TIME INFRASTRUCTURE HOLDINGS LIMITED
太益控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 686

ANNUAL REPORT 2008

Contents

Corporate Information

Head office and principal place of business

Suites 701-702, Grandtech Centre
8 On Ping Street
Siu Lek Yuen
Shatin, N.T.
Hong Kong

Registered office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Directors

Executive:

Mr. Wong Pak Lam, Louis *(Chairman)*
Ms. Lin Xia Yang *(Chief Executive Officer)*
Mr. Wong Kwong Lung, Terence
Mr. Lam Ho Fai
Mr. Gu Zhi Hao

Independent non-executive:

Mr Chan Ka Ling, Edmond
Mr Lo Wa Kei, Roy
Mr Ching Kwok Ho, Samuel

Company secretary

Mr. Leung Yuk Lun, Eric

Auditors

Shu Lun Pan Horwath Hong Kong CPA Limited
20th Floor Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Solicitors

Bermuda:

Conyers, Dill & Pearman

Principal share registrar and transfer office in Bermuda

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

Branch share registrar and transfer office in Hong Kong

Union Registrars Limited
Room 1901-02, Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Principal bankers

The Hongkong and Shanghai Banking Corporation Limited
ICBC (Asia)
Shanghai Commercial Bank Limited
Wing Hang Bank, Limited

Website

www.gaygiano.com

BUSINESS AND OPERATION REVIEW

Business Review

Fashion apparel retail business in Hong Kong has been under keen competition. In addition, the global financial crisis has affected the economy adversely and significantly since September 2008. In light of the downturn of the economy and the keen market competition, the Group has launched extensive promotion and marketing activities by allocating additional resources on these activities, including media advertising, during the nine-month ended 31 December 2008 so as to heighten the consumer awareness of the two brand names of the Group, "Gay Giano" and "Cour Carré".

During nine months ended 31 December 2008, the Group has retained its well established retail network in Hong Kong with a total of 15 retail outlets (31 March 2008: 15) located in prime locations of Hong Kong as at 31 December 2008. In order to streamline the retail network of the Group, a retail outlet in Causeway Bay, one of the prime shopping areas in Hong Kong, was opened in February 2009, followed by the closure of an outlet in Kowloon Bay in April 2009.

During the nine months ended 31 December 2008, all of the Group's revenue was generated from its fashion apparel retail business. The Group recorded a turnover of HK$80,732,000 during the nine-months ended 31 December 2008 under review (for the year ended 31 March 2008: HK$131,081,000). The Directors considered that the Group's business during the nine months ended 31 December 2008 has been adversely affected by the downturn of the economy, keen competition of the fashion apparel retail market in Hong Kong and the increase in operating costs during the period under review.

The Group's gross profit for the nine months ended 31 December 2008 was approximately HK$45.6 million, with a gross profit margin of approximately 57% (for the year ended 31 March 2008: gross profit of approximately HK$80.3 million, with a gross profit margin of approximately 61%). Consolidated net loss of the Group for the nine months ended 31 December 2008 amounted to approximately HK$33.3 million (for the year ended 31 March 2008: approximately HK$21.6 million). The greater loss during the nine-month ended 31 December 2008 (as compared with the year ended 31 March 2008) was mainly due to a decrease in gross profit margin as a result of, among other things, keen market competition and increase in operating costs.

During the nine months ended 31 December 2008, the Group has terminated the agreement in relation to the proposed acquisition of 70% equity interests in three mining companies due to the non-fulfillment of the conditions precedent set out in the agreement.

On 26 September 2009, aiming at diversifying its business and markets as well as broadening its source of income, the Group entered into an option agreement (the "Option Agreement") with independent third parties (as grantors), pursuant to which, the Group was granted the option (the "Option") to acquire 75% equity interests in two PRC companies that are principally engaging in 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). As at the date of this annual report, the Option has not been exercised by the Group and the proposed acquisition of the equity interests in the PRC companies upon exercise of the Option has not been taken place yet. Further announcement will be made by the Company upon exercise of, or lapse of, the Option, as the case may be.

Prospect

During the period under review, the Group has focused on its core business of fashion apparel retail business. In light of the increasing income level of the PRC consumers and the continuous expansion in the PRC retail market, the Group has been seeking strategic partners with solid experience in brand building to develop the "Gay Giano" and "Cour Carré" brands in the PRC market in these years. The outbreak of financial crises since September 2008 has caused a worldwide economic downturn. However, the PRC central government has launched a series of measures for the purposes of retaining the growth momentum of the PRC economy and aiming at an 8% growth in the gross domestic products (GDP) of the PRC. Having considered all these factors, the Directors believe that it will be in the interest of the Group to continue its strategy in further developing its fashion apparel retail business in the PRC. 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 maintain its retail network and locate cautiously its retail outlets in prime shopping areas with high pedestrian traffic and reasonable rental. For instance, a retail outlet in Causeway Bay, one of the prime shopping areas in Hong Kong, has been opened in February 2009. The Group will also continue to review its marketing and promotional strategies in order to heighten the consumer awareness of the names of the Group's two brands.

Aiming at diversifying the Group's business and markets as well as broadening its source of income, the Group has taken an initial step to enter into the Option Agreement in relation to the grant of the Option to the Company for its acquisition of toll road business in the PRC (please refer to the above paragraph headed "Business Review" for details). The management team of the Group has extensive experience in infrastructure and operation of toll roads in the PRC and the Company considers infrastructure and toll roads business as secure and high quality investments that can deliver sustainable earnings growth for the shareholders in future. The Group will also look for investment opportunities in the category of middle to downstream companies in the infrastructure industry, in particular companies engaging in the business of construction works contracts, the maintenance and management of toll roads. In addition, the Company will continue to identify appropriate business opportunities for the Group, including those opportunities arise in the PRC market, so as to gear to the PRC's growth.

Through the continuous development of the existing core fashion apparel retail business and proposed diversification of the Group's business into promising areas, for instance the toll road business, in the PRC, the Group aims at achieving a sustainable growth and prosperity as well as maximizing the returns to Company's shareholders.

Wong Pak Lam, Louis
Chairman

Hong Kong
24 April 2009

Distribution costs

During the period under review, the Group allocated additional resources in implementing extensive marketing and promotional programs to heighten the consumer awareness of the two brand names of the Group, "Gay Giano" and "Cour Carré", so as to cope with the keen market competition. Distribution costs for the nine months ended 31 December 2008 was HK$35,708,000 (for the year ended 31 March 2008: HK$48,393,000).

Administrative expenses

Administrative costs for the nine months ended 31 December 2008 was HK$42,860,000 (for the year ended 31 March 2008: HK$54,742,000). No share based payment expenses (for the year ended 31 March 2008: HK$3,643,000) and reversal of HK$770,000 in long service payment (for the year ended 31 March 2008: provision for HK$2,186,000) were recorded during the period under review. The audit fee has been decreased from HK$1,401,000 for the year ended 31 March 2008 to HK$661,000 for the nine months ended 31 December 2008. However, the legal and professional fees has increased from HK$3,023,000 to HK$8,337,000 for the nine months ended 31 December 2008, as compared with the year ended 31 March 2008.

Liquidity and financial resources

As at 31 December 2008, net current assets and current ratio of the Group were approximately HK$16.9 million (31 March 2008: HK$55.1 million) and 2.2 (31 March 2008: 4.2) respectively. The current assets mainly comprised inventories of approximately HK$23.3 million (31 March 2008: HK$21.8 million), deposits and prepayments of approximately HK$0.8 million (31 March 2008: HK$35.5 million), accounts receivable of approximately HK$0.1 million (31 March 2008: HK$0.2 million) and bank balances and cash of approximately HK$4.9 million (31 March 2008: HK$6.2 million). The Group had total assets of approximately HK$76.8 million (31 March 2008: HK$90.6 million), current liabilities of approximately HK$13.8 million (31 March 2008: HK$17.3 million), non-current liabilities of approximately HK$2.9 million (31 March 2008: HK$3.7 million) and shareholders' equity of approximately HK$60 million (31 March 2008: HK$69.6 million).

The overall gearing ratio for the year was maintained at 3.0% (31 March 2008: 9.78%) with total borrowings of approximately HK$2.3 million (31 March 2008: HK$8.9 million) and total assets of approximately HK$76.8 million (31 March 2008: HK$90.6 million) as at 31 December 2008. Overall gearing ratio is defined as total borrowings over total assets.

The Group recorded a net cash outflow from operating activities of approximately HK$23 million (for the year ended 31 March 2008: HK$7.5 million) for the nine months ended 31 December 2008. With regard to the financing activities, the Group repaid an aggregate of secured bank and other loans of HK$17.8 million (for the year ended 31 March 2008: HK$23.5 million) and obtained new secured bank borrowings of an aggregate of HK$12.3 million (for the year ended 31 March 2008: HK$25.9 million) during the period 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 2008, the total outstanding short-term borrowings stood at approximately HK$2.1 million (31 March 2008: HK$7.6 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 period under review.

Capital expenditure and commitments

Capital expenditures amounted to approximately HK$0.5 million (for the year ended 31 March 2008: HK$4.5 million) for the nine months ended 31 December 2008. These expenditures were mainly used for improvement of the Group's retail network improvement. There was no capital commitment of the Group as at 31 December 2008 (31 March 2008: HK$0.4 million).

Investment properties

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 (which were classified as leasehold land and building before re-classification on 1 October 2008) were valued at approximately HK$5.3 million (31 March 2008: HK$6.3 million) as at 31 December 2008 by Savills Valuation and Professional Services Limited on an open market, existing use basis. Such valuation gave rise to a revaluation loss of HK$0.7 million which was debited to the income statement (31 March 2008: HK$0.7 million was credited to revaluation reserve). The Group's investment property was leased out under operating leases.

As at 31 December 2008, the Group leases 15 (year ended 31 March 2008: 15) retail outlets from independent third parties with a total floor area of 24,947 sq.ft. (year ended 31 March 2008: 23,550 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 2008, the Group pledged its investment property with a carrying value of HK$5.3 million (31 March 2008: same piece of asset was classified under leasehold land and building with an aggregate net book value of HK$6.3 million). As at 31 December 2008, the Group had no significant contingent liability (2008: Nil).

Capital structure

As at 31 December 2008, the Company's total number of issued shares was 248,840,000 (31 March 2008: 218,840,000). During the nine months ended 31 December 2008, 30,000,000 shares were issued and allotted by the Company to a subscriber at HK$0.80 for each share (for the year ended 31 March 2008: 10,000,000 shares were issued and allotted under the general mandate granted to the Board, and a total of 8,710,000 shares were issued as a result of exercise of share options granted under the 2002 share option scheme of the Company).

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 nine months ended 31 December 2008.

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

Employees and remuneration policies

As at 31 December 2008, the Group had 169 (31 March 2008: 170) full-time employees in Hong Kong and 225 (31 March 2008: 254) full-time employees in the PRC. The total number of full-time employees of the Group was 394 (31 March 2008: 424). The Group has a share option scheme for the benefit 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 period under review, the Group did not resort to any currency hedging facility for the period. 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 acquisition and disposals of subsidiaries and associated companies

Other than those as disclosed in the paragraph headed "Acquisition" in the Director's Report, there were no material acquisitions or disposals of subsidiaries and associated companies during the nine months ended 31 December 2008.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Wong Pak Lam, Louis, aged 30, is the Chairman and the Executive Director of the Company and has joined the Group since August 2007. Mr. Wong completed the law study programme at the Southwest University of Political Science and Law in the PRC in 2001. Being the deputy managing director of Guangdong Liantai Group, he is responsible for the entire group's various investment projects. Mr. Wong is experienced in exploring opportunities for business development in the PRC. He is a member of the Chinese People's Political Consultative Conference Shenzhen Committee.

Ms. Lin Xia Yang, aged 49, is the Chief Executive Officer and the Executive Director of the Company. Ms. Lin has joined the Group in October 2008 and is responsible for the Group's overall strategic planning. Ms. Lin has studied in South China Normal University, Sun Yat-sen University and Hong Kong Baptist University since 1978 and obtained a Bachelor of Philosophy and a Master of Business Administration. Ms. Lin had served as the deputy director of policy research office and administrative committee office of Shantou Special Economic Zone, the deputy director of economic committee of Shantou and the chairman of Shantou Industrial Assets Management Co., Ltd. Since 2004, Ms. Lin has served as the chairman and general manager of Guangdong Kaili Tianren Investment Co., Ltd. Ms. Lin has 20 years of extensive experience in corporate management, merger and acquisition, assets management and restructuring.

