr. Chiou Jerry and Dr. Poon Ho-man are common directors of FPAML and the Company.

A former executive director of the Company, Dr. POON Ho-man, has beneficial interests in FPAML.

(b) The Company entered into an investment management agreement with FPAML on 14 June 2005 for the 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 defined in the agreement but the maximum aggregate annual value of the fee shall not be more than HK$390,000.

Investment management agreement with FPAML had been terminated on 17 January 2011.

(c) The Company and Success Talent Investment Limited entered into an investment management agreement on 18 January 2011 for a period from 18 January 2011 to 31 March 2011. Investment management fee charged for the period was HK$170,000.

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 30 to the consolidated financial statements.

EVENT AFTER THE END OF REPORTING PERIOD

Details of event after the end of reporting period are set out in note 33 to the consolidated 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 2011.

PURCHASE, SALE AND REDEMPTION OF SHARES

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

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.

DIRECTORS' REPORT

FIVE YEARS FINANCIAL SUMMARY

Details of the five years financial summary in relation to the Group's results and assets and liabilities are set out in page 76.

CONFIRMATION OF INDEPENDENCE

The company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

AUDITORS

The Group's financial statements for the years ended 31 March 2011 and 2010 were audited by Messrs. HLM & Co.. A resolution will be proposed in the forthcoming annual general meeting to re-appoint Messrs. HLM & Co. as the auditors of the Group.

By Order of the Board

XIE Leshan
Chairman

Hong Kong, 29 April 2011

CORPORATE GOVERNANCE REPORT

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, the Group has complied with the code provisions of the Code during the year ended 31 March 2011 with exception.

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

Composition

The Board of Directors (the "Board") of the Group is collectively responsible for overseeing the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board comprises a total of nine directors, with five executive directors and four independent non-executive directors. Two of the independent non-executive directors, Mr. HA Tak-kong and Mr. LEUNG Kwong Kin, have appropriate professional qualifications in accounting pursuant to Rule 3.10 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 advise on 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.

Function

In view of the simple structure of the Group, all significant decision making is carried out by the executive directors of the Group while the day-to-day investment decision is based on the professional recommendation of the investment manager. This constitutes a deviation from the code provision A.2.1 of the Code. However, 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 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 in determining the number of directors to retire in each year. This constitutes a deviation from the code provision A.4.2 of the Code.

CORPORATE GOVERNANCE REPORT

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 2011, the Board convened a total of 41 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	
Mr. XIE Leshan	27
Mr. CHEN Yiquan	27
Mr. CHAN Cheong Yee	4
Mr. SEE Lee Seng, Reason	14
Mr. SUNG Hiu Fai, Ronald	11
Dr. POON Ho-man	10
Mr. Jerry CHIOU	7
Ms. ZHONG Hui	3
Independent Non-executive Directors	
Mr. CHEN Kaizhi	0
Mr. HA Tak-kong	32
Mr. LEUNG Kwong Kin	18
Mr. LO Chi Ming	15
Mr. PENG Feng	11
Mr. TONG, I Tony	10

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 2011. 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. CHEN Yiquan and Mr. LEUNG Kwong Kin. During the financial year ended 31 March 2011, the committee held 2 meetings to discuss remuneration related matters. The individual attendance of each member is as follows:

	Attendance
Mr. CHEN Yiquan	1
Mr. HA Tak-kong	2
Mr. LEUNG Kwong Kin	0
Dr. POON Ho-man	0
Mr. PENG Feng	1
Mr. TONG I Tony	1

Mr. Chen Yiquan 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 of his associated director, and executive is involved in deciding his own remuneration.

NOMINATION OF DIRECTORS

The Board of Directors has not established a nomination committee. According to the articles of association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new directors, the Board has taken into consideration of the nominee's qualification, ability and potential contributions to the Company.

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 2011, the audit committee had held 2 committee meetings. The attendance of each of the members at such meetings is as follows:

	Attendance
Mr. HA Tak-kong	2
Mr. LEUNG Kwong Kin	0
Mr. LO Chi Ming	1
Mr. PENG Feng	1
Mr. TONG, I Tony	1

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 2011.

AUDITORS' REMUNERATION

For the year ended 31 March 2011, 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)	160,000

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges their responsibilities for the preparation of the consolidated 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 consolidated financial statements. The statement of the external auditors of the Group, Messrs. HLM & Co., with regard to their reporting responsibilities on the Group's consolidated financial statements is set out in the Independent Auditors' Report on pages 22 to 23.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board, recognising 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 control system to safeguard the interests of shareholders and the assets of the Group. Procedures have been designed to safeguard assets against unauthorised used or disposition, to ensure the sufficient allocation of resources and manpower and the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and to ensure 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 a review on the Group's internal control and risk management system for the year ended 31 March 2011 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 does take 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.

INDEPENDENT AUDITORS' REPORT

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

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

We have audited the consolidated financial statements of Garron International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 75, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows 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 of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal controls as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with agreed term of engagement 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the 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.

INDEPENDENT AUDITORS' REPORT

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 2011 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.

