THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Time Infrastructure Holdings Limited (the "Company"), you should at once hand this prospectus and the accompanying application form to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the documents mentioned in the paragraph headed "Documents delivered to the Registrars of Companies in Hong Kong and Bermuda" in appendix IV to the Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) on The Stock Exchange of Hong Kong Limited, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 686)

OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY FOUR EXISTING SHARES HELD ON THE RECORD DATE

Underwriter of the Open Offer

睿智金融國際有限公司
VISION FINANCE INTERNATIONAL COMPANY LIMITED

VISION FINANCE
睿｜智｜金｜融

The latest time for acceptance and payment for the Offer Shares is 4:00 p.m. (Hong Kong time) on Friday, 18 June 2010. The procedures for acceptance of Offer Shares are set out on pages 21 and 22 of this Prospectus.

The Shares (as defined herein) have been dealt with on an ex-entitlement basis since Wednesday, 26 May 2010. Such dealing in the Shares will take place whilst the conditions to which the Open Offer is subject remain unfulfilled. A person dealing in Shares on an ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Shareholders contemplating any dealings in the Shares are recommended to consult with their own professional advisers if they are in any doubt.

The Underwriting Agreement (as defined herein) contains provisions entitling the Underwriter (as defined herein) by notice in writing to the Company served prior to 6:00 p.m. on Tuesday, 22 June 2010 to terminate the Underwriting Agreement on the occurrence of certain events. These events are set out under the section headed "Termination of the Underwriting Agreement" on page 7 of this prospectus. If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement are not fulfilled (or waived by the Underwriter) in accordance with the terms thereof, the Open Offer will not proceed. Any person dealing or contemplating any dealing in the Shares of the Company during this period should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their own professional adviser.

* *For identification purpose only*

3 June 2010

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In this prospectus, unless the context requires otherwise, the following expressions have the following meanings:

"Announcement"	the announcement of the Company dated 11 May 2010 in relation to the Open Offer
"Application Form(s)"	the application forms for use by the Qualifying Shareholders to apply for the entitled Offer Shares
"Asian Harvest"	Asian Harvest Enterprises Limited, a company incorporated in the British Virgin Islands, and is beneficially owned by Mr. Gu Zhi Hao, an executive Director
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Time Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"connected persons"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules

"Convertible Debentures"	the redeemable convertible debentures of the Company due on 7 November 2011 in an aggregate amount of up to HK$25,000,000 with 3% interest, which may be convertible into Shares at a conversion price of HK$0.595 per Share upon issue by the Company, of which convertible debentures in the principal amount of HK$10,000,000 have been issued and the conversion rights attaching thereto have been exercised
"Director(s)"	the director(s) of the Company
"Excluded Overseas Shareholders"	the Overseas Shareholders in respect of whom the Board, based on opinions provided by legal advisers, considers it necessary or expedient not to offer the Offer Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Irrevocable Undertaking(s)"	the irrevocable undertakings given by each of the Obligor Shareholders in favour of the Company
"Kwai Yan"	Kwai Yan Assets Limited, a company incorporated in the British Virgin Islands, which is beneficially owned by Mr. Ip Chun Chung Robert and Ms. Yip Yan
"Last Trading Day"	11 May 2010, being the date of the Underwriting Agreement
"Latest Practicable Date"	28 May 2010, being the latest practicable date prior to the printing of this Prospectus for inclusion of certain information in this Prospectus

"Latest Time for Acceptance"	4:00 p.m. on Friday, 18 June, 2010 or such later time (if any) as the Underwriter may agree in writing with the Company, being the latest time for acceptance of, and payment for, the Offer Shares
"Latest Time for Termination"	6:00 p.m. on the second Business Day after the Latest Time for Acceptance
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Obligor Shareholders"	Ti Yu and Asian Harvest which are interested in 84,004,000 and 30,000,000 Shares respectively as at the Latest Practicable Date and their respective ultimate shareholder
"Offer Shares"	66,411,680 Shares to be issued by the Company pursuant to the Open Offer
"Open Offer"	the proposed issue of Offer Shares by the Company on the basis of one Offer Share for every four existing Shares to the Qualifying Shareholders at the Subscription Price, pursuant to the terms and conditions of the Prospectus Documents
"Options"	the options granted by the Company to subscribe for an aggregate of 7,007,240 Shares pursuant to the Share Option Scheme, which are outstanding as at the Latest Practicable Date
"Overseas Shareholders"	the Shareholders whose addresses as shown in the register of members of the Company on the Record Date are not situate in Hong Kong
"Posting Date"	3 June 2010, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders
"Prospectus"	this prospectus of the Company dated 3 June 2010 containing details of the Open Offer

"Prospectus Documents"	the Prospectus and the Application Form(s)
"Qualifying Shareholders"	Shareholders, whose names appear on the register of members of the Company on the Record Date, other than the Excluded Overseas Shareholders
"Record Date"	2 June 2010 or such other date as the Underwriter may agree in writing with the Company
"Registrar"	Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
"SFC"	Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Option Scheme"	the share option scheme of the Company adopted on 10 September 2002
"Share(s)"	the ordinary shares of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.50 per Offer Share
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Ti Yu"	Ti Yu Investments Limited, a company incorporated in the British Virgin Islands and is beneficially owned by Mr. Wong Pak Lam, Louis, an executive Director

"Underwriter"	Vision Finance International Company Limited, a licensed corporation under the SFO, licensed to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
"Underwriting Agreement"	the underwriting agreement dated 11 May 2010 entered into between the Company and the Underwriter in relation to the Open Offer
"Underwritten Shares"	37,910,680 Offer Shares, being the total number of Offer Shares under the Open Offer excluding an aggregate of 28,501,000 Offer Shares undertaken to be subscribed by Ti Yu and Asian Harvest
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

The expected timetable for the Open Offer set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable may be subject to change and any changes will be announced in separate announcement by the Company as and when appropriate.