Mr. Wong Kwong Lung, Terence, aged 46, is the Executive Director of the Company since August 2007. He is responsible for Group's strategic development projects. He has over 16 years of experience in property development and investment in Hong Kong and the PRC.

Mr. Lam Ho Fai, aged 53, is the Executive Director of the Company. Mr. Lam has over 20 years experience in treasury management in the banking industry and 7 years of corporate finance experience. Prior to joining the Company in July 2008, he had served as the chief financial officer of a U.S. listed company. Mr. Lam holds an honored degree in Bachelor of Commerce with a major in Business Administration from the University of Windsor, Canada and is the member of the Hong Kong Securities Institute. Mr. Lam is responsible for the Group's various investment projects.

Mr. Gu Zhi Hao, aged 43, is the Executive Director of the Company and has joined the Group since February 2009. He is responsible for the Group's overall financial strategies. He graduated from Shanghai Jiao Tong University with a Bachelor degree of Engineering and a Master degree of Management Engineering. Mr. Gu has 15 years of extensive experience in investment banking, venture capital and private equity investment. He served as the corporate finance manager of Shanghai International Securities Co.; the deputy managing director of Shanghai Industrial Capital Management Company Limited, and currently, he is the director of Guangdong Kaili Tianren Investment Co., Ltd.

Independent Non-Executive Directors

Mr. Chan Ka Ling, Edmond, aged 50, is an Independent Non-Executive Director of the Company. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (Practising). He has been practicing as a certified public accountant in Hong Kong for 20 years and is a partner in Chan and Chan, CPA. He is currently an independent non-executive director of Tack Hsin Holdings Limited and Simsen International Corporation Limited, both companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Independent Non-Executive Directors (continued)

Mr. Lo Wa Kei, Roy, aged 37, is an Independent Non-Executive Director of the Company. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practicing), a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Securities Institute. He is also a member of the Institute of Chartered Accountants in England and Wales. He has over 15 years of experience in auditing, accounting and finance. He is currently an independent non-executive director of Sun Hing Vision Group Holdings Limited and Sun Man Tai Holdings Company Limited, both companies are listed on the Main Board of the Stock Exchange.

Mr. Ching Kwok Ho, Samuel, aged 51, is an Independent Non-Executive Director of the Company. He is a practising solicitor in Hong Kong. He graduated from the University of Hong Kong with a degree in Bachelor of Laws and a Postgraduate Certificate in Laws. Mr. Ching is currently a partner in King & Company in Hong Kong. He has over 22 years of legal experience in banking and finance, liquidation, tenancy, conveyancing, commercial disputes and civil litigation in Hong Kong.

Senior Management

Ms. Linda Zhang, aged 29, is the Vice-president of the Fashion Group. She is in charge of Retail, Design and Marketing and has 10 years of experience in international fashion management. Ms. Zhang joined the Group in April 2009 and holds a BA from York University and Diploma in Fashion Management from George Brown College, Canada.

Ms. Sharon Hor, aged 45, joined the Group as a deputy general manager since October 2008. Ms. Hor has over 27 years of experience in the textile industry in areas including material and garment production. Ms. Hor had also worked for large scale USA apparel brands in merchandising area.

Mr. Leung Yuk Lun Eric, aged 42, has 20 years experience in auditing, accounting and finance fields. He joined the Group in December 2008, is the chief financial officer, company secretary and qualified accountant of the Group. Mr. Leung graduated from the City University of Hong Kong with a Professional Diploma in Accounting and a Bachelor of Arts. He also obtained a Master of Science in Information and Technology Management from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of the Chartered Certified Accountants.

Ms. Cheung Yin Fong, aged 52, has over 28 years experience in textile and fashion business. Ms. Cheung joined the Group in September 1982. She is the Production Manager and is responsible for technical operation of the fashion group.

Mr. Chan Kwok Kay, aged 46, is the Design Manager of the Fashion Group. He is responsible for the fashion design of the Fashion Group. He joined the Group in 1988 and has over 25 years of experience in fashion design.

Ms. Lee Hop Mui, aged 44, is the Retail Manager of the Fashion Group and is responsible for the overall daily retail operations of the Fashion Group. Ms. Lee joined the Group in 1987 and has over 24 years of experience in fashion retailing.

Ms. Chan Pui Yu, aged 38, is the Administration Manager of the Fashion Group. Ms. Chan joined the Group in June 2008. Ms. Chan holds a Bachelor degree in Arts (Psychology) from Seattle University in U.S.A. and a Master degree in Trauma Psychology from the Chinese University of Hong Kong.

COUR CARRÉ

Shop 2106, Level 2,
Harbour City,
Tsimshatsui, Kowloon

Shop 052, G/F Cityplaza 2
18 Taikoo Shing Road
Taikoo Shing, H.K.

Shop G35-G37, G/F
Fashion World, Site 2
Whampoa Garden, Hunghom, Kowloon

Shop 472, 4/F
Phase 1, New Town Plaza
Shatin Centre Street, Shatin, N.T.

Shop 210-213, Level 2
Grand Century Place
193 Prince Edward Road West
Mongkok, Kowloon

Unit LG1-28, Festival Walk
80 Tat Chee Avenue,
Kowloon Tong, Kowloon

Shop L024-L025, G/F.,
New World Centre Shopping Mall,
18-24 Salisbury Road
Tsimshatsui, Kowloon.

Shop 103, 1/F., Style House
The Park Lane,
310 Gloucester Road
Causeway Bay, H.K.

Shop No. UC-2, Upper Concourse Level,
APM, Millennium City 5,
418 Kwun Tong Road, Kowloon

Shop 111 on Level One, Man Yee Arcade,
Man Yee Bldg., 68 Des Voeux Road Central, H.K.

Shop UG17, Upper Ground Floor,
Olympian City 2, 18 Hoi Ting Road,
Tai Kok Tsui, Kowloon

Shop. Nos. 1100-1101, Level One,
Metro City Phase II, Tseung Kwan O, N.T.

Shop No. 3, Level 3, Langhom Place,
8 Argyle Street, Mongkok, Kowloon

Shop UG12, UG13, & UG15,
Upper Ground Floor, Citywalk,
No. 1 Yeung Uk Road, Tsuen Wan, N.T.

5/F Sogo Department Store,
Causeway Bay, H.K.

A summary of the results, assets and liabilities of the Group for the last five financial periods is as follows:

Results	**Nine months ended 31 December 2008**	**For the year ended 31 March 2008**	2007	2006	2005
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**80,732**	**131,081**	131,447	132,785	126,404
(Loss) profit before tax	**(33,273)**	**(21,644)**	(1,986)	1,680	14,182
Income tax (expense) credit	—	—	(572)	463	(235)
(Loss) profit for the period/year	**(33,273)**	**(21,644)**	(2,558)	2,143	13,947

Assets and liabilities	**At 31 December 2008**	**At 31 March 2008**	2007	2006	2005
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**76,762**	**90,565**	63,629	68,438	63,346
Total liabilities	**(16,792)**	**(20,988)**	(13,451)	(16,114)	(13,566)
	59,970	**69,577**	50,178	52,324	49,780

		Unit/Place	As at 31 December 2008	As at 31 March 2008	2007	2006	2005
Turnover	Gay Giano	HK$'000	**13,712**	**32,586**	36,043	36,688	34,333
	Cour Carré	HK$'000	**66,444**	**97,630**	93,050	93,132	87,252
	Due G	HK$'000	**576**	**865**	2,354	2,965	4,819
		HK$'000	**80,732**	**131,081**	131,447	132,785	126,404
(Loss)/profit before tax		HK$'000	**(33,273)**	**(21,644)**	(1,986)	1,680	14,182
(Loss)/profit for the period/year		HK$'000	**(33,273)**	**(21,644)**	(2,558)	2,143	13,947
Total equity		HK$'000	**59,970**	**69,577**	50,178	52,324	49,780
Total assets		HK$'000	**76,762**	**90,565**	63,629	68,438	63,346
Working capital		HK$'000	**16,883**	**55,082**	35,020	33,894	30,504
Total borrowings		HK$'000	**2,294**	**7,659**	5,650	5,142	4,585
(Loss)/earnings per share							
— Basic		HK cents	**(14.25)**	**(10.28)**	(1.28)	1.07	6.97
— Diluted		HK cents	**N/A**	**N/A**	N/A	1.07	6.95
Number of shops			**15**	**15**	16	15	13
Total controlled retail floor area		Square feet	**24,947**	**23,550**	24,408	24,911	24,901
Capital expenditure		HK$'000	**564**	**4,516**	2,471	3,027	3,090
Number of employees		Hong Kong, SAR	**169**	**170**	171	187	161
		PRC	**225**	**254**	288	375	367
Gross profit margin		*(note 1)*	**56.49%**	**61.28%**	65.05%	66.77%	69.88%
Operating (loss)/profit margin		*(note 2)*	**(40.08)%**	**(16.20%)**	(1.30%)	(1.37%)	11.43%
Net (loss)/profit margin		*(note 3)*	**(41.21)%**	**(16.51%)**	(1.95%)	(1.61%)	11.03%
Return on equity		*(note 4)*	**(55.48)%**	**(31.11%)**	(5.10%)	(4.10%)	28.02%
Current ratio		*(note 5)*	**2.22**	**4.18**	3.97	3.34	3.47
Stock turnover days		*(note 6)*	**79**	**61**	71	75	56
Creditors' turnover days		*(note 7)*	**12**	**14**	22	19	13
Debt equity (or gearing) ratio		*(note 8)*	**3.82%**	**11.01%**	11.26%	9.83%	9.21%

Notes:

1. Gross profit/Sales x 100%
2. Operating (loss)/profit/Sales x 100%
3. (Loss)/profit after tax/Sales x 100%
4. (Loss)/profit after tax/Equity x 100%
5. Current assets/current liabilities
6. Stock/Sales x 365 days*
7. Trade creditors/Purchases x 365 days*
8. Total debt/equity x 100%
9. 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.

* 275 days for 9 months ended 31 December 2008

The directors submit their report together with the audited financial statements for the nine months period from 1 April 2008 to 31 December 2008.

Change of company name

On 28 November 2008, the shareholders of the Company has passed a special resolution to change the name of the Company from "Gay Giano International Group Limited" to "Time Infrastructure Holdings Limited" and, subject to the new English name of the Company becoming effective, "太益控股有限公司" has been adopted as the Chinese name of the Company for identification purposes.

Change of financial year end date

The financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial year 2008. Accordingly, the current financial period will cover a 9-month period from 1 April 2008 to 31 December 2008.

Principal activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in Note 16 to the financial statements. There were no significant changes in the nature of the Group' s principal activities during the period.

Results and dividends

The loss of the Group for the nine months ended 31 December 2008 are set out in the consolidated income statements on page 29.

The directors do not recommend the payment of a dividend for the period (Year ended 31 March 2008: Nil).

Segmental 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 nine months ended 31 December 2008.

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

Summary financial information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 11 to this annual report. This summary does not form part of the audited financial statements.

Property, plant and equipment and investment property

Movements in property, plant and equipment and investment property during the period under review are set out in Note 14 and 15 to the financial statements, respectively.

Share capital

Details of the movements in share capital of the Company during the period are set out in Note 27 to the financial statements.

The issue of shares during the period was made to broaden the capital base of the Company.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale of listed securities of the Company

During the nine months ended 31 December 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Reserves

Details of movements in the reserves of the Company and the Group during the period under review are set out in Note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31st December, 2008, the Company had no reserve (31st March, 2008: Nil) available for distribution as computed in accordance with the Companies Act 1981 of Bermuda. However, the Company's share premium account in the amount of HK$70,453,000 (31st March, 2008: HK$49,507,000) may be distributed in the form of fully paid bonus shares.