EMPHASIS OF MATTER

The accompanying consolidated financial statements for the year ended 31 March 2011 have been prepared assuming that the Group will continue as a going concern. Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of HK$8,318,918 during the year ended 31 March 2011 and, as of that date, the Group's total liabilities exceeded its total assets by HK$3,950,754. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

HLM & Co.
Certified Public Accountants

Hong Kong, 29 April 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	2011 HK$	2010 HK$
Revenue	8	**188,204**	123,707
Net realised gain on disposal of financial assets at fair value through profit or loss		**321,092**	–
Net unrealised gain on financial assets at fair value through profit or loss		**591,196**	3,456,972
Other income	8	**947,424**	–
Administrative expenses		**(10,261,425)**	(8,192,740)
Finance costs	9	**(105,409)**	(184,425)
Loss before tax		**(8,318,918)**	(4,796,486)
Income tax expense	12	**–**	–
Loss attributable to shareholders of the Company	11	**(8,318,918)**	(4,796,486)
Dividends	13	**–**	–
Loss per share	14		
– Basic		**(0.10)**	(0.07)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Note	**2011** ***HK$***	2010 *HK$*
Loss attributable to shareholders of the Company	11	**(8,318,918)**	(4,796,486)
Other comprehensive income		**–**	–
Total comprehensive expenses attributable to the shareholders of the Company		**(8,318,918)**	(4,796,486)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$	2010 HK$
Non-current assets			
Property, plant and equipment	16	**651,712**	21,901
Available-for-sale financial assets	17	**–**	–
		651,712	21,901
Current assets			
Financial assets at fair value through profit or loss	18	**6,830,168**	7,691,390
Other receivables, prepayments and deposits	19	**43,513**	974,450
Bank and cash balances	20	**4,684,153**	431,971
		11,557,834	9,097,811
Current liability			
Other payables and accruals	21	**160,300**	4,627,760
Net current assets		**11,397,534**	4,470,051
Non-current liabilities			
Amount due to a director	22	**–**	8,132,005
Amount due to a shareholder	23	**16,000,000**	–
		16,000,000	8,132,005
Net liabilities		**(3,950,754)**	(3,640,053)
Capital and reserves			
Share capital	24	**17,956,000**	14,130,000
Reserves	26	**(21,906,754)**	(17,770,053)
Total capital deficiency		**(3,950,754)**	(3,640,053)
Net liability value per share	28	**(0.04)**	(0.05)

The consolidated financial statements on pages 24 to 75 were approved and authorised for issue by the Board of Directors on 29 April 2011 and are signed on its behalf by:

Mr. XIE Leshan
DIRECTOR

Mr. CHEN Yiquan
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 *HK$*	2010 *HK$*
Operating activities		
Loss before tax	**(8,318,918)**	(4,796,486)
Adjustments for:		
Depreciation	**38,999**	109,275
Interest income	**(35)**	(5)
Dividend income	**(188,169)**	(123,702)
Interest expenses	**105,409**	184,425
Impairment loss on other receivables, prepayments and deposits	**–**	1,000
Gain on disposal of property, plant and equipment, net	**(2,183)**	–
Written back from cancellation of share-based payments	**(704,381)**	–
Expenses recognised in respect of equity-settled share-based payments	**1,312,758**	–
Realised gain on financial assets at fair value through profit or loss	**(321,092)**	–
Unrealised gain on financial assets at fair value through profit or loss	**(591,196)**	(3,456,972)
Operating loss before working capital changes	**(8,668,808)**	(8,082,465)
Purchase of financial assets at fair value through profit or loss	**–**	(111,950)
Proceeds from disposal of financial assets at fair value through profit or loss	**1,773,510**	–
Decrease in other receivables, prepayments and deposits	**930,937**	211,358
(Decrease) increase in other payables and accruals	**(4,467,460)**	3,274,454
Cash used in operations	**(10,431,821)**	(4,708,603)
Interest paid	**(105,409)**	(184,425)
Net cash used in operating activities	**(10,537,230)**	(4,893,028)
Investing activities		
Interest received	**35**	5
Dividend received from financial asses at fair value through profit or loss	**188,169**	123,702
Purchase of property, plant and equipment	**(686,627)**	–
Proceeds from disposal of property, plant and equipment	**20,000**	–
Proceeds from disposal of available-for-sale financial assets	**–**	4,000,000
Net cash (used in) generated from investing activities	**(478,423)**	4,123,707

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011	2010
	HK$	*HK$*
Financing activities		
(Decrease) increase in amount due to a director	**(8,132,005)**	171,477
Increase in amount due to a shareholder	**16,000,000**	–
Proceeds from placement of shares	**5,199,840**	–
Proceeds from exercise of share options	**2,200,000**	–
Net cash generated from financing activities	**15,267,835**	171,477
Net increase (decrease) in cash and cash equivalents	**4,252,182**	(597,844)
Cash and cash equivalents at beginning of year	**431,971**	1,029,815
Cash and cash equivalents at end of year	**4,684,153**	431,971
Analysis of the balance of cash and cash equivalents		
Bank and cash balances	**4,684,153**	431,971

1. GENERAL

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

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 31 to the consolidated financial statements.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Notwithstanding that the Group incurred loss attributable to shareholders of the Company of HK$8,318,918 for the year ended 31 March 2011 and that the Group's total liabilities have exceeded its total assets by HK$3,950,754 as at 31 March 2011, these consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following arrangements:

(i) Sky Year Limited, a substantial shareholder of the Company, has agreed to provide adequate fund to enable the Group to meet in full its financial obligations when they fall due in the foreseeable future; and Sky Year Limited would not demand for repayment of the amount of HK$16,000,000 due to Sky Year Limited as at 31 March 2011 within 12 months from the end of the reporting period; and

(ii) On 9 March 2011, the Company has entered into a placing agreement with the placing agent to place up to 378,760,000 shares at a placing price of HK$1.15 per share. On the same date, the Company and Sky Year Limited entered into the subscription agreement pursuant to which the Company will allot and issue to Sky Year Limited 113,040,000 subscription shares at a subscription price of HK$1.15 per share.

