TIME INFRASTRUCTURE HOLDINGS LIMITED
太益控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 686)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL SUMMARY

The board of directors ("the Board") of Time Infrastructure Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 with comparative figures for the nine months ended 31 December 2008.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**Year ended 31 December 2009** *HK$'000*	Nine months ended 31 December 2008 *HK$'000*
Revenue	*5*	**97,452**	80,732
Cost of sales		**(35,546)**	(35,123)
Gross profit		**61,906**	45,609
Other income/(expense), net	*5*	**2,623**	(101)
Distribution costs		**(42,465)**	(35,708)
Administrative expenses		**(46,386)**	(42,860)
Finance costs	*6*	**(110)**	(213)
Loss before income tax expense	*7*	**(24,432)**	(33,273)
Income tax expense	*8*	**—**	—

* *For identification purpose only*

	Notes	Year ended 31 December 2009 HK$'000	Nine months ended 31 December 2008 HK$'000
Loss for the year/period		**(24,432)**	(33,273)
Other comprehensive income, after tax:			
Exchange differences arising on translation of foreign operations		—	(43)
Deficit on revaluation of leasehold land and buildings		—	(237)
Other comprehensive income for the year/period, net of tax		—	(280)
Total comprehensive income for the year/period attributable to owners of the Company		**(24,432)**	(33,553)
Loss for the year/period attributable to owners of the Company		**(24,432)**	(33,273)
Total comprehensive income for the year/period attributable to owners of the Company		**(24,432)**	(33,553)
Dividends	*9*	—	—
Loss per share — Basic and diluted	*10*	**(9.82)HKcents**	(14.25)HKcents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**4,638**	5,217
Investment property		**7,100**	5,300
Rental deposits		**6,933**	7,332
Payment for acquisition of toll road entities	*11*	**—**	28,206
		18,671	46,055
Current assets			
Inventories		**23,924**	23,299
Trade receivables, deposits and prepayments	*12*	**2,658**	953
Rental deposits		**1,576**	1,463
Tax recoverable		**61**	61
Other loan receivable	*13*	**28,200**	—
Cash and bank balances		**2,994**	4,931
		59,413	30,707
Current liabilities			
Trade payables, other payables and accruals	*14*	**16,031**	11,579
Amounts due to shareholders		**16,300**	—
Other loan, unsecured		**4,500**	—
Bank borrowings, secured		**2,212**	2,097
Obligation under finance lease		**49**	148
		39,092	13,824
Net current assets		**20,321**	16,883
Total assets less current liabilities		**38,992**	62,938
Non-current liabilities			
Obligation under finance lease		**—**	49
Provision for long service payments		**2,136**	2,919
		2,136	2,968
Total net assets		**36,856**	59,970
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**24,884**	24,884
Reserves		**11,972**	35,086
Total equity		**36,856**	59,970

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND OPERATIONS

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Due to the change of financial year end date from 31 March to 31 December in the prior year, the financial statements for the current year cover a period of 12 months while the comparative amounts for consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a 9-month period, and therefore they are not entirely comparable.

The Company is an investment holding company and the Group is principally engaged in fashion apparel and retail business during the year ended 31 December 2009.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to the Group and effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for the following changes:

HKAS 1 (Revised) "Presentation of Financial Statements"

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statements are renamed as the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows respectively. All income and expenses arising from transactions with non-owners are presented under the Statement of Comprehensive Income; while the owners' changes in equity are presented under the Statement of Changes in Equity.

HKFRS 8 "Operating Segment"

HKFRS 8 replaces HKAS 14 "Segment Reporting, and requires operating segment to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to the chief operating decision-maker as required by HKFRS 8, there are no changes to the operating segments and the relevant segment information on the adoption of HKFRS 8.

HKFRS 7 (Amendments) Improving Disclosures about Financial Statements

The amendments to HKFRS 7 expand the disclosure relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities including issued financial guarantee contracts.

