

**GARRON INTERNATIONAL LTD:
SHOULD THIS COMPANY DELIST, OR BE DELISTED,
FROM THE MAIN BOARD OF THE STOCK EXCHANGE OF HONGKONG ?**

Since the day that [Garron International Ltd \(\)](#) (Code: 1226, Main Board, The Stock Exchange of Hongkong Ltd) – formerly known as Friedmann Pacific Greater China Investments Ltd () – was first conceived in the financial womb of Mr Liu Chen Chun () at the end of 2002, the investment company was destined to be stillborn.

And it was.

Chairman Liu Chen Chun dropped out of sight on January 19, 2005, and the current Chairman, Dr Poon Ho Man (), assumed the mantle of office.

Thereafter, it was down the slippery slopes to losses, losses and more losses.

The company went public on The Main Board of The Stock Exchange of Hongkong Ltd on September 10, 2002, and the Accumulated Losses Attributable to Shareholders for the 6 Financial Years, ended March 31, 2009, are not less than \$HK41,431,312.

Recently, Garron International Ltd informed its shareholders that, for the 2009-Year, ended March 31, the company had lost \$HK11,119,668 on a Turnover of about \$HK201,539.

That result compared with the 2008-Year when, on a Turnover of about \$HK280,698, Garron International Ltd recorded a Loss Attributable to Shareholders of about \$HK5,439,605.

Perhaps, even more important was the fact that Shareholders' Funds had dropped from the 2008-Year's figure of about \$HK89,579,981 to the 2009-Year's figure of about \$HK1,156,433.

In the Consolidated Balance Sheet of Garron International Ltd, it is stated that 'Available-for-sale financial assets' had been written down from the 2008-figure of \$HK82,143,880 to the 2009-figure of \$HK4,000,000, exactly.

Note 8 to the accounts gives an explanation of this matter:

'AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

Name of investee company	Note	Place of incorporation	Percentage of interest held		Unlisted equity securities, at cost	Fair value adjustment		Carrying value	
			2009	2008		2009	2008	2009	2008

Southwest Mining	The British	
Investments Limited (i)	British	30% <u>4,000,000</u> 4,000,000(78,143,880)78,143,880 <u>4,000,000</u> 82,143,880
("Southwest Mining")	Islands	

Note (i):

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

Southwest Mining holds 100% equity interest of a wholly owned foreign enterprise (""), in which its principal activities is investment holding and provision of consultancy and management services. holds 51% equity interest of (""), in which its principal activities is coal mine exploration and selling. The main assets of is holding (""). In the year ended 31 March 2008, the fair value of were valued by Grant Sherman Appraisal Limited, an independent firm of professional valuers, at approximately RMB469,200,000 through the application of the income approach technique known as discounted cash flow method.

On 16 June 2009, a letter of intent has been signed by , it stated that the 51% equity interest of will be disposed to another shareholder of who already owned 49% of , and the original investment cost HK\$4,000,000 from Garron will be fully refunded upon completion of this transaction. Therefore, fair value adjustment of HK\$78,143,880 has been made in the current year.'

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