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time adopters*	The amendments provide two exemptions when adopting HKFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payments Transactions*	The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2008)*	The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain in a non-controlling interest in the subsidiary after the sale.
Amendments to HKAS 7 *Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)*	The amendments specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
Amendments to HKAS 17 *Leases*	The amendments clarify that classification of unexpired leasehold should be reassessed based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment.
HKAS 32 (Amendments) *Classification of Rights Issues*	The amendments to HKAS 32 *titled Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability.

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

New and revised Standards and Interpretations applied with no material effects on the consolidated financial statements *(Continued)*

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

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

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

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

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

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

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

New and revised Standards and Interpretations in issue but not yet effective *(Continued)*

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

- Under HKFRS 9, all recognised financial assets that are within scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost of fair value. Specifically, debt investments that are within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measurement at their fair values at the end of subsequent accounting period.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may have an impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 *titled Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

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

New and revised Standards and Interpretations in issue but not yet effective *(Continued)*

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

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

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

4. SIGNIFICANT 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investment in subsidiaries

A subsidiary is a company that is controlled by the Company, where the Company has the power to govern the financial and operating policies of such company so as to obtain benefits from its activities. Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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:

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

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest applicable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 items 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%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the sales proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Impairment loss on tangible and intangible assets

At the end of each reporting period, 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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired.

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. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that 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 immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity are recorded in the respective functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risk; and

- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified form equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used.

Financial instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 FVTPL

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
- On initial recognition 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets at FVTPL (Continued)

At the end of each reporting period 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 excluded 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 the end of each reporting period 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 ("AFS") 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. The Group designated unlisted equity securities investments as AFS financial assets.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see accounting policy in respect of impairment loss on financial assets below).

For AFS 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 the end of the reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of reporting period. 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 affected.

For an AFS 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

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, 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 financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets 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 the 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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investment, impairment losses previously recognised in profit or loss are not reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Effective interest method

The effective interest method is a method 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.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at FVTPL

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
- on initial recognition it is a part of a portfolio of an identified 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.

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. The net gain or loss recognised in profit or loss excluded any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including other payables and others) are subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. 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 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 taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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 the end of reporting period 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefits scheme are charged as expenses as they fall due. The Group's obligations under state-managed retirement benefits schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

Share-based payment transaction

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.

For share options that are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 end of reporting period, and are discounted to present value where the effect is material.

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 consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as provision.

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

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

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the consolidated statement of cash flows, bank overdrafts and bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other sources of estimation uncertainty at the end of reporting period 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.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to shareholders of the Company, comprising issued share capital and reserves.

The directors review the capital structure by considering the cost of capital and the risks associated with capital. In view of this, the Group will balance its overall capital structure through new shares issues as well as the issue of new debt. The Group's overall strategy remains unchanged throughout the year.

7. 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.

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.

Sensitivity analysis

Assuming the balance at 31 March 2011 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 2011 would decrease or increase by approximately HK$23,337 (2010: increase or decrease by approximately HK$14,061).

Equity Price risk

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio.

Sensitivity analysis

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 2011 (2010: 5%), the Group's loss for the year would decrease or increase by approximately HK$341,508 (2010: approximately HK$384,570).

Credit risk

Credit risk to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated and the Company's statement of financial position, which is net of any allowances for losses.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. In this regards, the Directors consider that the Group's and the Company's credit risk on such authorised institutions is low.

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

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet their payment obligations associated with its financial liabilities when they fall due. The Group manages liquidity risk by maintaining adequate reserves, as well as continuously monitoring forecast and actual cash flows.

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. With regard to 2011 and thereafter, the liquidity of the Group is primarily dependent on its ability to maintain adequate cash flow from operations and to raise funds through issue and allotment of new shares to meet its debt obligations as they fall due.

The maturity profile of the Group's financial liabilities as at the end of reporting period is as follows:

	Weighted average effective interest rate %	Less than 1 year HK$	More than 1 year HK$	Total undiscounted cash flows HK$	Carrying amount at 31.3.2011 HK$
2011					
Other payables and accruals	**N/A**	**160,300**	**–**	**160,300**	**160,300**
Amount due to a shareholder	**N/A**	**–**	**16,000,000**	**16,000,000**	**16,000,000**
		160,300	**16,000,000**	**16,160,300**	**16,160,300**

	Weighted average effective interest rate %	Less than 1 year HK$	More than 1 year HK$	Total undiscounted cash flows HK$	Carrying amount at 31.3.2010 HK$
2010					
Other payables and accruals	N/A	4,627,760	–	4,627,760	4,627,760
Amount due to a director	N/A	–	8,132,005	8,132,005	8,132,005
		4,627,760	8,132,005	12,759,765	12,759,765

The Group considers that the exposure to liquidity risk is under control. After the reporting period, the Company has entered into a placing agreement to place up to 378,760,000 shares at placing price of HK$1.15 per share. Besides, the Company and Sky Year Limited entered into the subscription agreement pursuant to which the Company will allot and issue 113,040,000 subscription share at a subscription price of HK$1.15 per share. The above arrangements will give the Company approximately HK$565,570,000 in cash on completion.