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[4]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKFRS 9	Financial Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January, 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

(b) Basis of measurement and going concern assumption

These financial statements have been prepared under the historical cost convention, as modified for the revaluation of leasehold land and building and investment property which is carried at revaluated amount and fair value, respectively.

The financial statements have been prepared on a going concern basis notwithstanding the consolidated net loss of approximately HK$24,432,000 for the year ended 31 December 2009 and accumulated losses of HK$62,773,000 as at 31 December 2009. In the opinion of the directors, the Group should be able to maintain itself as a going concern in the coming year after taking into consideration the proposed arrangements which include, but not limited to, the following:

(i) on 16 April 2010, the Company entered into a subscription agreement (the "Subscription Agreement") with a company which is beneficially owned by a shareholder of the Company who holds less than five percent of the issued share of the Company as on 16 April 2010 (the "Subscriber"). Pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe the amount of convertible debentures (the "Convertible Debentures") as specified by the Company in written draw-down notice(s) to the Subscriber (serving of such written notice(s) will be at the sole discretion of the Company and the outstanding principal amount of the Convertible Debentures, if issued, will be due on 7 November 2011). The aggregate principal amount of the Convertible Debentures will not exceed HK$25,000,000 (please refer to the Company's announcement dated 16 April 2010 for further details). On 22 April 2010, all conditions precedent under the Subscription Agreement have been fulfilled and the Convertible Debentures in a principal amount of HK$10,000,000 were issued by the Company to the Subscriber on 22 April 2010 pursuant to the terms and conditions of the Subscription Agreement; and

(ii) The directors anticipate that the Group will generate cash flows from its business.

On the basis that the proceed from the Convertible Debentures was received by the Company on 22 April 2010 and also be available subsequent to the date of this announcement and the implementation of other measures with a view to improve the Group's working capital position and financial position, the directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2009. Accordingly, the directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities and provision of further liabilities that might be necessary should the Group be unable to continue as a going concern.

(c) Functional and presentation currency

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

4. SEGMENT INFORMATION

Reportable operating segments

Reportable segments

The Group operates, through its subsidiaries, in fashion retailing business in Hong Kong. The Group has a subsidiary, which principally engaged in manufacturing of fashion apparel for the Group, located in PRC with inter-segment revenue of approximately HK$23,323,000 (Nine months ended 31 December 2008: HK$18,924,000), and segment assets of approximately HK$6,049,000 (2008: HK$7,139,000) and segment liabilities of approximately HK$1,190,000 (2008: HK$708,000), respectively. Except for the "Payment for acquisition of toll road entities" of HK$28,206,000 in 2008 and "Other loan receivable" of HK$28,200,000 in current year, all other assets and liabilities are attributable to the Group's fashion retailing business.

Information about major customers

The Group's revenue from external customers is principally derived from its fashion retailing business in Hong Kong. The Group's customer base is diversified to numerous individual customers without concentration of reliance.

5 . REVENUE AND OTHER INCOME/(EXPENSE), NET

Revenue, which is also the Group's turnover, represents the invoiced value of goods supplied/services provided to customers.

An analysis of other income/(expenses), net is as follows:

	Year ended 31 December 2009 *HK$'000*	Nine months ended 31 December 2008 *HK$'000*
Royalty fee income	**475**	355
Fair value gain/(loss) on investment property	**1,800**	(700)
Gain on disposal of property, plant and equipment	**—**	102
Gross rental income	**228**	71
Bank interest income	**2**	27
Others	**118**	44
	2,623	(101)

6. FINANCE COSTS

	Year ended 31 December 2009 *HK$'000*	Nine months ended 31 December 2008 *HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**52**	195
Interest on finance lease	**14**	18
Interest on other loan	**44**	—
	110	213