Major Customers and suppliers

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for less than 1% (Year ended 31st March, 2008: less than 1%) of the Group's total revenue for the period under review.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for 9% and 21% (Year ended 31 March 2008: 5% and 17%), respectively, of the Group's total purchases for the period under review .

None of the directors, their associates, or any shareholder (which to the knowledge of the directors own more than 5% of the Company's issued share capital) has any interest in the Group's five largest customers and suppliers.

Directors and director's service contract

The directors during the period and up to the date of this report were:

Executive directors:

Wong Pak Lam, Louis *(Chairman)*
Lin Xiayang *(Chief Executive Officer)* (appointed as director on 6 October 2008, as chief executive officer on 8 January 2009)
Wong Kwong Lung, Terence
Lam Ho Fai (appointed on 1 July 2008)
Gu Zhi Hao (appointed on 11 February 2009)

Independent non-executive directors:

Chan Ka Ling, Edmond
Lo Wa Kei, Roy
Ching Kwok Ho, Samuel

In accordance with Bye-Law 111(A) of the Company's Bye-laws, Mr. Wong Pak Lam, Louis and Mr. Chan Ka Ling, Edmond will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all of the independent non-executive directors are independent.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' and senior management's biographies

Biographical details of the directors of the Company and the senior management of the Group are set out on page 8 to 9 of the annual report.

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' and chief executive's interests in shares of the Company

As at 31 December 2008, the interests of the directors, the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporation as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, were as follows:

Long positions

(a) Ordinary shares of HK$0.10 each in the Company

Name of director	Category	Number of issued ordinary shares held *(note i)*	Percentage of the issued share capital of the Company
Mr. Wong Pak Lam, Louis	Held by controlled corporation *(note ii)*	84,004,000	33.76%
Mr. Wong Kwong Lung, Terence	Beneficial owner	2,188,400	1%

(b) Directors' interests in the underlying shares of the share options of the Company

Name of director	Number of share options held	Exercisable period	Exercise price per share *HK$*
Mr. Wong Pak Lam, Louis	218,840	21.11.2007 to 20.11.2017	2.334
Mr. Wong Kwong Lung, Terence	2,188,400	21.11.2007 to 20.11.2017	2.334
	2,407,240		

notes:

i. Shares of HK$0.10 each in the capital of the Company.

ii. These shares are held by Ti Yu Investments Limited which is incorporated in the British Virgin Islands and is wholly-owned by Mr. Wong Pak Lam, Louis beneficially.

Save as disclosed above, as at 31 December 2008, none of the directors, the chief executive or their associates had any interests or short positions in shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

Share options

Particulars of the Company's share option scheme are set out in note 28 to the financial statements.

Details of the share options granted under the share option scheme to certain directors of the Company to subscribe for shares in the Company are as follows:

Name of director	Date of grant	Exercisable period	Exercise price per share	Outstanding at 1.4.2008	(Exercised)/ Granted during the period	Lapsed during the period	Outstanding at 31.12.2008
Wong Pak Lam, Louis	21.11.2007	21.11.2007 to 20.11.2017	2.334	218,840	—	—	218,840
Wong Kwong Lung, Terence	21.11.2007	21.11.2007 to 20.11.2017	2.334	2,188,400	—	—	2,188,400
Wong Kin Tung*	21.11.2007	21.11.2007 to 20.11.2017	2.334	2,188,400	—	(2,188,400)	—
				4,595,640	—	(2,188,400)	2,407,240

* Wong Kin Tung resigned on 28 January 2008 and the exercisable period of his share options was extended to 28 April 2008. His share options were lapsed subsequent to 28 April 2008.

Details of the share options granted under the share option scheme to certain employees and consultants of the Company for shares in the Company are as follows:

Employees and consultants	Date of grant	Exercisable period	Exercise price per share	Outstanding at 1.4.2008	(Exercised)/ Granted during the period	Lapsed during the year	Outstanding at 31.12.2008
Employees	21.11.2007	21.11.2007 to 20.11.2017	2.334	2,694,000	—	(2,694,000)	—
Consultant	21.11.2007	21.11.2007 to 20.11.2017	2.334	1,094,000	—	—	1,094,000
				3,788,000	—	(2,694,000)	1,094,000

The closing price of the Company's shares on 20 November 2007, immediately before the date of grant of the share options, was HK$2.30.

Arrangement to purchase shares or debentures

Other than as disclosed under the heading "Share Options", at no time during the period was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Substantial shareholders' interests

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company) who, as at 31 December 2008 had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 & 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO.

Long Position in share of the company

Name	Category	Type of interests	Number of shares held	% of the issued share capital
Ti Yu Investment Limited *(note i)*	Beneficial owner	Corporate	48,004,000	19.29
	Other		36,000,000	14.47
Kingston Finance Limited	Person having security interest in shares	Corporate	36,000,000	14.47
Chu Yuet Wah	Interest of controlled corporation	Personal	36,000,000	14.47
Ma Siu Fong	Interest of controlled corporation	Personal	36,000,000	14.47
Zai Tah Lam, Darwin	Beneficial Owner	Personal	42,340,000	17.01
Evolution Capital Management LLC	Investment Manager	Corporate	40,324,000	16.20
Evolution Master Fund Ltd. SPC Segregated Portfolio M	Beneficial Owner	Corporate	40,324,000	16.20
Structured Investment Limited	Other	Corporate	40,324,000	16.20
Evo Capital Management Asia Limited	Investment Manager	Corporate	40,324,000	16.20
Asian Harvest Enterprises Limited *(note ii)*	Beneficial Owner	Corporate	30,000,000	12.06

Substantial shareholders' interests (continued)

Short Position in shares of the Company

Name	Category	Type of interests	Number of shares held	% of the issued share capital
Evolution Master Fund Ltd. SPC Segregated Portfolio M	Beneficial Owner	Corporate	36,000,000	14.47
Structured Investment Limited	Other	Corporate	36,000,000	14.47
Evo Capital Management Asia Limited	Investment Manager	Corporate	36,000,000	14.47

Notes:

i. Mr. Wong Pak Lam, Louis holds 100% of the shares in issue of Ti Yu Investment Limited and therefore has a controlling interest in it. By virtue of the SFO, Mr. Wong Pak Lam, Louis is taken to be interested in the shares of the Company held by Ti Yu Investment Limited.

ii. Mr. Gu Zhi Hao is the 100% beneficial owner of Asian Harvest Enterprises Limited and therefore has a controlling interest in it. By virtue of the SFO, Mr. Gu Zhi Hao is taken to be interested in the shares of the Company held by Asian Harvest Enterprises Limited. Mr. Gu was appointed as the Executive Director of the Company on 11 February 2009.

Save as disclosed above, as at 31 December 2008, the Company was not notified by any person (other than the directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Connected transactions

During the nine months ended 31 December 2008, the Group entered into certain transactions which constituted connected transactions under the Listing Rules. Details are set out below:

During the nine months ended 31 December 2008, Boldsmore International Limited ("Boldsmore") leased an office and a warehouse to the Group for the period from 1 April 2008 to 31 December 2008 at a monthly rent of HK$270,000.00. Boldsmore is a company in which Ms. Cheung Yin Sheung, Subraina (Ms. Cheung), a former director of the Company who resigned on 24 August 2007, has beneficial interest in. Total rental expenses during the period from 1 April 2008 to 24 August 2008 were HK$1,289,000.

The independent non-executive directors are of the opinion that the terms of the above transaction was fair and reasonable so far as the shareholders of the Company are concerned; and that the transaction was entered into by the Group in its ordinary course of business and on normal commercial terms and was carried out in accordance with the terms of the agreement governing such transaction.

Other than disclosed above, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Pre-emptive rights
There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors' rights to acquire shares or debentures
Other than as disclosed under the heading "Share Options", at no time during the nine months ended 31 December 2008 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors or their spouses or minor children, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

Directors' interests in contracts
No contract of significance to which the Company, or any of its subsidiaries, was a party and in which a director of the Company had a material interest subsisted at the end of the period or at any time during the period.

Sufficiency of public float
The Company maintained a sufficient public float throughout the nine months period ended 31 December 2008.

Directors' interests in competing business
None of the directors of the Company is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business of any time during the period.

Corporate Governance
Information on the Company's corporate governance practice is set out in the Report of the Corporate Governance accompanying the annual report.

Emolument policy
The Group remunerates its employees including the directors, based on their performance, experience and prevailing market rate. Other employee benefits included insurance and medical cover, subsidised training programme as well as share option scheme. Details of the share option scheme are set out in Note 28 to the financial statements.

The determination of emoluments of the directors of the Company had taken into consideration of their expertise and job specifications.

Management contracts
No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the period.

Acquisition
On 3 April 2008, a proposed acquisition of a 70% equity interests in three mining companies was terminated due to non-fulfillment of certain conditions precedent as stated in the agreement. The company is not obliged to issue convertible bonds which were initially proposed for payment of the acquisition. In addition, a deposit for acquisition of HK$32.90 million was refunded to the Group on 23 June 2008.

Acquisition (continued)

On 27 May 2008, the Group entered into a sale and purchase agreement with independent third parties to acquire several investment properties and toll roads in the PRC at a consideration of RMB460 million (subject to adjustment, if any) which is to be satisfied as to RMB50 million by cash and as to RMB410 million (subject to adjustment, if any) by issue of convertible bonds by the Company.

On 26 September 2008, the Company entered into a termination agreement, with Yield Long Limited (a wholly-owned subsidiary of the Company, the "Grantee"), Universal Summit Investment Limited ("Universal Summit"), Equity Realty Development Company Limited ("Equity Realty") and Mr. Huang Guo Dong ("Mr. Huang"), pursuant to which the sale and purchase agreement dated 27 May 2008 has been terminated and no effect thereafter.

On 26 September 2008, the Company entered into the Option Agreement with the Grantee, Universal Summit, Equity Realty and Mr. Huang in relation to the grant of the Option to the Grantee for the acquisition of 75% equity interests in two PRC companies that are principally engaging in toll road business at a consideration of RMB 190,000,000. 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 conditions set out in the Option Agreement have been fulfilled (or waived by the Company, as the case may be). As at the date of this annual report, the Option has not been exercised by the Group and the proposed acquisition of the equity interests in the two PRC companies upon exercise of the Option has not been taken place yet. Further announcement will be made by the Company upon exercise of, or lapse of, the Option, as the case may be. Details of the Option Agreement and the transactions contemplated thereunder are set out in the Company's circular dated 31 October 2008.

Post balance sheet events

Subsequent to the balance sheet date, a substantial shareholder of the Company had provided advances to the Group of approximately HK$9,300,000 and committed to undertake further advances of not less than HK$10,000,000 to the Group (together as "Aggregate Advances"). The Aggregate Advances are interest-free, unsecured and the substantial shareholder will not demand the Company to repay the Aggregate Advances for the next twelve months.

Auditors

BDO McCabe Lo Limited, who acted as auditors for the year ended 31 March 2007, resigned and Messrs. Deloitte Touche Tohmatsu (the "DTT") was appointed as auditor of the Company for the year ended 31 March 2008.

Shu Lun Pan Horwath Hong Kong CPA Limited were first appointed as auditors of the Company in 2008 upon the resignation of DTT with effect from 23 December 2008.

The financial statements have been audited by Shu Lun Pan Horwath Hong Kong CPA Limited. The Company's auditors will change their name from Shu Lun Pan Horwath Hong Kong CPA Limited to Shu Lun Pan Hong Kong CPA Limited and will merge their business with BDO McCabe Lo Limited on 1 May 2009. On the same date, BDO McCabe Lo Limited will change their name to BDO Limited. As a result of these changes, a resolution will be proposed at the 2009 AGM to appoint BDO McCabe Lo Limited (to be renamed as BDO Limited on 1 May 2009) as the Company's auditors.

On behalf of the Board
Wong Pak Lam, Louis
Chairman

Hong Kong, 24 April 2009

Corporate Governance Practices

Throughout the nine months ended 31 December 2008, 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 nine months ended 31 December 2008.