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

Fair values

As at 31 March 2011, the carrying amount of cash and cash equivalents, other receivables, prepayments and deposits, other payables and accruals and amount due to a shareholder approximated their fair values due to the short-term maturities of these assets and liabilities. The Group considers that financial assets at fair value through profit or loss are included in the consolidated statement of financial position at amounts approximating to their fair values.

Fair values on financial instruments

(i) *Financial instruments carried at fair value*

The following table presents the carrying value of financial instruments measured at fair value at 31 March 2011 across the three levels of the fair value hierarchy defined in HKFRS 7 Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirely based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

– Level 3 (lowest level): fair value measured using valuation techniques in which any significant input is not based on observable market data.

At 31 March 2011, the Group had following financial instruments carried at fair value all of which are based on the Level 1of the fair value hierarchy:

	The Group		**The Company**	
	2011	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*
Assets:				
Financial assets at fair value through profit or loss	**6,830,168**	7,691,390	**–**	625,480

At 31 March 2011, financial assets at fair value through profit or loss are carried at fair value.

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

Fair values on financial instruments *(Continued)*

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2011 and 2010 due to their short-term maturities.

	2011 Carrying Amount HK$	**2011** Fair value HK$	2010 Carrying Amount HK$	2010 Fair value HK$
The Group				
Bank and cash balances	**4,684,153**	**4,684,153**	431,971	431,971
Other receivables, prepayments and deposits	**43,513**	**43,513**	974,450	974,450
Other payables and accruals	**(160,300)**	**(160,300)**	(4,627,760)	(4,627,760)
Amount due to a director	**–**	**–**	(8,132,005)	(8,132,005)
Amount due to a shareholder	**(16,000,000)**	**(16,000,000)**	–	–

Classification and fair value of financial assets and liabilities

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Financial assets at FVTPL HK$	**Loan and receivables HK$**	**Other financial liabilities HK$**	**Total HK$**
2011				
Financial assets at FVTPL	**6,830,168**	**–**	**–**	**6,830,168**
Other receivables, prepayments and deposits	**–**	**43,513**	**–**	**43,513**
Bank and cash balances	**–**	**4,684,153**	**–**	**4,684,153**
	6,830,168	**4,727,666**	**–**	**11,557,834**
Other payables and accruals	**–**	**–**	**160,300**	**160,300**
Amount due to a shareholder	**–**	**–**	**16,000,000**	**16,000,000**
	–	**–**	**16,160,300**	**16,160,300**

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

Classification and fair value of financial assets and liabilities *(Continued)*

	Financial assets at FVTPL	Loan and receivables	Other financial liabilities	Total
	HK$	*HK$*	*HK$*	*HK$*
2010				
Financial assets at FVTPL	7,691,390	–	–	7,691,390
Other receivables, prepayments and deposits	–	974,450	–	974,450
Bank and cash balances	–	431,971	–	431,971
	7,691,390	1,406,421	–	9,097,811
Other payables and accruals	–	–	4,627,760	4,627,760
Amount due to a director	–	–	8,132,005	8,132,005
	–	–	12,759,765	12,759,765

Estimation of fair value

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Change in assumption could significantly affect the estimates.

8. REVENUE AND OTHER INCOME

An analysis of revenue and other income are as follows:

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

9. FINANCE COSTS

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

10. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure Standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segments. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

10. SEGMENT INFORMATION *(Continued)*

During the years ended 31 March 2011 and 2010, the Group's turnover and net losses were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses.

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

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	2011	2010
	HK$	*HK$*
Loss attributable to shareholders of the Company has been arrived at after charging (crediting):		
Directors' remunerations		
Fees	**620,610**	90,000
Other remunerations	**680,645**	1,428,000
Contributions to retirement benefits scheme	**7,237**	12,000
Equity settled share-based payments	**1,312,758**	–
Total directors' remunerations	**2,621,250**	1,530,000
Staff costs		
Salaries	**2,245,395**	1,334,204
Contributions to retirement benefits scheme	**44,603**	43,517
Total staff costs (excluding directors' remunerations)	**2,289,998**	1,377,721
Auditors' remuneration	**160,000**	115,000
Annual listing fee	**253,750**	145,000
Depreciation	**38,999**	109,275
Investment manager's fee	**170,000**	16,451
Legal and professional fees	**451,735**	1,414,185
Rent and rates	**2,139,443**	2,283,277
Travelling and entertainment	**744,787**	857,883
Gain on disposal of property, plant and equipment	**(2,183)**	–
Bad debts recovered	**(30,000)**	–

12. INCOME TAX EXPENSE

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

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

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

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

13. DIVIDENDS

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

14. LOSS PER SHARE

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

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

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

15. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors

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

	2011	2010
	HK$	*HK$*
Fees		
Executive directors	**441,336**	–
Independent non-executive directors	**179,274**	90,000
	620,610	90,000
Other emoluments		
Basic salaries and other benefits	**687,882**	1,440,000
Equity settled share-based payment	**1,312,758**	–
	2,621,250	1,530,000

The number of directors whose remuneration fell within the following band is as follows:

	2011	2010
HK$Nil to HK$1,000,000	**13**	5
HK$1,000,001 to HK$3,000,000	**1**	–

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 (2010: Nil).