7. LOSS BEFORE INCOME TAX EXPENSE

	Year ended 31 December 2009 HK$'000	Nine months ended 31 December 2008 HK$'000
Loss before income tax expense is arrived at after charging/ (crediting):		
Directors' remuneration	**7,285**	3,910
Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	**35,448**	29,021
Retirement benefit scheme contributions	**2,628**	2,070
Reversal of long service payments	**(783)**	(770)
Equity-settled share-based payment expenses	**58**	—
	37,351	30,321
Auditor's remuneration	**676**	661
Depreciation of property, plant and equipment	**2,360**	2,379
Write down of inventories	**1,137**	4,285
Reversal of write down of inventories	**(5,549)**	(2,726)
Cost of inventories	**35,320**	35,123
Foreign exchange losses/(gain), net	**164**	(714)
Loss/(gain) on disposal of property, plant and equipment	**116**	(102)
Minimum lease payments under operating leases on land and buildings	**30,440**	24,847

Note: Cost of inventories includes HK$8,230,000 (Nine months ended 31 December 2008: HK$6,005,000) relating to staff costs, depreciation and rental expenses, which amounts are also included in the respective total amounts disclosed separately above.

8. INCOME TAX EXPENSE

No provision for income tax expenses has been made in the consolidated financial statements as the Group had no assessable profit for the year (Nine months ended 31 December 2008: Nil).

9. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2009 (Nine months ended 31 December 2008: Nil), nor has any dividend been proposed since the end of reporting period (31 December 2008: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended 31 December 2009	Nine months ended 31 December 2008
Loss for the purpose of basic loss per share	**HK$24,432,000**	HK$33,273,000
Weighted average number of ordinary shares for the purpose of basic loss per share	**248,840,000**	233,458,182

Diluted loss per share is presented as the same as basic loss per share for the year/period of 2009 and 2008 because the exercise price of the Company's share options was higher than the average market price of the Company's shares and, accordingly, they have no dilutive effect on the basic loss per share.

11. PAYMENT FOR ACQUISITION OF TOLL ROAD ENTITIES

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Balance as at the beginning of the year/ period	**28,206**	—
Cash payment during the period	—	28,206
Transfer to loan receivable *(Note 13)*	**(28,206)**	—
Balance as at the end of the year/period	—	28,206

On 26 September 2008, the Group entered into an option agreement ("Option Agreement") with independent third parties, pursuant to which the Group was granted an option ("Option") to acquire 75% equity interests in two PRC companies that are principally engaging in toll road business ("Toll Road Business"). Under the Option Agreement, the Group has the rights at its absolute discretion, but is not obliged, to exercise the Option on or before 31 July 2009, after all of the conditions set out in the Option Agreement have been fulfilled (or waived by the Company, as the case may be). The total consideration for the proposed acquisition ("Proposed Acquisition") which shall take place upon exercise of the Option by the Company is RMB190,000,000 ("Total Consideration"), where a total of HK$28,206,000 (equivalent to RMB25,000,000) was paid by the Group in cash as refundable deposit ("Refundable Deposit") and as partial payment of the Total Consideration in prior year. Details of Option Agreement and the transaction contemplated thereunder are set out in the Company's circular dated 31 October 2008.

The Option had not been exercised and expired on 31 July 2009.

On 11 September 2009, the Group entered into a loan agreement with one of the grantors (the "Borrower") under the Option Agreement pursuant to which Yield Long Limited ("Yield Long"), a wholly-owned subsidiary of the Company, has conditionally agreed to grant a grace period of six months to the Borrower for the repayment of the deposit of HK$28,200,000 (or RMB25,000,000 equivalent) (the "Loan"). Under the loan agreement, the Borrower should pay interest to Yield Long on the Loan at the rate of 5% per annum. The Loan is secured by the share charge relating to 75% of the issued share capital of a company ("Charged Company") which had held interest in the Toll Road Business and the personal guarantee from the beneficial owner of the Borrower. Accordingly, the payment for acquisition of toll road entities was then reclassified as other loan receivable under current assets.

Details of the Loan were set out in the Company's circular dated 2 October 2009. The Loan was approved by the Company's shareholders at the special general meeting of the Company held on 19 October 2009 and was thereafter used by the Borrower exclusively for the repayment of the Refundable Deposit. The Loan, together with interest accrued thereon, was due for repayment on 18 April 2010 but has still been outstanding as at the date of this announcement.