Board of Directors

Composition of the Board of Directors

The Board of Directors of the Company (the "Board") currently comprises eight Directors, of whom five are Executive Directors, namely Mr. Wong Pak Lam, Louis, Ms. Lin Xia Yang, Mr. Wong Kwong Lung, Terence, Mr. Lam Ho Fai and Mr. Gu Zhi Hao and three are Independent Non-executive Directors, namely Mr. Chan Ka Ling, Edmond, Mr. Lo Wa Kei, Roy and Mr. Ching Kwok Ho, Samuel . Each of Directors' respective biographical details are set out in the "Biographical details of directors and senior management" of this annual report.

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. To the best knowledge of the Board, save as the family relationships set out in the "Biographical details of directors and senior management" of this annual report, there is no financial, business, family or other material/relevant relationship among members of the Board.

Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer of the Company are Mr. Wong Pak Lam, Louis and Ms. Lin Xia Yang respectively. The roles of the Chairman and Chief Executive Officer are segregated to assume a balance of authority and power. The Chairman is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established and set out in writing.

Functions of the Board of Directors

The Board is responsible for the leadership and control of the Company, overseeing the Group's businesses and evaluating the performance of the Group. The Board also focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group. The Board delegates day-to-day operations of the Group to Executive Directors and senior management who perform their duties under the leadership of the Chairman.

Board of Directors (continued)

Independent Non-executive Directors

In compliance of Rule 3.10(1) of the Listing Rules, there are three Independent Non-executive Directors. Among the three Independent Non-executive Directors, two of them have possessed professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of its Independent Non-executive Directors the written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers Mr. Chan Ka Ling, Edmond, Mr. Lo Wa Kei, Roy and Mr. Ching Kwok Ho, Samuel to be independent.

Directors' appointment, re-election and removal

All Non-executive Directors are appointed for a specific term of 1 year subject to the retirement and reappointment provisions in the Bye-law of the Company (the "Bye-laws").

In accordance with the Bye-laws, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company, every Director shall be subject to retire by rotation at least once every three years. In addition, according to the Bye-laws, any Directors appointed to fill a casual vacancy shall hold office only until the next following general meeting or until the next following annual general meeting if addition to the Board and shall then be eligible for re-election at that meeting.

Board meetings and board practices

The Board has scheduled at least four meetings a year and meets when required. During the year, the Board held 13 meetings. The Company Secretary assists the Chairman in preparing the agenda of meeting. For all such meetings, at least 14 days' notice is given to all Directors while reasonable notice is generally given for other board meetings. The Company Secretary is responsible for distributing detailed documents to Directors to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing to the Board of Directors opinions on matters in relation to the compliance with the procedures of the Board meetings. All Board and committee minutes are recorded in appropriate detail and all minutes are kept by Company Secretary and are open for inspections by the Directors. In addition, to facilitate the decision-making process, the Directors are free to have access to the management for enquiries and to obtain further information, when required. The Directors can also seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

During the nine months ended 31 December 2008, the Company held 13 Board meetings, and the Directors' attendance records for those meetings held is set out below.

Board of Directors (continued)

Directors' attendance at board meetings

	Directors' attendance
Executive Directors	
Mr. Wong Pak Lam, Louis (Chairman)	13/13
Mr. Wong Kwong Lung, Terence	13/13
Mr. Lam Ho Fai (appointed in 1st July, 2008)	8/8
Ms. Lin Xia Yang (appointed in 6th October, 2008)	2/2
Mr. Gu Zhi Hao (appointed on 11th February, 2009)	—
Independent Non-executive Directors	
Mr. Chan Ka Ling, Edmond	12/13
Mr. Lo Wa Kei, Roy	12/13
Mr. Ching Kwok Ho, Samuel	12/13

Board Committees

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 has 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 financial reporting matters. The financial statements of the Group for the nine months ended 31 December 2008 have been reviewed by the audit committee and there were 2 meetings held during the nine months ended 31 December 2008. The attendance record for the audit committee meetings is set out below:

	Directors' attendance
Members of the audit committee	
Mr. Chan Ka Ling, Edmond	2/2
Mr. Lo Wa Kei, Roy	2/2
Mr. Ching Kwok Ho, Samuel	2/2

Board Committees (continued)

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 nine months ended 31 December 2008, 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. The attendance record of individual committee members is set out below:

	Directors' Attendance
Members of the remuneration committee	
Mr. Chan Ka Ling, Edmond	1/1
Mr. Lo Wa Kei, Roy	1/1
Mr. Wong Kwong Lung, Terence	1/1

Nomination of Directors

According to the CG Code, it is recommended to set up a nomination committee with a majority of the members thereof being independent non-executive directors. As the Board considers that may take up by the board members, therefore, the Company has not established a nomination committee.

The Board is responsible for considering, selecting and recommending candidates for directorship which based on assessment of their professional qualifications and experience. The Board is responsible for determining the independence of each Director and conducting assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

Auditors' Remuneration

During the nine months ended 31 December 2008, the fees paid/payable to Shu Lun Pan Horwath Hong Kong CPA Limited, the existing auditors of the Company, in respect of audit is HK$650,000 (for the year ended 31 March 2008: HK$1,380,000).

Directors' Responsibility for the Financial Statements

The Board is responsible for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Directors acknowledge their responsibility for preparing the financial statements of the Group. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

Internal Control

The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. During the year, the Board has conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions.

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TO THE SHAREHOLDERS OF TIME INFRASTRUCTURE HOLDINGS LIMITED
(formerly Gay Giano International Group Limited)
(太益控股有限公司)
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Time Infrastructure Holdings Limited (formerly Gay Giano International Group Limited) (the "Company") and its subsidiaries (collectively called the "Group") set out on pages 29 to 84, which comprise the consolidated and Company balance sheets as at 31 December 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the period from 1 April 2008 to 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of the financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the loss and cash flows of the Group for the period from 1 April 2008 to 31 December 2008 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.

SHU LUN PAN HORWATH HONG KONG CPA LIMITED
Certified Public Accountants
24 April 2009
Choi Man On
Practising Certificate number P02410

20th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

For the nine months ended 31 December 2008

	Notes	**Nine months ended 31 December 2008 *HK$'000***	Year ended 31 March 2008 *HK$'000*
Revenue	6	**80,732**	131,081
Cost of sales		**(35,123)**	(50,752)
Gross profit		**45,609**	80,329
Other income	6	**599**	1,571
Distribution costs		**(35,708)**	(48,393)
Administrative expenses		**(42,860)**	(54,742)
Finance costs	7	**(213)**	(409)
Fair value loss on investment property	15	**(700)**	—
Loss before taxation	8	**(33,273)**	(21,644)
Taxation	10	**—**	—
Loss for the period/year attributable to equity holders of the Company	11	**(33,273)**	(21,644)
Dividends	12	**—**	—
Basic loss per share	13	**(14.25)HKcents**	(10.28)HKcents

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2008

	Notes	31 December 2008 HK$'000	31 March 2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**5,217**	13,423
Investment property	15	**5,300**	—
Rental deposits		**7,332**	4,761
Payment for acquisition of toll road entities	17	**28,206**	—
		46,055	18,184
Current assets			
Inventories	18	**23,299**	21,794
Trade receivables, deposits and prepayments	19	**953**	35,693
Rental deposits		**1,463**	4,926
Tax recoverable		**61**	292
Pledged bank deposits	20	**—**	3,500
Cash and cash equivalents	20	**4,931**	6,176
		30,707	72,381
Current liabilities			
Trade payables, other payables and accruals	21	**11,579**	8,440
Amount due to a director	22	**—**	1,200
Bank borrowings, secured	23	**2,097**	7,600
Obligation under finance lease	24	**148**	59
		13,824	17,299
Net current assets		**16,883**	55,082
Total assets less current liabilities		**62,938**	73,266
Non-current liabilities			
Obligation under finance lease	24	**49**	—
Provision for long service payments	25	**2,919**	3,689
		2,968	3,689
Net assets		**59,970**	69,577
EQUITY			
Share capital	27	**24,884**	21,884
Reserves	29	**35,086**	47,693
Total equity		**59,970**	69,577

These financial statements were approved and authorised for issue by the board of directors on 24 April 2009.

Wong Pak Lam, Louis
Director

Lin Xia Yang
Director

The accompanying notes form part of these financial statements.

At 31 December 2008

	Notes	**31 December 2008 HK$'000**	31 March 2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	16	**57,955**	60,814
Current assets			
Cash and cash equivalents	20	**265**	15
Current liabilities			
Other payables and accruals	21	**2,218**	1,178
Amount due to a director	22	**—**	1,200
Amounts due to subsidiaries	16	**365**	—
		2,583	2,378
Net current liabilities		**(2,318)**	(2,363)
Net assets		**55,637**	58,451
EQUITY			
Share capital	27	**24,884**	21,884
Reserves	29(g)	**30,753**	36,567
Total equity		**55,637**	58,451

These financial statements were approved and authorised for issue by the board of directors on 24 April 2009.

Wong Pak Lam, Louis
Director

Lin Xia Yang
Director

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2008

	Share capital *HK$'000* *(Note 27)*	**Share premium** *HK$'000* *(Note 29(a))*	**Call options reserve** *HK$'000* *(Note 30)*	**Share options reserve** *HK$'000* *(Note 29(b))*	**Translation reserve** *HK$'000* *(Note 29(d))*	**Property revaluation reserve** *HK$'000* *(Note 29(c))*	**Retained profits/ (accumulated losses)** *HK$'000*	**Total** *HK$'000*
Balance at 1 April 2007	20,013	26,137	—	—	150	761	3,117	50,178
Total income recognised directly in equity								
Surplus on revaluation of leasehold land and buildings *(Note 14(c))*	—	—	—	—	—	714	—	714
Exchange differences arising on translation of overseas operations	—	—	—	—	108	—	—	108
	—	—	—	—	108	714	—	822
Loss for the year	—	—	—	—	—	—	(21,644)	(21,644)
Total recognised income and expenses for the year	—	—	—	—	108	714	(21,644)	(20,822)
Issue of shares *(Note 27)*	1,000	22,400	—	—	—	—	—	23,400
Share issue expenses	—	(361)	—	—	—	—	—	(361)
Issue of call options *(Note 30)*	—	—	11,607	—	—	—	—	11,607
Call options issue expenses	—	—	(270)	—	—	—	—	(270)
Issue of shares upon exercise of share options	871	1,331	—	—	—	—	—	2,202
Recognition of equity-settled share-based payment expenses *(Note 28)*	—	—	—	3,643	—	—	—	3,643
Balance at 31 March 2008	**21,884**	**49,507**	**11,337**	**3,643**	**258**	**1,475**	**(18,527)**	**69,577**

For the nine months ended 31 December 2008

	Share capital HK$'000 (Note 27)	Share premium HK$'000 (Note 29(a))	Call options reserve HK$'000 (Note 30)	Share options reserve HK$'000 (Note 29(b))	Translation reserve HK$'000 (Note 29(d))	Property revaluation reserve HK$'000 (Note 29(c))	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
Balance at 31 March 2008 and 1 April 2008	**21,884**	**49,507**	**11,337**	**3,643**	**258**	**1,475**	**(18,527)**	**69,577**
Total expense recognised directly in equity								
Deficit on revaluation of leasehold land and buildings *(Note 14(b))*	—	—	—	—	—	(237)	—	(237)
Exchange differences arising on translation of overseas operations	—	—	—	—	(43)	—	—	(43)
	—	—	—	—	(43)	(237)	—	(280)
Loss for the period	—	—	—	—	—	—	(33,273)	(33,273)
Total recognised expenses for the period	—	—	—	—	(43)	(237)	(33,273)	(33,553)
Issue of shares *(Note 27)*	3,000	21,000	—	—	—	—	—	24,000
Share issue expenses	—	(54)	—	—	—	—	—	(54)
Share options lapsed *(Note 28)*	—	—	—	(2,122)	—	—	2,122	—
Balance at 31 December 2008	**24,884**	**70,453**	**11,337**	**1,521**	**215**	**1,238**	**(49,678)**	**59,970**