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

(a) Directors *(Continued)*

The emoluments paid or payable to each of the fourteen (2010: five) directors were as follows:

	Fees		Salaries			2011	2010
	Executive Directors	Independent non-executive directors	Management remuneration	Employer's contributions to pension schemes	Equity settled share-based payments	Total emoluments	Total emoluments
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	***HK$***	*HK$*
Executive directors							
Mr. XIE Leshan (Note 1)	103,871	–	–	–	–	**103,871**	–
Mr. CHEN Yiquan (Note 1)	103,871	–	–	–	–	**103,871**	–
Mr. SEE Lee Seng, Reason (Note 2)	80,000	–	–	–	–	**80,000**	–
Mr. SUNG Hiu Fai, Ronald (Note 3)	20,000	–	–	–	–	**20,000**	–
Mr. CHAN Cheong Yee (Note 4)	15,484	–	–	–	–	**15,484**	–
Ms. ZHONG Hui (Note 6)	–	–	–	–	1,312,758	**1,312,758**	–
Dr. POON Ho-man (Note 8)	–	–	680,645	7,237	–	**687,882**	1,200,000
Mr. Jerry CHIOU (Note 7)	118,110	–	–	–	–	**118,110**	240,000
Sub-total	441,336	–	680,645	7,237	1,312,758	**2,441,976**	1,440,000
Independent non-executive directors							
Mr. HA Tak-kong	–	60,000	–	–	–	**60,000**	30,000
Mr. LO Chi Ming (Note 1)	–	42,984	–	–	–	**42,984**	–
Mr. LEUNG Kwong Kin (Note 2)	–	40,000	–	–	–	**40,000**	–
Mr. CHEN Kai Zhi (Note 5)	–	2,258	–	–	–	**2,258**	–
Mr. TONG, I Tony (Note 8)	–	17,016	–	–	–	**17,016**	30,000
Mr. PENG Feng (Note 9)	–	17,016	–	–	–	**17,016**	30,000
Sub-total	–	179,274	–	–	–	**179,274**	90,000
Total	441,336	179,274	680,645	7,237	1,312,758	**2,621,250**	1,530,000

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

(a) Directors *(Continued)*

Notes:

1. Appointed on 26 October 2010
2. Appointed on 1 December 2010
3. Appointed on 1 March 2011
4. Appointed on 8 March 2011
5. Appointed on 25 March 2011
6. Appointed on 28 July 2010 and resigned on 26 October 2010
7. Resigned on 20 September 2010
8. Resigned on 26 October 2010
9. Resigned on 1 December 2010

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2010: 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:

	2011	2010
	HK$	*HK$*
Basic salaries and other benefits	**2,117,097**	2,643,871
Contributions to retirement benefits scheme	**24,237**	36,000
Equity settled share-based payments	**1,312,758**	–
	3,454,092	2,679,871

The number of the highest paid individuals whose remuneration fell within the following band is as follows:

	2011	2010
HK$Nil to HK$1,000,000	**4**	3
HK$1,000,000 to HK$3,000,000	**1**	–

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 (2010: Nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$	Office equipment HK$	Motor vehicle HK$	Total HK$
COST				
At 1 April 2009, 31 March 2010 and 1 April 2010	247,685	40,840	384,864	673,389
Additions	–	35,000	651,627	686,627
Disposals	(247,685)	(40,840)	(384,864)	(673,389)
At 31 March 2011	–	35,000	651,627	686,627
DEPRECIATION AND IMPAIRMENT				
At 1 April 2009	175,444	10,770	355,999	542,213
Charge for the year	72,241	8,169	28,865	109,275
At 31 March 2010	247,685	18,939	384,864	651,488
Charge for the year	–	6,417	32,582	38,999
Eliminated upon disposals	(247,685)	(23,023)	(384,864)	(655,572)
At 31 March 2011	–	2,333	32,582	34,915
NET BOOK VALUE				
At 31 March 2011	–	32,667	619,045	651,712
At 31 March 2010	–	21,901	–	21,901

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

For the year ended 31 March 2010, included in the available-for-sale financial assets is a company in which the percentage of equity attributable to the Group exceeds 20%. This investment, however, was not equity accounted for in accordance with HKAS 28 *Investment in Associates* as the directors consider that the Group was not in a position to exercise significant influence over its operations. The results of the company are dealt with in the consolidated statement of comprehensive income to the extent of dividends received/receivable from the company.