In order to indemnify Yield Long against losses in respect of the outstanding Loan and relevant interest, the controlling shareholder of the Company, namely Mr. Wong Pak Lam, Louis ("Mr. Wong"), has executed a deed of indemnity (the "Deed") in favour of Yield Long, provided that the total and maximum liability of Mr. Wong under the Deed shall not exceed HK$14,000,000. Details of such indemnity granted to Yield Long were set out in the Company's announcement dated 22 April 2010.

12. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables — not yet due	**826**	118
Deposits and prepayments	**1,832**	835
	2,658	953

(i) Sales to retail customers are settled in cash or using major credit cards while the Group allows an average credit period of 30 to 60 days for royalty income receivables.

Trade receivables were neither past due nor impaired.

(ii) All of the trade receivables are expected to be recovered within one year.

13. OTHER LOAN RECEIVABLE

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Balance as at beginning of year	**—**	—
Transfer from payment for acquisition of toll road entities *(Note 11)*	**28,206**	—
Exchange realignment	**(6)**	—
Balance as at end of the year	**28,200**	—

Loan receivable represents payment for an option to acquire two toll road entities located in the PRC (note 11). As the result of the Company decided not to exercise the option during the year, the amount paid became receivable. The amount is secured by 75% equity interest in the Charged Company which owns two PRC entities with two toll roads in the PRC and guaranteed by an independent third party. The Loan was interest bearing at 5% per annum and repayable on 18 April 2010.

Subsequent to the end of reporting period, the Group was informed that the local government had terminated the operating permit of a toll road in the PRC to a PRC entity which is owned by the Charged Company. Management is liaising with the Borrower on the settlement of the Loan. The Group obtained a legal advice prepared by a PRC legal advisor which indicate that the PRC entity is entitled to be compensated by the local government in accordance with the operating contract between the local government and the PRC entity.

Subsequent to the end of reporting period, the Deed was granted by Mr. Wong to indemnify the Group an amount not exceeding HK$14,000,000 from any loss to be borne by the Group due to any failure of the Borrower to repay the loan receivable prior to the first anniversary of the date of the Deed.

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Trade payables	**5,186**	1,557
Other payables and accruals	**10,845**	10,022
	16,031	11,579

The average credit period from the Group's trade creditors is 60 days (2008: 60 days).

Other payables are non-interest-bearing and have an average term of three months.

An ageing analysis of trade payables as at the end of reporting period, based on the invoice date, is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
1-30 days	**1,609**	841
31-60 days	**1,636**	483
Over 60 days	**1,941**	233
	5,186	1,557

15. CAPITAL COMMITMENTS

In prior period, the Group entered into a deed in respect of the proposed acquisition of 75% equity interests of two companies established in the PRC which principally engage in toll road business as further detailed in Note 11 to the financial statements. Up to the date of expiry of the Option on 31 July 2009, the Group did not exercise the option for acquisition of the two toll road entities.

16. EVENT AFTER THE REPORTING PERIOD

a) On 16 April 2010, the Company entered into the Subscription Agreement with the Subscriber to subscribe, in condition, the amount of Convertible Debentures as specified by the Company in written draw-down notice(s) to the Subscriber. Written notices to be served by the Company are in the nomination of HK$1,000,000 each and the aggregate principal amount of the Convertible Debentures will not exceed HK$25,000,000, bear interest at 3% and due on 7 November 2011. On 22 April 2010, the Group had drawn down an amount of HK$10,000,000.

b) On 22 April 2010, Mr. Wong granted the Deed to the Group. Pursuant to which Mr. Wong will indemnify the Group of an amount of not exceeding HK$14,000,000 for any loss as a result of any failure of the Borrower to repay the outstanding Loan prior to the first anniversary of the date of the Deed.