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

For the nine months ended 31 December 2008

	Nine months ended 31 December 2008 HK$'000	Year ended 31 March 2008 HK$'000
Operating activities		
Loss before taxation	**(33,273)**	(21,644)
Adjustments for:		
Depreciation of property, plant and equipment	**2,379**	3,011
(Gain)/loss on disposal of property, plant and equipment	**(102)**	1,051
Fair value loss on an investment property	**700**	—
Write down of inventories	**4,285**	4,769
Reversal of write down of inventories	**(2,726)**	(4,335)
(Reversal of)/provision for long service payments	**(770)**	2,186
Provision for lease reinstatement costs	**—**	564
Equity settled share-based payment expenses	**—**	3,643
Interest income	**(27)**	(291)
Interest expense	**213**	409
Operating cash flows before working capital changes	**(29,321)**	(10,637)
Decrease/(increase) in rental deposits	**892**	(621)
(Increase)/ decrease in inventories	**(3,064)**	3,375
Decrease in pledged bank deposits	**3,500**	—
Decrease/(increase) in trade receivables, deposits and prepayments	**1,840**	(665)
Increase in trade payables, other payables and accruals	**3,139**	1,578
Cash used in operations	**(23,014)**	(6,970)
Income tax refunded	**231**	75
Income tax paid	**—**	(186)
Interest paid	**(195)**	(379)
Interest on finance lease	**(18)**	(30)
Net cash used in operating activities	**(22,996)**	(7,490)
Investing activities		
Payments to acquire toll road entities	**(28,206)**	—
Payments to acquire property, plant and equipment	**(46)**	(4,516)
Proceeds from disposal of property, plant and equipment	**299**	214
Deposits refunded/(paid) for the acquisition of investments in mining companies	**32,900**	(32,900)
Interest received	**27**	291
Net cash generated from/(used in) investing activities	**4,974**	(36,911)

For the nine months ended 31 December 2008

	Nine months ended 31 December 2008 HK$'000	Year ended 31 March 2008 HK$'000
Financing activities		
Issue of shares	**24,000**	23,400
Issue of call options	**—**	11,607
Payments of transaction costs in connection with issue of shares	**(54)**	(361)
Payments of transaction costs in connection with issue of call options	**—**	(270)
Proceeds from issue of shares upon exercise of share options	**—**	2,202
(Repayment to)/advance from a director	**(1,200)**	1,200
Proceeds from new bank borrowings, secured	**12,269**	25,857
Repayment of bank borrowings	**(17,772)**	(23,469)
Repayment of finance lease obligation	**(380)**	(379)
Net cash generated from financing activities	**16,863**	39,787
Net decrease in cash and cash equivalents	**(1,159)**	(4,614)
Cash and cash equivalents at beginning of period/year	**6,176**	10,790
Effect of foreign exchange rate changes	**(86)**	—
Cash and cash equivalents at end of period/year	**4,931**	6,176
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**4,931**	2,812
Non-pledged time deposits with original maturity of less than three months when acquired	**—**	3,364
	4,931	6,176

The accompanying notes form part of these 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"). The address of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

Pursuant to a special resolution passed at the annual general meeting of the Company held on 28 November 2008 and approved by the Registrars of Companies of Bermuda, the name of the Company was changed from Gay Giano International Group Limited to Time Infrastructure Holdings Limited. For identification purposes, the Chinese translation of the Company name is 太益控股有限公司.

The board of directors of the Company considered that the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the period from 1 April 2008 to 31 December 2008, represent the financial year 2008 of the Company by virtue of its change of financial year end date from 31 March to 31 December.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

2. Adoption of new and revised standards

In the current period the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and did not have significant impact on the Group's results of operations for the nine months ended 31 December 2008 or its financial position as at 31 December 2008.

The adoption of HK(IFRIC) — Int 11 "HKFRS 2 — Group and treasury share transactions", HK(IFRIC) — Int 12 "Service concession arrangements", HK(IFRIC) — Int 14 "HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction" and HKAS 39 & HKFRS 7 Amendments "Reclassification of financial assets" has no impact on these financial statements.

2. Adoption of new and revised standards (continued)

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

		Effective date
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) — Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendment)	Vesting conditions and cancellations	(i)
HKFRS 7 (Amendment)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners	(ii)
HK(IFRIC) — Int 13	Customer loyalty programmes	(iii)
HK(IFRIC) — Int 16	Hedges of a net investment in a foreign operation	(iv)
HK (IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(v)
HK(IFRIC) — Int 18	Transfers of assets from customers	(vi)
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	— HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41	(i)
	— HKFRS 5	(ii)

Effective date

(i) Annual periods beginning on or after 1 January 2009
(ii) Annual periods beginning on or after 1 July 2009
(iii) Annual periods beginning on or after 1 July 2008
(iv) Annual periods beginning on or after 1 October 2008
(v) Annual periods ending on or after 30 June 2009
(vi) Transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of their initial application.

3. Principal accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of preparation of financial statements

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

A substantial shareholder has undertaken to provide financial assistance as is necessary to maintain the Company as a going concern (Note 39). On the strength of this assurance, the financial statements have been prepared on the going concern basis.

(c) Basis of consolidation

These financial statements incorporate the financial statements of the Company and its subsidiaries.

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

All significant intercompany transactions, balances and unrealised gains on transactions between Group enterprises are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

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

3. Principal accounting policies (continued)

(d) Subsidiaries

Subsidiaries are entities in which the Group has the power to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are included in the Company's balance sheet at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(e) Property, plant and equipment

Land and buildings held for use in production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from those that would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to the income statement to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the income statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to accumulated losses. No transfer is made from the property revaluation reserve to accumulated losses except when an asset is derecognised.

Other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold land and buildings	Over the remaining lease terms
Leasehold improvements	33.3%
Plant and machinery	20%
Furniture and fixtures	20%
Motor vehicles	25%

3. Principal accounting policies (continued)

(e) Property, plant and equipment (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

(f) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in fair value of investment property are included in the income statement for the period in which they arise.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment" above.

(g) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Principal accounting policies (continued)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

(i) Financial assets

(i) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Impairment of financial assets

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

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; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

3. Principal accounting policies (continued)

(i) Financial assets (continued)

(ii) Impairment of financial assets (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included in trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

(iii) 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 through the expected life of the financial asset, or where appropriate, a shorter period.

(iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Principal accounting policies (continued)

(j) Financial liabilities and equity instrument issued by the Group

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

All the Group's financial liabilities are classified as other financial liabilities which are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(iv) Effective interest method

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

(v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Principal accounting policies (continued)

(l) Leases

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.

As lessor

Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statements on straight-line basis over the lease term.

As lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Principal accounting policies (continued)

(n) Contingent liabilities

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

(o) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses 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 substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. Principal accounting policies (continued)

(o) Taxation (continued)

(ii) Deferred tax (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 balance sheet date. 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 balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(p) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Hong Kong dollar which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Items included in the financial statements of the Company are measured using the Hong Kong dollar, the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Hong Kong dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Principal accounting policies (continued)

(p) Foreign currencies (continued)

Exchange differences are recognised in the income statement in the period in which they arise except for:

— exchange differences which relate 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 foreign currency borrowings;

— exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

— exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the translation reserve and recognised in the income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollar using exchange rates prevailing at the balance sheet date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed of.

(q) Employees' benefits

(i) Short term benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income statement when incurred. The Group has no further payment obligations once the contribution has been made.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 15% to 20% of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme. The Group has no further payment obligation once the contributions have been paid.

3. Principal accounting policies (continued)

(r) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Share options granted and vested before 7th November, 2002

The financial impact of share options granted is not recorded in the balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted after 7th November, 2002 and vested after 1st April, 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in share options reserve.

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 period or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the share options granted. The fair values of the services received are recognised as expenses immediately.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Related parties

Two 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 (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

3. Principal accounting policies (continued)

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Revenue from the sale of goods is recognised when the Group entity has delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

(ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest method.

(iii) Royalty income is recognised according to the terms of the agreement.

(iv) Rental income from operating lenses is recognised in equal installments over the accounting period covered by the lease term.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Inventory valuation

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value of inventories is the estimated selling prices in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of change in customer taste and competitor actions in response to severe industry cycle. The Group reassesses these estimates at each balance sheet date.

As at 31 December 2008, the directors of the Company have identified slow-moving inventories during the period. Where the actual cash flows are less than expected, a material write-down of raw materials, work in progress and finished goods to estimated net realisable value may arise. The carrying amount of inventories at the balance sheet date was HK$23,299,000 (31 March 2008: HK$21,794,000) after a write-down of raw materials, work in progress and finished goods.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

(ii) Provision for long service payments

A provision is made for the estimated liability for long service payments and the calculation of which involves assumptions and assessment on the employees' final salary, years of service, employee turnover rate, the change of labour market condition and other relevant economic and strategic policies. Adjustment of provision is dependent on the aggregate effect of relevant factors which involve considerable degrees of estimation. The management will also consider taking reference to the independent valuers' report in assessing whether adjustment on provision is required. Where the actual cash flows are less than expected, a material provision for long services payments may arise. The carrying amount of provision for long service payments at the balance sheet date was HK$2,919,000 (31 March 2008: HK$3,689,000.)

5. Segment information

(a) Business segments

No separate business segment information is presented as the Group had only one business segment, which was the retail of fashion apparel, during the nine months ended 31 December 2008.

(b) Geographical segments

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

6. Revenue and other income

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

An analysis of other income is as follows:

	Nine months ended 31 December 2008	Year ended 31 March 2008
	HK$'000	*HK$'000*
Royalty fee income	**355**	474
Gain on disposal of property, plant and equipment	**102**	—
Gross rental income	**71**	—
Bank interest income	**27**	291
Others	**44**	806
	599	1,571

7. Finance costs

	Nine months ended 31 December 2008 HK$'000	Year ended 31 March 2008 HK$'000
Interest expenses on bank borrowings wholly repayable within five years	**195**	379
Interest on finance lease	**18**	30
	213	409

8. Loss before taxation

	Nine months ended 31 December 2008 HK$'000	Year ended 31 March 2008 HK$'000
Loss before taxation is arrived at after charging/(crediting):		
Directors' remuneration *(Note 9)*	**3,910**	6,197
Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	**29,021**	37,909
Retirement benefit scheme contributions	**2,070**	913
(Reversal of)/provision for long service payments *(Note 25)*	**(770)**	2,186
Equity-settled share-based payment expenses *(Note 28)*	**—**	1,171
	30,321	42,179
Auditors' remuneration	**661**	1,401
Depreciation of property, plant and equipment *(Note 14)*	**2,379**	3,011
Write down of inventories *(Note 18)*	**4,285**	4,769
Reversal of write down of inventories *(Note 18)*	**(2,726)**	(4,335)
Cost of inventories *(Note 18)*	**35,123**	50,752
Foreign exchange (gains)/losses, net	**(714)**	1,042
(Gain)/loss on disposal of property, plant and equipment	**(102)**	1,051
Minimum lease payments under operating leases on land and buildings	**24,847**	34,448
Equity-settled share-based payment expenses to consultants *(Note 28)*	**—**	475

Note: Cost of inventories includes HK$6,005,000 (31 March 2008: HK$5,247,000) relating to staff costs, depreciation and rental expenses, which amounts are also included in the respective total amounts disclosed separately above.

9. Directors' and employees' emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the seven (Year ended 31 March 2008: ten) directors were as follows:

Nine months ended 31 December 2008

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Equity-setted share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director:					
Lin Xiayang[#]	—	240	—	—	240
Wong Pak Lam, Louis	—	1,462	9	—	1,471
Wong Kwong Lung, Terence	—	1,371	9	—	1,380
Lam Ho Fai**	—	520	6	—	526
	—	3,593	24	—	3,617
Independent non-executive director:					
Chan Ka Ling, Edmond	113	—	—	—	113
Ching Kwok Ho, Samuel	90	—	—	—	90
Lo Wa Kei, Roy	90	—	—	—	90
	293	—	—	—	293
	293	3,593	24	—	3,910

\# Lin Xinyang was appointed on 6 October 2008.