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

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

Particulars of the 10 largest investments as at 31 March 2011 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	(122,500)	1,099,500	2,375,953
PetroChina Company Limited ("PetroChina") (note b)	The People's Republic of China	80,000	Less than 0.01%	794,800	147,600	942,400	4,505,843
China Construction Bank Corporation ("CCB") (note c)	The People's Republic of China	100,000	Less than 0.01%	531,000	198,000	729,000	342,984
Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochem") (note d)	The People's Republic of China	200,000	Less than 0.01%	1,134,000	(402,000)	732,000	1,835,193
Hong Kong Exchanges and Clearing Limited ("HKEX") (note e)	Hong Kong	5,000	Less than 0.01%	734,000	111,000	845,000	40,240
China CITIC Bank Corporation Limited ("CITIC Bank") (note f)	The People's Republic of China	120,000	Less than 0.01%	761,400	(82,200)	679,200	1,417,684
HSBC Holdings plc ("HSBC") (note g)	England	8,565	Less than 0.01%	910,600	(210,411)	700,189	584,488
Yuexiu Property Company Limited ("Yuexiu Property") (note h)	Hong Kong	260,000	Less than 0.01%	556,000	(106,200)	449,800	538,588
China Life Insurance Company Limited ("China Life") (note i)	The People's Republic of China	10,000	Less than 0.01%	204,300	87,700	292,000	332,767
China Communications Construction Company Limited ("China Communications Construction") (note j)	The People's Republic of China	30,000	Less than 0.01%	391,200	(168,600)	222,600	566,619

18. 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 2010 was approximately RMB38,132 million (2009: approximately RMB31,706 million). At 31 December 2010 the audited consolidated net asset value of China Shenhua was approximately RMB228,788 million (2009: approximately RMB197,418 million). Dividend received during the year was HK$16,324 (2010: HK$14,092).

(b) PetroChina is principally engaged in the exploration, development and production of crude oil and natural gas; refining, transportation, storage, and marketing of crude oil and petroleum products; production and sale of chemicals; transmission, marketing and sale of natural gas. The audited consolidated profit attributable to shareholders of Petro China for the year ended 31 December 2010 was approximately RMB139,992 million (2009: approximately RMB103,387 million). At 31 December 2010 the audited consolidated net asset value of the PetroChina was approximately RMB1,010,129 million (2009: approximately RMB907,701 million). Dividend received during the year was HK$24,020 (2010: HK$22,375).

(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 2010 was approximately RMB134,844 million (2009: approximately RMB106,756 million). At 31 December 2010 the audited consolidated net asset value of the CCB was approximately RMB700,905 million (2009: approximately RMB559,020 million). Dividend received during the year was HK$20,765 (2010: HK$8,543).

(d) Shanghai Petrochem is principally engaged in the processing crude oil into synthetic fibres, resins, and plastics, intermediate petrochemicals and petroleum products. The audited consolidated profit attributable to shareholders of Shanghai Petrochem for the year ended 31 December 2010 was approximately RMB2,704 million (2009: approximately RMB1,562 million). At 31 December 2010 the audited consolidated net asset value of the Shanghai Petrochem was approximately RMB18,173 million (2009: approximately RMB15,640 million). Dividend received during the year was HK$6,154 (2010: HK$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 2010 was approximately HK$5,037 million (2009: approximately HK$4,704 million). At 31 December 2010 the audited consolidated net asset value of the HKEX was approximately HK$8,677 million (2009: approximately HK$8,027 million). Dividend received during the year was HK$19,900 (2010: HK$18,200).

(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 2010 was approximately RMB21,509 million (2009: approximately RMB14,320 million). At 31 December 2010 the audited consolidated net asset value of the CITIC Bank was approximately RMB124,538 million (2009: approximately RMB107,008 million). Dividend received during the year was HK10,845 (2010: HK$10,450).

(g) 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 2010 was approximately USD13,159 million (2009: approximately USD5,834 million). At 31 December 2010 the audited consolidated net asset value of the HSBC was approximately USD154,915 million (2009: approximately USD135,661 million). Dividend received during the year was HK$22,561 (2010: HK$20,463).

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

Notes*: (Continued)*

(h) Yuexiu Property 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 Yuexiu Property for the year ended 31 December 2010 was approximately RMB919 million (2009: loss attributable to shareholders approximately RMB607 million). At 31 December 2010 the audited consolidated net asset value of the Yuexiu Property was approximately RMB16,346 million (2009: approximately RMB12,515 million). Dividend received during the year was HK$51,900 (2010: HK$19,600).

(i) China Life is principally engaged in the provision of life, annuities, accident and health insurance business. The audited consolidated profit attributable to shareholders of China Life for the year ended 31 December 2010 was approximately RMB33,626 million (2009: approximately RMB32,881 million). At 31 December 2010 the audited consolidated net asset value of the China Life was approximately RMB210,475 million (2009: approximately RMB212,776 million). Dividend received during the year was HK$7,188. (2010: HK$Nil).

(j) China Communications Construction is principally engaged in the provision of infrastructure construction business. The audited consolidated profit attributable to shareholders of China Communication Construction for the year ended 31 December 2010 was approximately RMB9,863 million (2009: approximately RMB7,200 million). At 31 December 2010 the audited consolidated net asset value of the China Communication Construction was approximately RMB71,080 million (2009: approximately RMB66,229 million). Dividend received during the year was HK$3,576 (2010: HK$3,041).

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

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

20. BANK AND CASH BALANCES

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

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

21. OTHER PAYABLES AND ACCRUALS

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

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

22. AMOUNT DUE TO A DIRECTOR

The amount due is unsecured and interest-free.