INFORMATION FROM THE INDEPENDENT AUDITOR'S REPORT

The following audit opinion is extracted from the annual financial statement for the year ended 31 December 2009.

Basis for Qualified Opinion

As further explained in notes 11 and 13 to the financial statements, included in the consolidated statement of financial position as at 31 December 2009 is a secured loan receivable of HK$28,200,000 relating to a refundable deposit due by the vendor of certain toll road entities ("the Loan Receivable") which is secured by the share of the vendor's subsidiary. Up to the date of this report, the Loan Receivable is overdue and one of the toll road entity's development and operation contract has been terminated by the PRC government, which might have an impact of the underlying value of the securities held by the Group. We have been unable to obtain reliable sufficient information, or to carry out alternative audit procedures to satisfy ourselves that the carrying amount of the Loan Receivable is fairly stated and is not subject to impairment as at 31 December 2009.

Any adjustment that might have been found to be necessary in respect of the Loan Receivable would have had a consequential effect on the financial position of the Group as at 31 December 2009 and of its loss for the year then ended.

Qualified opinion arising from limitation of audit scope

In our opinion, except for any adjustments that might have been determined to be necessary had we been able to satisfy ourselves that the Loan Receivable is fairly stated and is not subject to impairment as at 31 December 2009, the consolidated financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 December 2009 and of the loss and cash flows of the Group 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.

BUSINESS AND OPERATION REVIEW

Business Review

Year 2009 was a year of enormous challenge as global economies remained resilient in countering the global financial tsunami and the ensuing global recession. Amid market uncertainties, the retail operating environment in Hong Kong remained volatile. In addition to the turbulence caused by the global financial crisis, Hong Kong also experienced the threat of human swine flu in the first half of the year. Local consumer spending was severely depressed by falling household wealth and rising unemployment. The Group's core fashion apparel retail business continued to face keen competition. However, there showed signs of recovery in the second half of the year, such as rally in stock market, surge in property prices, return in consumer sentiment and decrease in unemployment rate.

During the year ended 31 December 2009, the Group has retained its well established retail network in Hong Kong with a total of 15 retail outlets located at prime shopping areas in Hong Kong. In order to perfect the retail network of the Group, a total of three new retail outlets were opened, one in Causeway Bay and two in Tsimshatsui, while less profitable shops in Kowloon Bay, Tseung Kwan O and Mongkok were closed during the year. Additional resources were being allocated to marketing, advertising and promotional activities to secure the brand equity of the Group, namely "Gay Giano" and "Cour Carré".

During the year ended 31 December 2009, the Group's revenue was primarily generated from its fashion apparel retail business. The Group recorded a turnover of approximately HK$97.5 million for the year under review (for the nine months ended 31 December 2008: HK$80.7 million). In the first half of the year, the Group's business was severely hit by the notable contraction of economic condition in Hong Kong, but revenue returned progressively in the fourth quarter of the year, marked by recovery in consumer confidence, improvement in labour market conditions and better economic outlook.

The Group's gross profit for the year ended 31 December 2009 was approximately HK$61.9 million, with a gross profit margin of approximately 64% (for the nine months ended 31 December 2008: gross profit of approximately HK$45.6 million, with a gross profit margin of approximately 57%). Consolidated net loss of the Group for the year ended 31 December 2009 amounted to approximately HK$24.4 million (for the nine months ended 31 December 2008: HK$33.3 million). The net loss was mainly due to slow recovery in turnover amid market uncertainties, continuous keen competition of fashion apparel retail market in Hong Kong and high operating costs during the year under review.