** Lam Ho Fai was appointed on 1 July 2008.

9. Directors' and employees' emoluments (continued)

(a) Directors' emoluments (continued)

Year ended 31 March 2008

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Equity-settled share-based payment expenses *(Note 28)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director:					
Wong Pak Lam, Louis	—	1,295	8	95	1,398
Wong Kwong Lung, Terence	—	1,035	8	951	1,994
Wong Kin Tung *	—	501	6	951	1,458
Cheung Yin Sheung, Subraina *	—	324	5	—	329
Tong Kwong Fat *	—	320	5	—	325
Yung Wing Sze, Vivian *	—	316	5	—	321
	—	3,791	37	1,997	5,825
Non-executive director:					
To Ming Oi, Wendy *	100	—	—	—	100
Independent non-executive director:					
Chan Ka Ling, Edmond	113	—	—	—	113
Ching Kwok Ho, Samuel	84	—	—	—	84
Lo Wa Kei, Roy	75	—	—	—	75
	272	—	—	—	272
	372	3,791	37	1,997	6,1.97

* Cheung Yin Sheung, Subraina, Tong Kwong Fat, Yung Wing Sze, Vivian and To Ming Oi, Wendy resigned on 24 August 2007. Wong Kin Tung resigned on 28 January 2008.

9. Directors' and employees' emoluments (continued)

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, two (Year ended 31 March 2008: three) were directors of the Company, whose emoluments are included in the disclosure set out in note (a) above. The emoluments of the remaining three (Year ended 31 March 2008: two) highest paid individuals were as follows:

	Nine months ended 31 December 2008	Year ended 31 March 2008
	HK$'000	*HK$'000*
Salaries and other benefits	**1,788**	2,791
Retirement benefit scheme contributions	**25**	24
	1,813	2,815

	Number of employees	Number of employees
HK$500,001 to HK$1,000,000	**3**	—
HK$1,000,001 to HK$1,500,000	**—**	2

(c) During both periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during both periods.

10. Taxation

No provision for taxation has been made in the consolidated financial statements as the Group had no assessable profit for the nine months ended 31 December 2008 (Year ended 31 March 2008: Nil).

The taxation credit for the period/year can be reconciled to the accounting loss as follows:

	Nine months ended 31 December 2008 *HK$'000*	Year ended 31 March 2008 *HK$'000*
Loss before taxation	**(33,273)**	(21,644)
Taxation calculated at Hong Kong profits tax rate of 16.5% (Year ended 31 March 2008: 17.5%)	**(5,490)**	(3,788)
Tax effect of expenses not deductible for taxation purposes	**149**	706
Tax effect of non-taxable items	**(60)**	(231)
Tax effect of deductible temporary differences not recognised	**162**	118
Tax effect on unused tax losses not recognised	**5,582**	3,198
Utilisation of previously unrecognised tax losses	**(346)**	(20)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**3**	17
Income tax for the period/year	**—**	—

11. Loss attributable to equity holders of the Company

Loss attributable to equity holders of the Company includes a loss of HK$26,760,000 (Year ended 31 March 2008: a loss of HK$31,948,000) which has been dealt with in the financial statements of the Company.

12. Dividends

No dividend was paid or proposed for the nine months ended 31 December 2008 (Year ended 31 March 2008: Nil), nor has any dividend been proposed since the balance sheet date (31 March 2008: Nil).

13. Loss per share

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

	Nine months ended 31 December 2008	Year ended 31 March 2008
Loss for the purpose of basic loss per share	**HK$33,273,000**	HK$21,644,000
Weighted average number of ordinary shares for the purpose of basic loss per share	**233,458,182**	210,619,000

No diluted loss per share is presented because the exercise price of the Company's outstanding share options was higher than the average market price for shares at 31 December 2008 and 31 March 2008.

14. Property, plant and equipment

The Group:

	Leasehold land and buildings# HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST OR VALUATION						
At 1 April 2007	5,700	8,668	3,454	8,566	3,409	29,797
Additions	—	1,598	3	1,023	1,892	4,516
Disposals	—	(1,695)	(59)	(1,166)	(683)	(3,603)
Surplus on revaluation	600	—	—	—	—	600
Exchange adjustments	—	403	380	68	133	984
At 31 March 2008	6,300	8,974	3,778	8,491	4,751	32,294
Additions	—	53	—	134	377	564
Disposals	—	—	—	—	(890)	(890)
Deficit on revaluation	(300)	—	—	—	—	(300)
Transfer to investment property *(Note 15)*	(6,000)	—	—	—	—	(6,000)
Exchange adjustments	—	91	86	16	49	242
At 31 December 2008	—	9,118	3,864	8,641	4,287	25,910
ACCUMULATED DEPRECIATION						
At 1 April 2007	—	5,389	3,410	6,402	2,235	17,436
Provided for the year *(Note 8)*	114	1,541	9	673	674	3,011
Disposals	—	(1,013)	(59)	(709)	(557)	(2,338)
Surplus on revaluation	(114)	—	—	—	—	(114)
Exchange adjustments	—	398	375	60	43	876
At 31 March 2008	—	6,315	3,735	6,426	2,395	18,871
Provided for the period *(Note 8)*	63	1,189	27	514	586	2,379
Disposals	—	—	—	—	(693)	(693)
Deficit on revaluation	(63)	—	—	—	—	(63)
Exchange adjustments	—	90	85	14	10	199
At 31 December 2008	—	7,594	3,847	6,954	2,298	20,693
CARRYING AMOUNT						
At 31 December 2008	—	1,524	17	1,687	1,989	5,217
At 31 March 2008	6,300	2,659	43	2,065	2,356	13,423

As the prepaid lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of land and building as finance leases in property, plant and equipment.

14. Property, plant and equipment (continued)

(a) The Group leases a motor vehicle under a finance lease expiring in two years. At the end of the lease term the Group has the option to purchase the leased asset at a price deemed to be a bargain purchase option. None of the lease includes contingent rentals.

During the period, an addition to motor vehicle of the Group financed by new finance lease was HK$518,000 (31 March 2008: Nil). At the balance sheet date, the carrying amount of motor vehicle held under finance lease of the Group was HK$421,000 (31 March 2008: HK$111,000). The related depreciation charge was HK$97,000 (Year ended 31 March 2008: HK$97,000).

(b) During the period, the leasehold land and building of the Group was transferred to investment property at its fair value as at the date of the commencement of the operating lease with the third party. The fair value used is determined by directors of the Group with reference to the recent market transactions in comparable properties. The revaluation deficit of HK$237,000, net of applicable deferred tax, has been transferred from property revaluation reserve.

(c) In the prior year, the leasehold land and buildings of the Group were revalued at 31 March 2008 at their open market value by reference to recent market transactions in comparable properties. The valuations were carried out by Messrs. Savills Valuation and Professional Services Limited, an independent valuer who is a member of the Institute of Valuers and has appropriate qualification. The revaluation surplus of HK$714,000, net of applicable deferred tax, had been transferred to property revaluation reserve for the year ended 31 March 2008.

Had these properties been carried at historical cost less accumulated depreciation, the carrying amount as at 31 March 2008 would have been HK$4,841,000.

(d) In the prior year, the Group had pledged land and buildings with a carrying amount at 31 March 2008 of HK$6,300,000 to secure banking facilities granted to the Group (Note 23). The leasehold land and buildings of the Group were situated in Hong Kong under medium-term leases.

15. Investment property

	The Group HK$'000
Fair value:	
At 1 April 2007, 31 March 2008 and 1 April 2008	—
Transfer from property, plant and equipment *(Note 14)*	6,000
Fair value adjustment	(700)
At 31 December 2008	5,300

The Group's investment property was revalued as at 31 December 2008 at its open market value by reference to recent market transactions in comparable properties. The valuation was carried out by Messrs. Savills Valuation and Professional Services Limited, an independent valuer who is a member of the Institute of Valuers and has appropriate qualification.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to HK$71,000 (Year ended 31 March 2008: Nil). Direct operating expenses arising on the investment property in the period amounted to HK$26,000 (Year ended 31 March 2008: Nil).

The Group's investment property is held in Hong Kong under medium term leases.

The Group has pledged the investment property to secure banking facilities granted to the Group (Note 23).

16. Interests in subsidiaries

	The Company	
	31 December 2008 ***HK$'000***	31 March 2008 *HK$'000*
Unlisted shares, at cost	**32,251**	32,251
Amounts due from subsidiaries	**87,392**	78,059
	119,643	110,310
Less: Impairment losses	**(61,688)**	(49,496)
	57,955	60,814

16. Interests in subsidiaries (continued)

The directors assessed that investments in subsidiaries and amounts due from subsidiaries are impaired due to sustained losses incurred. Consequently, a provision for impairment loss was made.

Amounts due from subsidiaries are unsecured, interest free and in substance a part of the Company's interests in the subsidiaries in the form of quasi-equity loans.

Amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

None of the subsidiaries had any debt securities subsisting at the end of the period or at any time during the period.

Particulars of the Company's principal subsidiaries as at 31 December 2008 are as follows:

			Proportion of ownership interest			
Name of company	**Country of incorporation and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by the subsidiary**	**Principal activities**
Gay Giano Holdings Limited	British Virgin Islands	US$1,000	100%	100%	-	Investment holding
Sky Cypress Limited	British Virgin Islands	US$1	100%	100%	-	Investment holding
Belarus Limited	Hong Kong	HK$3,000	100%	—	100%	Sourcing of materials and investment holding
Cour Carré Company Limited	Hong Kong	HK$1,000	100%	—	100%	Retail of fashion apparel and complementary accessories
Cour Carré World Limited	British Virgin Islands	US$1	100%	—	100%	Inactive
Diamante Globe Limited	British Virgin Islands	US$1	100%	—	100%	Investment holding

16. Interests in subsidiaries (continued)

Name of company	Country of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by the subsidiary	Principal activities
Due G Company Limited	Hong Kong	HK$10,000	100%	—	100%	Retail of fashion apparel and complementary accessories
Gay Giano Company Limited	Hong Kong	HK$1,000,000	100%	—	100%	Retail of fashion apparel and complementary accessories
Gay Giano Holdings Limited	British Virgin Islands	US$1,000	100%	—	100%	Investment holding
Gay Giano International Limited	Hong Kong	HK$1,000	100%	—	100%	Investment holding and provision of administrative services
Gay Giano Technology Limited	British Virgin Islands/Hong Kong	US$1	100%	—	100%	Provision of information technology services
Maxrola Limited	Hong Kong	HK$2	100%	—	100%	Property investment holding
Shenzhen Longwei Fashion Mfg. Co., Ltd *	People's Republic of China ("PRC")	HK$12,000,000	100%	—	100%	Manufacture and distribution of fashion apparel
Tai Yi Holdings Limited	Hong Kong	HK$10,000	100%	—	100%	Investment holding
Yield Long Limited	British Virgin Islands	USD1	100%	—	100%	Investment holding

* a wholly-owned foreign enterprise

The above table lists the subsidiaries of the Company which in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

17. Payment for acquisition of toll road entities

	The Group	
	31 December 2008	31 March 2008
	HK$'000	*HK$'000*
Cash payment	**28,206**	—

On 26 September 2008, the Group entered into an option agreement ("Option Agreement") with independent third parties (as grantors), 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. 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") and shall be satisfied as to RMB25,000,000 by cash and as to RMB165,000,000 by convertible bonds to be issued by the Company to one of the grantors to the Option Agreement upon completion of the Proposed Acquisition. A total of HK$28,206,000 (equivalent to RMB25,000,000) has been paid by the Group as deposit and as partial payment of the Total Consideration. Such deposit will be refunded to the Group if the Group does not exercise the Option on or before 31 July 2009. Details of Option Agreement and the transaction contemplated thereunder are set out in the Company's circular dated 31 October 2008.

Based on the nature of the purchase option and cash payment for acquisition of toll road entities, the directors consider that it is appropriate to classify it as non-current assets.

18. Inventories

	The Group	
	31 December 2008	31 March 2008
	HK$'000	*HK$'000*
Raw materials	**2,864**	4,600
Work in progress	**435**	1,362
Finished goods	**20,000**	15,832
	23,299	21,794

18. Inventories (continued)

(i) The cost of inventories recognised as an expense during the period was HK$35,123,000 (Note 8) (31 March 2008: HK$50,752,000).