23. AMOUNT DUE TO A SHAREHOLDER

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

24. SHARE CAPITAL

	Number of ordinary shares of HK$0.20 each	*HK$*
Authorised:		
At 1 April 2009, 31 March 2010 and 1 April 2010	100,000,000	20,000,000
Increase in authorised share capital (note a)	5,900,000,000	1,180,000,000
At 31 March 2011	6,000,000,000	1,200,000,000
Issued and fully paid:		
At 1 April 2009, 31 March 2010 and 1 April 2010	70,650,000	14,130,000
Issue of shares under placement of shares (note b)	14,130,000	2,826,000
Exercise of share options (note 25)	5,000,000	1,000,000
At 31 March 2011	89,780,000	17,956,000

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

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

25. SHARE OPTIONS SCHEME

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

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

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

25. SHARE OPTIONS SCHEME *(Continued)*

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

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

Date of grant	Outstanding at 1/4/2010	During the year Granted	Exercised	Cancelled	Lapsed	Outstanding at 31/3/2011	Exercisable period	Exercise price per share
Category I: Directors								
5/11/2007	210,000	–	–	–	(210,000)	–	6/11/2007–5/11/2010	HK$1.24
22/11/2007	7,000,000	–	–	(7,000,000)	–	–	22/11/2007–21/11/2017	HK$1.082
3/8/2010 (Note a)	–	5,000,000	(5,000,000)	–	–	–	3/8/2010–2/8/2012	HK$0.44
Category II: Employees								
5/11/2007	1,490,000	–	–	–	(1,490,000)	–	6/11/2007–5/11/2010	HK$1.24
Category III: Consultant								
5/11/2007	300,000	–	–	–	(300,000)	–	6/11/2007–5/11/2010	HK$1.24
	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–		

Note:

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

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

25. SHARE OPTIONS SCHEME *(Continued)*

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

1. an expected volatility range of 79 to 156 per cent;

2. expected annual dividend yield range equal to zero;

3. the estimated expected life of the options granted during the year is 2 years; and

4. the quoted interest rate for the Exchange Fund Notes with maturity in 2012 were 0.446 per cent which are adopted to calculate the fair value of options granted on 3 August 2010.

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

The assumptions used are as follows:

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

Particulars of share options:

Date of grant	**Exercisable period**	**Exercise price per share** *HK$*
5/11/2007	6/11/2007–5/11/2010	1.24
22/11/2007	22/11/2007–21/11/2017	1.082
3/8/2010	3/8/2010–2/8/2012	0.44

25. SHARE OPTIONS SCHEME *(Continued)*

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

	Outstanding at 1/4/2010	During the year Granted	Exercised	Cancelled	Lapsed	Outstanding at 31/3/2011
Directors						
POON Ho-man	7,000,000	–	–	(7,000,000)	–	–
HA Tak-kong	70,000	–	–	–	(70,000)	–
TONG, I Tony	70,000	–	–	–	(70,000)	–
PENG Feng	70,000	–	–	–	(70,000)	–
ZHONG Hui	–	5,000,000	(5,000,000)	–	–	–
Directors' total	7,210,000	5,000,000	(5,000,000)	(7,000,000)	(210,000)	–
Consultant	300,000	–	–	–	(300,000)	–
Employees	1,490,000	–	–	–	(1,490,000)	–
Grand total	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–

26. RESERVES

	Share premium	Share option reserve	Warrant reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2009	25,759,973	1,384,719	1,270,000	(41,388,259)	(12,973,567)
Total comprehensive expenses for the year	–	–	–	(4,796,486)	(4,796,486)
At 31 March 2010	25,759,973	1,384,719	1,270,000	(46,184,745)	(17,770,053)
Reversal of share-based payments	–	(680,338)	–	680,338	–
Reversal of unlisted warrant	–	–	(1,270,000)	1,270,000	–
Written back from cancellation of share-based payments	–	(704,381)	–	–	(704,381)
Issue of shares under placement of shares	2,373,840	–	–	–	2,373,840
Recognition of share-based payments	–	1,312,758	–	–	1,312,758
Exercise of share options	2,512,758	(1,312,758)	–	–	1,200,000
Total comprehensive expenses for the year	–	–	–	(8,318,918)	(8,318,918)
At 31 March 2011	30,646,571	–	–	(52,553,325)	(21,906,754)

27. WARRANTS

The Company has no warrants outstanding at 31 March 2011 (2010: 9,900,000 warrants) and its movements are as follows:

Date of grant	Notes	Outstanding at 1/4/2010	Issued during the year	Lapsed during the year	Outstanding at 31/3/2011	Exercisable 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
		9,900,000	–	(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. No Warrants has been exercised during the year ended 31 March 2011 and 2010.

(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 2011 and 2010.

All warrants was expired during the year ended 31 March 2011.

28. NET LIABILITY VALUE PER SHARE

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

29. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2011 and 2010, 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:

	2011	2010
	HK$	*HK$*
Friedmann Pacific Asset Management (Hong Kong) Limited (note a) to which the following expenses were paid:		
Investment manager's fee (note b)	**–**	16,451
Success Talent Investment Limited (note c)	**170,000**	–

Notes:

(a) On 31 August 2009, Friedmann Pacific Asset Management Limited has changed its name to Friedmann Pacific Asset Management (Hong Kong) Limited ("FPAML"). During the year 2011 and 2010, Mr. Chiou Jerry and Dr. Poon Ho-man are common directors of FPAML and the Company.