On 26 September 2008, the Group entered into an option agreement with independent third parties as the grantors, pursuant to which the Group paid a refundable deposit (the "Refundable Deposit") to the grantors and was granted the option (the "Option") to acquire 75% equity interests in two PRC companies that are principally engaging in toll road business. On 31 July 2009, the Board announced that it decided not to exercise the Option because the Group noticed that the progress of construction of the highways had been deferred. The Company further announced on 11 September 2009 that Yield Long Limited ("Yield Long"), a wholly-owned subsidiary of the Company and one of the grantors (the "Borrower") entered into a loan agreement pursuant to which, Yield Long agreed to lend an interest bearing loan (the "Loan"), the amount of which is equivalent to that of the Refundable Deposit, to the Borrower. The purpose of the Loan is used by the Borrower exclusively for the repayment of the Refundable Deposit. The Loan will be due and become payable to the Group on 18 April 2010.

On 1 April 2010, the Group was informed by the Borrower that the underlying value of the security to the Loan was in doubt and hence, may cast doubt as to the sufficiency of the security to the Loan and may lead to concerns about collectability of the Loan. As at the date of this announcement, the Company is still in the process of obtaining further information and seeking legal advice in relation to the repayment of the Loan. In order to indemnify Yield Long against losses in respect of the outstanding Loan and relevant interest, on 22 April 2010, the controlling shareholder of the Company, namely Mr. Wong Pak Lam, Louis ("Mr. Wong"), has executed a deed of indemnity in favour of Yield Long, provided that the total and maximum liability of Mr. Wong under such deed of indemnity shall not exceed HK$14,000,000.

On 16 April 2010, the Company entered into a subscription agreement with an independent third party (as the subscriber) pursuant to which the Company has conditionally agreed to issue and the subscriber has conditionally agreed to subscribe for convertible debentures for a maximum amount of HK$25,000,000 upon serving of written draw-down notice(s) by the Company in order to provide the Group with flexibility in strengthening its working capital. On 22 April 2010, convertible debentures in a principal amount of HK$10,000,000 were issued by the Company to the subscriber pursuant to the terms and conditions of the subscription agreement.

Prospect

Although merchandise trade, including the Group's core fashion apparel retail business, was the most severely hit segment and the key drag on the economy for most of the year, improvement emerged towards the end of 2009. We expect global recovery process to continue in 2010. However, the pace of recovery is likely to be uneven and also varies across regions. China took the lead in the global economic recovery process. With the gradual recovery of market sentiment and the continued growth in disposable income of the PRC consumers, the Group will continue its strategies to seek strategic partners with solid experience in brand building to develop "Gay Giano" and "Cour Carré" brands in the PRC market and identify further business development opportunities as they arise. Since the two brands of the Group mainly target middle class white-collar employees who wish to project a professional and upbeat image, the banking, insurance, finance, securities, properties and other commercial segments in the PRC will translate into thriving demand for stylish, business-project apparel products like the Group's. Regarding the Hong Kong market, the Group will continue to maintain its retail network and locate its retail outlets cautiously at prime shopping areas with high pedestrian traffic and reasonable rental.

Since the Group's business depends, in part, on the ability to shape, stimulate and anticipate consumer demand by producing fashionable and functional products, the Group has a dedicated product team to exploit fashions and launch new categories so as to be more responsive to fashion and consumer needs and respond more efficiently to changing circumstances. Additional resources will also be devoted to marketing and promotional strategies to upgrade the Group's brand image with a brighter and more modern concept and increase the consumer's awareness of the names of the Group's two brands. Besides, the Group will continue to refine its sourcing strategy on the selection of suppliers in order to maintain and enhance the product quality, and to better control the related costs.

Although the external environment is the main determining factor to the Group's financial results, the Group continues its effort to invest in both brand and business – including retail outlets, product development, people and infrastructure. The Group remains confident that it possesses the brand, strategy and management team to continue to be prosper in the years ahead and aims to maximize the returns to its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Administrative costs for the year ended 31 December 2009 was approximately HK$46.3 million (for the nine months ended 31 December 2008: HK$42.9 million). Share based payment expenses of HK$1.32 million (no share based payment expenses for the nine months ended 31 December 2008) was recorded during the year under review. The legal and professional fees decreased from HK$8.3 million to HK$0.8 million for the year ended 31 December 2009, as compared with the nine months ended 31 December 2008.