(ii) The analysis of the amount of inventories recognised as an expense (Note 8) is as follows:

	The Group	
	31 December 2008	31 March 2008
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**33,564**	50,318
Write down of inventories	**4,285**	4,769
Reversal of write-down of inventories	**(2,726)**	(4,335)
	35,123	50,752

The reversal of write-down of inventories made arose due to an increase in the estimated net realisable value of certain fashion apparel goods as a result of a change in consumer preferences.

(iii) Inventories of HK$1,256,000 (31 March 2008: HK$5,663,000) are expected to be recovered after more than twelve months.

19. Trade receivables, deposits and prepayments

	31 December 2008	31 March 2008
	HK$'000	*HK$'000*
Trade receivables — not yet due	**118**	237
Refundable deposits in respect of acquisition of mining companies *(Note (iii))*	**—**	32,900
Deposits and prepayments	**835**	2,556
	953	35,693

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

Trade receivables which were neither past due nor impaired.

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

(iii) In the prior year, a deposit of HK$32,900,000 was paid in respect of proposed acquisition of equity interests in three mining companies in the PRC. On 3 April 2008, the proposed acquisition was terminated due to non-fulfilment of certain conditions precedent as stated in the agreement. As such, the deposit for the acquisition of HK$32,900,000 was fully refunded to the Group on 23 June 2008.

20. Cash and cash equivalents and pledged bank deposits

	The Group		The Company	
	31 December 2008	31 March 2008	**31 December 2008**	31 March 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**4,931**	2,812	**265**	15
Time deposits	**—**	6,864	**—**	—
	4,931	9,676	**265**	15
Less: Pledged bank deposits for short-term bank loans, classified as current assets *(Note 23)*	**—**	(3,500)	**—**	—
Cash and cash equivalents	**4,931**	6,176	**265**	15

For the purpose of the consolidated cash flow statement, cash and cash equivalents include cash and bank balances.

At the balance sheet date, the Group's cash and bank balances denominated in Renminbi ("RMB") amounted to HK$707,000 (31 March 2008: HK$676,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and each interest at the respective short term time deposit rates. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents and the pledged bank deposits approximate their fair values.

21. Trade payables, other payables and accruals

	The Group		The Company	
	31 December 2008	31 March 2008	**31 December 2008**	31 March 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**1,557**	1,773	**—**	—
Other payables and accruals	**10,022**	6,667	**2,218**	1,178
	11,579	8,440	**2,218**	1,178

The average credit period from the Group's trade creditors during the nine months ended 31 December 2008 was 60 days (31 March 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 balance sheet date, based on the invoice date, is as follows:

	The Group	
	31 December 2008	31 March 2008
	HK$'000	*HK$'000*
1-30 days	**841**	1,392
31-60 days	**483**	263
Over 60 days	**233**	118
	1,557	1,773

22. Amount due to a director

The amount due to a director was unsecured, interest-free and repayable on demand.

23. Bank borrowings, secured

	The Group	
	31 December 2008 ***HK$'000***	31 March 2008 *HK$'000*
Trust receipt loans — secured and repayable on demand or within one year	**2,097**	7,600

The bank loans carry interest at HIBOR over 2% for Hong Kong dollar loans and LIBOR over 2% for US dollars loans per annum. The range of effective interest rates at 31 December 2008 is 3% to 7% (31 March 2008: 7% to 9.75%).

At 31 December 2008, the Group had available HK$283,000 (31 March 2008: HK$5,802,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Certain of the Group's bank loans are secured by the Group's investment property amounting to HK$5,300,000 (Notes15). In the prior year, the bank loans were secured by the Group's bank deposits and leasehold land and building amounted to HK$3,500,000 and HK$6,300,000, respectively (Notes 20 and 14).

The amounts of the Group's borrowings that are denominated in currencies other than functional currencies of the relevant Group entities are set out below:

	The Group	
	31 December 2008 ***HK$'000***	31 March 2008 *HK$'000*
USD	**476**	2,980
EUR	**187**	4,444

24. Obligation under finance lease

At 31 December 2008, the Group had obligation under finance lease repayable as follows:

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	31 December 2008	31 March 2008	**31 December 2008**	31 March 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**164**	66	**148**	59
In the second year	**54**	—	**49**	—
	218	66	**197**	59
Less: Future finance charges	**(21)**	(7)		
Present value of lease obligations	**197**	59		

The Group has policy to lease a motor vehicle under finance lease. The lease term is two years. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligation under finance lease is secured by the lessors' title to the leased assets.

25. Provision

	The Group Provision for long service payments *HK$'000*
At 1 April 2007	1,503
Additional provision *(Note 8)*	2,186
At 31 March 2008	3,689
Less: Amount included under current liabilities	—
Amount shown under non-current liabilities	3,689
At 1 April 2008	3,689
Reversal of provision *(Note 8)*	(770)
At 31 December 2008	2,919
Less: amount included under current liabilities	—
Amount shown under non-current liabilities	2,919

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. According to the Hong Kong Employment Ordinance, the directors have applied the statutory maximum retirement benefits each employee will be entitled in the calculation of long service payments.

26. Deferred taxation

The components of deferred tax (assets)/liabilities recognised in the balance sheet and the movements during the period/year are as follows:

The Group	**Accelerated tax depreciation**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2007	650	(650)	—
(Credited)/charged to income statement *(Note 10)*	(124)	124	—
At 31 March 2008 and 1 April 2008	526	(526)	—
(Credited)/charged to income statement *(Note 10)*	(361)	361	—
Effect of change in tax rate	(5)	5	—
At 31 December 2008	160	(160)	—

Deferred tax balances are presented in the balance sheet as follows:

	The Group	
	31 December 2008	31 March 2008
	HK$'000	*HK$'000*
Deferred tax assets	**(160)**	(526)
Deferred tax liabilities	**160**	526
	—	—

At 31 December 2008, the Group has unused tax losses of HK$81,793,000 (31 March 2008: HK$50,712,000) that are available indefinitely for offsetting against future profits. A deferred tax asset has been recognised in respect of HK$968,000 (31 March 2008: HK$3,006,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$80,825,000 (31 March 2008: HK$47,706,000) due to the unpredictability of future profit streams.

At the balance sheet date, the aggregate amount of temporary difference assoicated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK$985,000 (31 March 2008 HK$931,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and its is probable that such differences will not reverse in the foreseeable future.

27. Share capital

	31 December 2008		31 March 2008	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
At beginning of period/year	**218,840,000**	**21,884**	200,130,000	20,013
Issue of shares *(iii)*	**30,000,000**	**3,000**	—	—
Issue of shares *(i)*	—	—	10,000,000	1,000
Exercise of share options *(ii)*	—	—	8,710,000	871
At end of period/year	**248,840,000**	**24,884**	218,840,000	21,884

Notes

(i) On 15 October 2007, arrangements were made for a private placement of 10,000,000 shares of HK$0.10 each in the Company held by Ti Yu Investments Limited ("Ti Yu") at a price of HK$2.34 per share representing a discount of approximately 3.70% to the closing market price HK$2.43 of the Company's shares on 12 October 2007. Ti Yu is a company incorporated in the British Virgin Islands, the entire issued share capital of which is wholly and beneficially owned by Mr Wong Pak Lam, Louis, a director of the Company.

Pursuant to a subscription agreement of the same date, Ti Yu subscribed for 10,000,000 new shares of HK$0.10 each in the Company at a price of HK$2.34 per share. Transaction expenses of HK$361,000 were incurred for issue of shares. The net proceeds were used to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the board of directors on 28 September 2007.

(ii) During the year ended 31 March 2008, 8,710,000 shares options were exercised at HK$0.2528 per share, resulting in issue of a total of 8,710,000 ordinary shares of HK$0.10 each in the Company.

(iii) On 19 August 2008, the Company has entered into the subscription agreement with the Asian Harvest Enterprises Limited ("Asian Harvest") pursuant to which Asian Harvest has conditionally agreed to subscribe and the Company has conditionally agreed to issue 30,000,000 new shares for a consideration of HK$24,000,000, equivalent to the subscription price of HK$0.8 per subscription share, representing a discount of approximately 6.98% to the closing price of HK$0.86 of the Company's share on 19 August 2008. The subscription of the shares was completed on 3 September 2008. Transaction expenses of HK$54,000 were incurred for issue of shares. The net proceeds were used to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the board of directors on 28 September 2007.

(iv) The shares issued during the period/year ranked pari passu with the then existing shares in all respect.

28. Share option

The operation of the share option scheme adopted by the Company on 14 March, 2000 (the "Old Scheme") was terminated upon the adoption of the New Scheme (as defined below). In such event, no further option would be granted under the Old Scheme. However, all options granted prior to such termination and not yet exercised shall continue to be valid and exercisable subject to and in accordance with the Old Scheme.

On 10 September, 2002, at the annual general meeting, the Company adopted a new share option scheme (the "new Scheme") under which the board of directors may, at their discretion, invite any full time and part time employees, directors, suppliers, customers, consultants, advisors or shareholders of any of the companies which the Group to take up options to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption. By reason of voluntary resignation or by termination of his employment in accordance with the termination provisions of his contract of employment by his employing company, otherwise than on redundancy, or because his employing company ceases to be a member of the Group, all options to the extent not already exercised shall lapse and expiry of the date shall be determined by the directors' discretion.

The total number of shares which may be issued upon exercised of all options to be granted under the New Scheme and other schemes of the Group must not in aggregate exceed 10% of the shares in issue upon completion of the share offer and the capitalisation issue of the time dealings in the shares commence on the Stock Exchange unless a fresh approval from the shareholders of the Company has been obtained.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time. The total number of shares issued and may be issued upon exercise of the options granted to each eligible person under the New Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in twelve-month period must not exceed 1% of the issued share capital of the Company.

Option granted under the New Scheme must be accepted within 28 days from the date of grant. Upon acceptance, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The subscription price for the shares under the New Scheme shall be a price determined by the board of directors of the Company and notified to an eligible participant and shall not be lower than the highest of: (i) the nominal value of a share; (ii) the closing price of one share as stated in the daily quotation sheets issued by the Stock Exchange on the offer date, which shall be a business day; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date.

28. Share option (continued)

Details of the share options granted under the New Scheme to directors of the Company and certain employees and consultants of the Group under the New Scheme during the period/year and movement in such holding during the period/year are as follows:

	Date of grant	Exercisable period	Exercise price per share	Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2008	Lapsed during the period	Outstanding at 31 December 2008
Directors	21.11.2007	21.11.2007 to 20.11.2017	2.334	—	4,595,640	—	—	4,595,640	(2,188,400)	2,407,240
	5.2.2001	5.2.2001 to 4.2.2011	0.2528	4,770,000	—	(1,500,000)	(3,270,000)	—	—	—
Employees	21.11.2007	21.11.2007 to 20.11.2017	2.334	—	2,694,000	—	—	2,694,000	(2,694,000)	—
	5.2.2001	5.2.2001 to 4.2.2011	0.2528	10,310,000	—	(7,210,000)	(3,100,000)	—	—	—
Consultants	21.11.2007	21.11.2007 to 20.11.2017	2.334	—	1,094,000	—	—	1,094,000	—	1,094,000
				15,080,000	8,383,640	(8,710,000)	(6,370,000)	8,383,640	(4,882,400)	3,501,240

On 21 November 2007, 8,383,640 options were granted and their estimated fair values were HK$3,643,000 which were recognised as equity-settled share-based payment expenses (Note 8).

The fair values were calculated using Trinomial Option Pricing Model (the "Model") in the prior year. The inputs into the Model were as follows:

	21 November 2007
Closing share price at the date of grant	HK$2.250
Exercise price	HK$2.334
Expected volatility	81.22%
Option life	10 years
Risk-free rate	3.51%
Expected dividend yield	0%
Fair value per share option	HK$0.4345

Due to the unsuccessful takeover bid on the mining companies in October 2007, the extraordinary volatile period of time was excluded when determining the expected volatility above. Volatility of the underlying Company's share price was estimated by the average annualised standard deviations of the continuously compounded rates of return on the underlying asset's share price quoted by Bloomberg.

28. Share option (continued)

The fair values were calculated by Messrs. Greater China Appraisal Limited, an independent third party. The Model is one of the commonly used models to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on directors' best estimates. The value of an option varies with different variables of certain subjective assumptions. Any changes in the variables so adopted may materially affect the estimation of the fair value of an option.

