

GARRON INTERNATIONAL LIMITED

嘉禹國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1226)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	2007 HK\$	2006 HK\$
Turnover	2	38,000,466	15,648,977
Cost of financial assets at fair value through profit or loss sold		(37,241,451)	(14,437,950)
		<u>759,015</u>	<u>1,211,027</u>
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		(361,700)	8,088,476
Other revenue	2	136,596	55,113
Administrative expenses		<u>(7,644,294)</u>	<u>(5,392,550)</u>
(Loss)/profit from operation	4	(7,110,383)	3,962,066
Finance cost		<u>(58,956)</u>	<u>—</u>
(Loss)/profit before taxation		(7,169,339)	3,962,066
Taxation	5	<u>—</u>	<u>200,000</u>
(Loss)/profit attributable to shareholders		<u>(7,169,339)</u>	<u>4,162,066</u>
(Loss)/earnings per share – Basic	7	<u>(0.27)</u>	<u>0.09</u>

* For identification purposes only

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	<i>Note</i>	2007 HK\$	2006 <i>HK\$</i>
Non-current assets			
Property, plant and equipment		259,783	375,242
Current assets			
Financial assets at fair value through profit or loss		14,379,448	14,416,720
Accounts receivable, prepayments and deposits		258,894	2,899,410
Bank and cash balances		705,376	3,745,865
		15,343,718	21,061,995
Current liabilities			
Other payables		861,838	871,735
Net current assets		14,481,880	20,190,260
Net assets		14,741,663	20,565,502
Capital and reserves			
Share capital	8	5,612,000	4,812,000
Reserves		9,129,663	15,753,502
Shareholders' funds		14,741,663	20,565,502
Net asset value per share		0.53	0.855

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the year ended 31 March 2007*

	Share Capital <i>HK\$</i>	Share premium <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
At 31 March 2005	802,000	33,413,149	(21,821,713)	12,393,436
Rights issue	4,010,000	–	–	4,010,000
Profit for the year	<u>–</u>	<u>–</u>	<u>4,162,066</u>	<u>4,162,066</u>
At 31 March 2006	4,812,000	33,413,149	(17,659,647)	20,565,502
Placing of share	800,000	545,000	–	1,345,500
Loss for the year	<u>–</u>	<u>–</u>	<u>(7,223,839)</u>	<u>(7,223,839)</u>
At 31 March 2007	<u><u>5,612,000</u></u>	<u><u>33,958,649</u></u>	<u><u>(24,883,486)</u></u>	<u><u>14,741,663</u></u>

Notes:

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

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

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

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

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

² Effective for annual periods beginning on or after 1 May 2006

³ Effective for annual periods beginning on or after 1 June 2006

⁴ Effective for annual periods beginning on or after 1 November 2006

⁵ Effective for annual periods beginning on or after 1 March 2007

⁶ Effective for annual periods beginning on or after 1 January 2008

2. TURNOVER AND OTHER REVENUE

An analysis of turnover and other revenue is as follows:

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

3. SEGMENT INFORMATION

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

4. (LOSS)/PROFIT FROM OPERATIONS

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

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

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

6. DIVIDEND

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

7. (LOSS)/EARNINGS PER SHARE

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

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

8. SHARE CAPITAL

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

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

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

BUSINESS REVIEW

Financial Results

For the year ended 31 March 2007, the Group recorded a substantial increase in turnover from HK\$15,648,977 to HK\$38,000,466, representing an increase of approximately 143%. The loss attributable to shareholders of the Company for the year amounted to HK\$7,233,839 as compared to the profit for last year amounted to HK\$4,162,066.

Liquidity and Financial Resources

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

Capital Structure

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

Significant Investments

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

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

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

Foreign Currency Risk

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

Material Acquisition and Disposal of Subsidiary

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

Employees

During the year ended 31 March 2007, the Group had retained five employees (2006: five employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to HK\$1,892,498 (2006: HK\$1,560,043). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

Charges on Assets and Contingent Liabilities

Throughout the year ended 31 March 2007, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of its directors, the board of directors confirms that the Company has complied with the public float requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") for the year ended 31 March 2007.

Prospects

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

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 20 August 2007 to Wednesday, 22 August 2007 (both days inclusive), during which period no share transfers will be registered. In order to qualify for voting in the Company's annual general meeting, all transfers accompanied by relevant share certificates must be lodged with Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Friday, 17 August 2007.

PURCHASE, SALE AND REDEMPTION OF SHARES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the code of corporate governance practices in Appendix 14 of the Listing Rules (the "Code") as its own code on corporate governance practices. In the opinion of the Board, save as disclosed below, the Company has complied with the code provisions of the Code during the year ended 31 March 2007.

No chairman or chief executive officer had been appointed by the Company during the year. This constitutes a deviation from the code provision A.2.1 to A.2.3 of the Code. In view of the simple structure of the Company, all significant decision making is carried out by all executive directors of the Company while the day-to-day investment decision is based on the professional recommendation of the investment manager. The Board considers that this structure will not impair the balance of power and authority between the management of the Board and the management of its business.

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the Code. However, one-third of the directors of the Company (both executive and non-executive) are subject to the retirement by rotation at each annual general meeting under the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

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

AUDIT COMMITTEE

The audit committee, which comprises of three independent non-executive directors of the Company, has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's audited results for the year ended 31 March 2007.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on websites of the Company at <http://garron.etnet.com.hk> and the Stock Exchange at www.hkex.com.hk under "Latest Listed Company Information". The annual report for the year ended 31 March 2007 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and dispatched to shareholders in due course.

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

Hong Kong, 23 July 2007

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