Liquidity and financial resources

As at 31 December 2009, net current assets and current ratio of the Group were approximately HK$20.3 million (31 December 2008: HK$16.9 million) and 1.52 (31 December 2008: 2.2) respectively. The current assets mainly comprised inventories of approximately HK$23.9 million (31 December 2008: HK$23.3 million), deposits and prepayments of approximately HK$1.8 million (31 December 2008: HK$0.8 million), accounts receivable of approximately HK$0.8 million (31 December 2008: HK$0.1 million) and bank balances and cash of approximately HK$3.0 million (31 December 2008: HK$4.9 million). The Group had total assets of approximately HK$78.1 million (31 December 2008: HK$76.8 million), current liabilities of approximately HK$39.1 million (31 December 2008: HK$13.8 million), non-current liabilities of approximately HK$2.1 million (31 December 2008: HK$2.9 million) and shareholders' equity of approximately HK$36.8 million (31 December 2008: HK$60.0 million).

The overall gearing ratio for the year increased to 29.5% (31 December 2008: 3.0%) with total borrowings of approximately HK$23 million (31 December 2008: HK$2.3 million) and total assets of approximately HK$78.1 million (31 December 2008: HK$76.8 million) as at 31 December 2009. Overall gearing ratio is defined as total borrowings over total assets.

The Group recorded a net cash outflow from operating activities of approximately HK$21 million (for the nine months ended 31 December 2008: HK$23 million) for the year ended 31 December 2009. With regard to the financing activities, the Group repaid an aggregate of secured bank and other loans of HK$8.2 million (for the nine months ended 31 December 2008: HK$17.8 million) and obtained new secured bank borrowings of an aggregate of HK$8.4 million (for the nine months ended 31 December 2008: HK$12.3 million) during the year under review.

Treasury policies

The Group generally finances its operations with internally generated cash flows and loan facilities provided by banks and financial institutions in Hong Kong. As at 31 December 2009, the total outstanding short-term borrowings stood at approximately HK$2.2 million (31 December 2008: HK$2.1 million). The Group's borrowing methods mainly included bank loans and other loans from financial institutions. The interest rates of most of these loans were mainly determined by reference to the Hong Kong Dollar prime rate. The Group had no interest rate hedging arrangement during the year under review.

Capital expenditure and commitments

Capital expenditures amounted to approximately HK$1.9 million (for the nine months ended 31 December 2008: HK$0.5 million) for the year ended 31 December 2009. These expenditures were mainly used for the improvement of the Group's retail network. There was no capital commitment of the Group as at 31 December 2009 (31 December 2008: nil).

Investment property

The Group's investment property, located at Flat B on 11th Floor of Block 8, Wonderland Villas, 9 Wah King Hill Road, Kwai Chung, New Territories, Hong Kong was valued at approximately HK$7.1 million (31 December 2008: HK$5.3 million) as at 31 December 2009 by RHL Appraisal Limited on an open market, existing use basis. Such valuation gave rise to a revaluation gain of HK$1.8 million which was credited to the income statement (31 December 2008: HK$0.7 million was debited to the income statement). The Group's investment property was leased out under operating leases.

As at 31 December 2009, the Group leases 15 (for the nine months ended 31 December 2008: 15) retail outlets from independent third parties with a total floor area of 22,526 sq.ft. (for the nine months ended 31 December 2008: 24,947 sq.ft) in Hong Kong. The Group also leases certain units at Siu Lek Yuen, Shatin, New Territories, Hong Kong as warehouse and office space.

The Group also leases certain properties in Shediju, Shenzhen, PRC for its production facilities and dormitories.

Pledge of assets and contingent liabilities

As at 31 December 2009, the Group pledged its investment property with a carrying value of HK$7.1 million (31 December 2008: HK$5.3 million). As at 31 December 2009, the Group had no significant contingent liability (31 December 2008: Nil).

Capital structure

As at 31 December 2009, the Company's total number of issued shares was 248,840,000 (31 December 2008: 248,840,000).