The closing price of the shares of the Company on 21 November 2007 immediately before the grant of the share options was HK$2.250 per share.

Upon the cessation of the directorships and employment of the relevant grantees, 4,882,400 (Year ended 31 March 2008: 6,370,000) options were lapsed during the period. Accordingly, HK$2,122,000 (Year ended 31 March 2008: Nil) had been transferred from share options reserve to accumulated losses.

29. Reserves

The nature and purpose of each reserve are set out below.

(a) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(b) Share options reserve

This reserve represents the fair value of the actual or estimated number of unexercised share options granted to the eligible parties.

(c) Property revaluation reserve

This has been set up and is dealt with in accordance with the accounting policy in Note 14.

The property revaluation reserve of the Group in respect of land and buildings is distributable to the extent of HK$1,238,000 (31 March 2008: HK$1,475,000).

(d) Translation reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

29. Reserves (continued)

(e) Call options reserve

This reserve represents cash received from placees in connection with call options granted to placees to subscribe Company's shares upon exercise of the call options (Note 30).

(f) Contributed surplus

The contributed surplus of the Company represents the difference between the nominal value of the share capital issued by the Company and the underlying net assets of subsidiaries which were acquired by the Company pursuant to a group reorganisation implemented during the year ended 31 March 2000.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay dividends, or make a distribution out of contributed surplus, if:

(1) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(2) the realisable value of the Company's assets would thereby be less than the aggregate of its issued capital and share premium account.

(g) Reserves of the Company

	Share premium HK$'000 (Note 29(a))	Call options reserve HK$'000 (Note 30)	Share options reserve HK$'000 (Note 29(b))	Contributed surplus HK$'000 (Note 29(f))	Accumulated losses HK$'000	Total HK$'000
At 1 April 2007	26,137	—	—	32,051	(28,023)	30,165
Issue of shares	22,400	—	—	—	—	22,400
Share issue expenses	(361)	—	—	—	—	(361)
Issue of call options	—	11,607	—	—	—	11,607
Call options issue expenses	—	(270)	—	—	—	(270)
Issue of shares upon exercise of share options	1,331	—	—	—	—	1,331
Recognition of equity-settled share-based payment expenses *(Note 28)*	—	—	3,643	—	—	3,643
Loss for the year	—	—	—	—	(31,948)	(31,948)
At 31 March 2008 and 1 April 2008	49,507	11,337	3,643	32,051	(59,971)	36,567
Issue of shares *(Note 27)*	21,000	—	—	—	—	21,000
Share issue expenses	(54)	—	—	—	—	(54)
Share options lapsed	—	—	(2,122)	—	2,122	—
Loss for the period	—	—	—	—	(26,760)	(26,760)
At 31 December 2008	70,453	11,337	1,521	32,051	(84,609)	30,753

30. Call options

On 25 September 2007, the Company issued to independent placees 40,026,000 call options at an option issue price of HK$0.1 for each option. The option period is 18 months commencing from the date of granting of the options. Upon exercise of each option the placees will be able to subscribe for one share of par value HK$0.10 each in the Company at an initial subscription price of HK$2.80. A sum representing 10% of the subscription price has been received by the Company from the placees upon signing of the options agreements as deposit and partial payment of the subscription price for the subscription shares which is non-refundable. The proceeds of issue of call options, including the non-refundable deposits received, of HK$11,607,000 was credited to the call options reserve. Transaction expenses of HK$270,000 were incurred for the issue of call options.

During the period ended 31 December 2008, no options were exercised (Year ended 31 March 2008: Nil).

Subsequent to the balance sheet date, on 25 March 2009, all the 40,026,000 call options expired. No options were exercised.

31. Capital commitments

Capital commitments outstanding at the balance sheet date not provided for in the financial statements were as follows:

	The Group		The Company	
	31 December 2008	31 March 2008	**31 December 2008**	31 March 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Contracted but not provided for:				
— acquisition of property, plant and equipment	**—**	381	**—**	—

During the 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 17 to the financial statements.

32. Operating lease arrangements

The Group as lessee

Significant leasing arrangement in respect of the Group's motor vehicle classified as being held under finance lease is described in Note 24.

Apart from these leases, the Group is the lessee in respect of a number of office premises and retail shops held under operating leases. The leases typically run for an initial period of 1 to 2 years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased every 2 years to reflect market rentals/fixed over the terms of the lease.

	The Group	
	31 December 2008 ***HK$'000***	31 March 2008 *HK$'000*
Minimum lease payments under operating leases recognised as an expense in the period/year	**24,345**	33,340
Contingent rental payments	**502**	1,108
	24,847	34,448

At the balance sheet date, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	31 December 2008 ***HK$'000***	31 March 2008 *HK$'000*
Within one year	**23,464**	29,688
After one year but within five years	**13,940**	24,284
	37,404	53,972

The Group as lessor

At the balance sheet date, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	31 December 2008 ***HK$'000***	31 March 2008 *HK$'000*
Within one year	**240**	—
After one year but within five years	**180**	—
	420	—

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) During the period and in the ordinary course of business, the Group had the following material transactions with related parties which are not members of the Group:

	Nine months ended 31 December 2008	Year ended 31 March 2008
	HK$'000	*HK$'000*
Rental expenses paid	**—**	1,050

Note: The rental expenses for certain office premises were paid to Boldsmore International Limited, a company in which Ms Cheung Yin Sheung, Subraina, a former director of the Company, has beneficial interests.

(b) The remuneration of directors as disclosed in Note 9 to the financial statements and other members of key management during the period/year was as follows:

	Nine months ended 31 December 2008	Year ended 31 March 2008
	HK$'000	*HK$'000*
Short-term benefits	**3,886**	4,163
Retirement scheme contribution benefits	**24**	37
Share-based payment expenses	**—**	1,997
	3,910	6,197

(c) Details of the balance with Mr. Wong Pak Lam, Louis, a director of the Company, as at 31 March 2008 are set out in Note 22.

(d) Details of issue of 10,000,000 shares of HK$0.10 each in the Company held by Ti Yu, of which Mr. Wong Pak Lam, Louis, is the beneficial owner of Ti Yu and a director of the Company, as at 31 March 2008 are set out in Note 27.

34. Major non-cash transaction

During the period, the Group entered into a new finance lease arrangement in respect of, property, plant and equipment with a total capital value at the inception of the lease of HK$518,000 (Year ended 31 March 2008: Nil).

35. Capital risk management

The Group's objective of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 23, cash and cash equivalents and equity attributable to equity holders of the Company, comprising share capital, reserves and accumulated losses as disclosed in Notes 27 and 29.

The Group's risk management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the management's recommendations, the Group will balance its overall capital structure through the payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

During the periods ended 31 December 2008 and 31 March 2008, the Group's strategy was to continue to maintain a gearing ratio of the range 3% to 10%.

35. Capital risk management (continued)

The gearing ratios of the Group as at 31 December 2008 and 31 March 2008 were as follows:

	31 December 2008 **HK$'000**	31 March 2008 HK$'000
Current liabilities		
Bank borrowings, secured	**2,097**	7,600
Amount due to a director	**—**	1,200
Obligation under finance lease	**148**	59
	2,245	8,859
Non-current liabilities		
Obligation under finance lease	**49**	—
Total debts	**2,294**	**8,859**
Non-current assets	**46,055**	18,184
Current assets	**30,707**	72,381
Total assets	**76,762**	**90,565**
Gearing ratio	**3%**	10%

36. Financial risk management

The main risks arising from the Groups' financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as trade receivables of royalty fee income. Impairment provisions are made for losses that have been incurred at the balance sheet date. The credit risk on liquid funds is limited because the counterparties are banks with good reputation. The Group mitigates its exposure to risks relating to trade receivables by its established procedures in granting credit only to customers with sound credit track records. Sales to retail customers are settled in cash or using major credit cards. No credit limits were exceeded during the reporting period, and management does not expect any impairment losses.

The Group has no significant concentration of credit risk. The carrying amount of trade receivables of royalty fee income represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

36. Financial risk management (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

The Group	Carrying amount	Total contractual undiscounted cash flow	On demand	Less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2008						
Trade payables, other payables and accruals	11,579	11,579	9,122	1,557	900	—
Bank borrowings, secured	2,097	2,124	—	2,124	—	—
Obligation under finance lease	197	218	—	41	123	54
	13,873	13,921	9,122	3,722	1,023	54
31 March 2008						
Trade payables, other payables and accruals	8,440	8,440	6,667	1,773	—	—
Amount due to a director	1,200	1,200	1,200	—	—	—
Bank borrowings, secured	7,600	7,825	—	7,825	—	—
Obligation under finance lease	59	66	—	29	37	—
	17,299	17,531	7,867	9,627	37	—

36. Financial risk management (continued)

(b) Liquidity risk (continued)

The Company	Carrying amount	Total contractual undiscounted cash flow	On demand
	HK$'000	*HK$'000*	*HK$'000*
31 December 2008			
Other payables and accruals	2,218	2,218	2,218
Amounts due to subsidiaries	365	365	365
	2,583	2,583	2,583
31 March 2008			
Other payables and accruals	1,178	1,178	1,178
Amount due to a director	1,200	1,200	1,200
	2,378	2,378	2,378

(c) Interest rate risk

The Group's interest rate risk arises primarily from short-term borrowings and obligation under finance lease. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively. The Group's interest rate profile as monitored by management is set out below.

The Group is exposed to cash flow interest rate risk in relation to pledged bank deposits, variable rate bank balances and secured bank loans as set out in Notes 20 and 23, respectively. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR") arising from the Group's foreign currencies denominated borrowings.

At 31 December 2008, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after taxation and accumulated losses by HK$11,000 (31 March 2008: HK$20,000).

36. Financial risk management (continued)

(c) Interest rate risk (continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 31 March 2008.

(d) Currency risk

The Group is exposed to currency risk primarily through purchases, trade payables and secured bank borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euros, United States dollars and Renminbi.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan or, in the case of Group entities whose functional currency is Hong Kong dollars, in either Hong Kong dollars or United States dollars. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group	**Assets**		**Liabilities**	
	31 December 2008	31 March 2008	**31 December 2008**	31 March 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Renminbi ("RMB")	**1,032**	889	**1,446**	759
Euros ("EUR")	**41**	997	**721**	4,829
United States Dollars ("USD")	**—**	—	**476**	2,980

The Company	**Assets**		**Liabilities**	
	31 December 2008	31 March 2008	**31 December 2008**	31 March 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Renminbi ("RMB")	**—**	—	**737**	—

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

36. Financial risk management (continued)

(d) Currency risk (continued)

Given that the exchange rate between USD and HKD is pegged and the exposure is considered insignificant, the following only details the Group's sensitivity to a 5% increase and decrease in HKD against EUR and RMB. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in HKD/EUR and RMB exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation at the period end for a 5% change in foreign currency rate. A 5% strengthening of HKD against EUR and RMB will decrease loss for the period by HK$53,000 (31 March 2008: HK$199,000), and vice versa.

(e) Price risk

The Group is not exposed to any equity securities risk or commodity price risk.

(f) Fair values and fair value estimations

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008 and 31 March 2008.

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

37. Summary of financial assets and financial liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2008 and 31 March 2008 may be categorised as follows:

	31 December 2008 *HK'000*	31 March 2008 *HK'000*
Financial assets		
Loans and receivables (including cash and bank balances)	**14,679**	55,056
Financial liabilities		
Financial liabilities measured at amortised cost	**13,873**	17,299

38. Comparative figures

During the period, the Group changed its financial year end from 31 March to 31 December. Accordingly, these financial statements are presented for a period of nine months rather than for a period of 12 months as was adopted for the year ended 31 March 2008. Consequently, the comparative figures for the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the related notes are not comparable with those of the current nine-month period.

39. Post balance sheet event

Subsequent to the balance sheet date, a substantial shareholder of the Company had provided advances to the Group of approximately HK$9,300,000 and committed to undertake further advances of not less than HK$10,000,000 to the Group (together as "Aggregate Advances"). The Aggregate Advances are interest-free, unsecured and the substantial shareholder will not demand the Group to repay the Aggregate Advances for the next twelve months.