A former executive director of the Company, Dr. POON Ho-man, has beneficial interests in FPAML.

(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 defined in the agreement but the maximum aggregate annual value of the fee shall not be more than HK$390,000.

Investment management agreement with FPAML had been terminated on 17 January 2011.

(c) The Company and Success Talent Investment Limited entered into an investment management agreement on 18 January 2011 for the period from 18 January 2011 to 31 March 2011. Investment management fee charged for the period was HK$170,000.

29. 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 15, is as follows:

	2011	2010
	HK$	*HK$*
Directors' fee	**620,610**	90,000
Salaries, allowance and benefits in kind	**680,645**	1,428,000
Contribution to retirement benefits scheme	**7,237**	12,000
Equity settled share-based payments	**1,312,758**	–
	2,621,250	1,530,000

30. RETIREMENT BENEFITS 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$51,840 (2010: HK$55,517), representing contributions payable to the Scheme by the Group in respect of the year ended 31 March 2011.

31. FINANCIAL INFORMATION OF THE COMPANY

	2011	2010
	HK$	*HK$*
Non-current assets		
Property, plant and equipment	**651,712**	21,901
Available-for-sale financial assets	**–**	–
Investment in subsidiaries (note a)	**1,081**	880
	652,793	22,781
Current assets		
Financial assets at fair value through profit or loss	**–**	625,480
Other receivables and prepayments	**43,513**	1,205,338
Amount due from subsidiaries	**3,660,266**	1,020,988
Bank and cash balances	**4,634,803**	431,971
	8,338,582	3,283,777
Current liabilities		
Other payables	**160,000**	1,386,613
Amount due to a subsidiary	**–**	139,777
	160,000	1,526,390
Net current assets	**8,178,582**	1,757,387
Non-current liabilities		
Amount due to a director (note 22)	**–**	7,882,061
Amount due to a shareholder (note 23)	**16,000,000**	–
	16,000,000	7,882,061
Net liabilities	**(7,168,625)**	(6,101,893)
Capital and reserves		
Share capital (note 24)	**17,956,000**	14,130,000
Reserves (note b)	**(25,124,625)**	(20,231,893)
Total capital deficiency	**(7,168,625)**	(6,101,893)

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

Notes:

(a) Subsidiaries

	THE COMPANY 2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**1,081**	880

Details of the subsidiaries at 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Direct interest held 2011	2010	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
Garron Investment Limited	Hong Kong	HK$100	**100%**	–	Investment holding
Garron International Strategic Limited	Hong Kong	HK$100	**100%**	–	Investment holding
Garron Consultancy Limited (Formerly known as "Hong Kong Huading Financial Investment Consultancy Limited")	Hong Kong	HK$1	**100%**	–	Investment holding

(b) Reserves

	Share premium HK$	Share option reserve HK$	Warrant reserve HK$	Accumulated losses HK$	Total HK$
At 1 April 2009	25,759,973	1,384,719	1,270,000	(41,000,288)	(12,585,596)
Total comprehensive expenses for the year	–	–	–	(7,646,297)	(7,646,297)
At 31 March 2010	25,759,973	1,384,719	1,270,000	(48,646,585)	(20,231,893)
Reversal of share-based payments	–	(680,338)	–	680,338	–
Reversal of unlisted warrants	–	–	(1,270,000)	1,270,000	–
Written back from cancellation of share-based payments	–	(704,381)	–	–	(704,381)
Issue of shares under placement of shares	2,373,840	–	–	–	2,373,840
Recognition of share-based payments	–	1,312,758	–	–	1,312,758
Exercise of share options	2,512,758	(1,312,758)	–	–	1,200,000
Total comprehensive expenses for the year	–	–	–	(9,074,949)	(9,074,949)
At 31 March 2011	30,646,571	–	–	(55,771,196)	(25,124,625)

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.

32. COMMITMENTS

At the end of reporting period, the Group had minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2011	2010
	HK$	*HK$*
Within one year	**1,589,902**	1,238,680
In more than one year but not exceeding five years	**–**	–
	1,589,902	1,238,680

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

33. EVENT AFTER THE END OF THE REPORTING PERIOD

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

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

FIVE YEARS FINANCIAL SUMMARY

Year ended 31 March 2011

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
RESULTS					
Revenue	**188,204**	123,707	201,539	280,698	136,511
Loss before tax	**(8,318,918)**	(4,796,486)	(11,119,668)	(5,439,605)	(7,169,339)
Income tax expense	**–**	–	–	–	–
Loss attributable to shareholders of the Company	**(8,318,918)**	(4,796,486)	(11,119,668)	(5,439,605)	(7,169,339)
Basic loss per share	**(0.10)**	(0.07)	(0.16)	(0.08)	(0.11)

	At 31 March				
	2011	2010	2009	2008	2007
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Non-current assets	**651,712**	21,901	4,131,176	82,522,526	259,783
Current assets	**11,557,834**	9,097,811	6,339,091	10,967,469	15,343,718
Current liabilities	**(160,300)**	(4,627,760)	(1,353,306)	(3,910,014)	(861,838)
Non-current liabilities	**(16,000,000)**	(8,132,005)	(7,960,528)	–	–
(Capital deficiency)/ Shareholders' funds	**(3,950,754)**	(3,640,053)	1,156,433	89,579,981	14,741,663