Segment information

No separate business segment information is presented as the Group had only one business segment, which was the retail of fashion apparel, during the year ended 31 December 2009.

No geographical segment has been presented as the Group's operations were substantially carried out in Hong Kong during the year under review.

Employees and remuneration policies

As at 31 December 2009, the Group had 179 (31 December 2008: 169) full-time employees in Hong Kong and 218 (31 December 2008: 225) full-time employees in the PRC. The total number of full-time employees of the Group was 397 (31 December 2008: 394). The Group has a share option scheme for the benefits of the directors and eligible employees of the members of the Group.

Foreign exchange exposure

Most of the transactions of the Group are conducted in Hong Kong dollars and Euro. Although Euro in general appreciated during the year under review, the Group did not resort to any currency hedging facility for the year, as the Board had been of the view that the cost of any hedging facility would be higher than the potential risk of the costs incurred as a result of currency fluctuation. However, the management will monitor the Group's foreign exchange exposure and consider hedging significant foreign currency exposure should the need arises.

Material acquisitions and disposals of subsidiaries and associated companies

There were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

Save for deviation from Code Provision E1.2 whereby the Chairman of the Board was unable to attend the Annual General Meeting of the Company held on 12 June 2009 due to other commitments, throughout the year ended 31 December 2009, the Group has adopted and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company (the "Directors"), the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2009.

Audit Committee

The Company has established an audit committee on 14 March 2000 with written terms of reference in accordance with the requirements of the CG Code. The audit committee comprises three members, including the Company's three independent non-executive Directors, namely Mr. Chan Ka Ling, Edmond, Mr. Lo Wa Kei, Roy and Mr. Ching Kwok Ho, Samuel. Mr. Chan Ka Ling, Edmond is the Chairman of the audit committee. The audit committee acts as an important link between the Board and the Company's auditors in matters within the scope of the Group audit. The duties of the audit committee are to review and provide supervision over the financial reporting process of the Group. The audit committee meets regularly with the management and the external auditors to discuss the accounting principles and practices adopted by the Group and the financial reporting matters. The financial statements of the Group for the year ended 31 December 2009 have been reviewed by the audit committee and there were 2 meetings held during the year ended 31 December 2009.

Remuneration Committee

The Company established a remuneration committee on 28 September 2005 with terms of reference in compliance with the provisions set out in the CG Code. The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company's policy and structure in relation to the remuneration of directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time. It comprises three members, including the Company's two independent non-executive Directors, namely Mr. Chan Ka Ling, Edmond and Mr. Lo Wa Kei, Roy and an executive Director, Mr. Wong Kwong Lung, Terence. Mr. Chan Ka Ling, Edmond is the Chairman of the remuneration committee.

The remuneration committee meets at least once a year. During the year ended 31 December 2009, the remuneration committee has held 1 meeting to review the existing remuneration packages of each Director and senior management of the Company, and to recommend to the Board the salaries and bonuses of the Directors and senior management and discuss the remuneration package of the newly appointed directors and senior managements.

PUBLICATION OF RESULTS ANNOUNCEMENT

The results announcement is published on the Stock Exchange's website's at http://www.hkex.com.hk and the Company's website at http://www.gaygiano.com/invest.asp?lang=en.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our shareholders, customers, and business partners for their continued support. May I also thank my fellow directors and our staff for their dedication and contribution.

By Order of the Board
TIME INFRASTRUCTURE HOLDINGS LIMITED
Wong Pak Lam, Louis
Chairman

Hong Kong, 23 April 2010

As at the date of this announcement, the executive directors of the Company are Mr. Wong Pak Lam, Louis, Ms. Lin Xia Yang, Mr. Wong Kwong Lung, Terence, Mr. Lam Ho Fai and Mr. Gu Zhi Hao and the Independent non-executive directors of the Company are Mr. Chan Ka Ling, Edmond, Mr. Lo Wa Kei, Roy and Mr. Ching Kwok Ho, Samuel.