2010

Latest time for acceptance of, and payment for Offer Shares . . . . . 4:00 p.m. on Friday, 18 June

Latest time for the Open Offer to become unconditional . . . . . 6:00 p.m. on Tuesday, 22 June

Announcement of results of Open Offer . . . . . Thursday, 24 June

Certificates for Offer Shares expected to be despatched . . . . . Friday, 25 June

Dealings in Offer Shares commences . . . . . Tuesday, 29 June

All references to times and dates in this Prospectus are references to Hong Kong local times and dates unless otherwise specified.

Effect of bad weather on the Latest Time for Acceptance

The latest time for acceptance of and payment for the Offer Shares will not take effect if there is

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 18 June 2010, the Latest Time for Acceptance will not take place at 4:00 p.m. on Friday, 18 June 2010, but will be extended to 5:00 p.m. on the same day instead;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 18 June 2010, the Latest Time for Acceptance will not take place on Friday, 18 June 2010, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 18 June 2010, the dates mentioned in the expected timetable above may be affected. An announcement will be made by the Company in such event.

If at any time on or before the Latest Time for Termination:

(a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or stock markets or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Open Offer;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf and on behalf of all other parties to the Underwriting Agreement (which may be given at any time up to the Latest Time for Termination) rescind the Underwriting Agreement.

Upon rescission of the Underwriting Agreement by the Underwriter, all liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save in respect of any antecedent breach of any obligation under the Underwriting Agreement and all costs, charges and expenses howsoever incurred by the Company for or incidental to the issue of the Offer Shares and the arrangements thereby contemplated payable by the Company pursuant to the Underwriting Agreement.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 686)

Executive Directors:
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 Directors:
Mr. Chan Ka Ling, Edmond
Mr. Lo Wa Kei, Roy
Mr. Ching Kwok Ho, Samuel

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Office:
Suites 701-702, 7th Floor
Grandtech Centre
8 On Ping Street
Siu Lek Yuen, Shatin
New Territories
Hong Kong

3 June 2010

To the Shareholders, and for information only,
to the holders of the Options and Convertible Debentures

Dear Sir and Madam,

OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY FOUR EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

On 11 May 2010, the Board announced that the Company proposed to raise funds in the range of about HK$33.2 million to HK$37.4 million (before expenses) by issuing not less than 66,411,680 Offer Shares and not more than 74,739,511 Offer Shares, at the Subscription Price of HK$0.50 per Offer Share on the basis of one Offer Share for every four existing Shares held on the Record Date and payable in full on application.

* *For identification purpose only*

The purpose of this Prospectus is to provide you with further information regarding the Open Offer, including information on procedures for application and payment and certain financial information and other information in respect of the Group.

PROPOSED OPEN OFFER

The Board proposes to implement an Open Offer upon the following terms:

Issue statistics

Basis of the Open Offer	:	One (1) Offer Share for every four (4) Shares held on the Record Date
Subscription Price	:	HK$0.50 per Offer Share The net Subscription Price for each Offer Share is approximately HK$0.48
Number of the Shares in issue as at the Record Date	:	265,646,721 Shares
Number of Offer Shares	:	66,411,680 Offer Shares The aggregate nominal value of the total Offer Shares will be HK$6,641,168.

As at the Latest Practicable Date, the Company has outstanding Options entitling holders to subscribe for an aggregate of 7,007,240 Shares. The Company has recently been informed by Mr. Ip Chun Chung Robert that the options to subscribe for an aggregate of 1,094,000 Shares pursuant to the Share Option Scheme held by a company beneficially owned by him has been dissolved and accordingly such options are no longer outstanding. Therefore, the total number of Shares which may be issued pursuant to the Share Option Scheme as stated in the Announcement (i.e. 8,101,240 Shares) should be adjusted to 7,007,240 Shares.

In addition, the Company may, by serving a drawdown notice to Kwai Yan, require Kwai Yan to subscribe for the remaining Convertible Debentures in the principal amount of HK$15,000,000, which may be convertible into 25,210,084 Shares upon exercise of the conversion rights attaching to the Convertible Debentures in full at a conversion price of HK$0.595 per Share. Save as aforesaid, the Company has no outstanding convertible securities, options or warrants in issue which entitle the holders thereof to subscribe for or convert into any Shares.

The 66,411,680 Offer Shares proposed to be provisionally allotted pursuant to the terms of the Open Offer represent approximately 25% of the Company's issued share capital as at the Latest Practicable Date and approximately 20% of the Company's issued share capital as enlarged by the issue of 66,411,680 Offer Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus (without Application Forms), for information only, to the Excluded Overseas Shareholders (if any).

Subscription Price

The Subscription Price is HK$0.50 per Offer Share, payable in full by a Qualifying Shareholder on application.

The Subscription Price represents:

(i) a discount of approximately 19.35% to the closing price of HK$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 18.83% to the average closing price of HK$0.616 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 19.87% to the average closing price of HK$0.624 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 16.11% to the theoretical ex-entitlement price of HK$0.596 per Share, based on the closing price of HK$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(v) a discount of approximately 3.85% to the closing price of HK$0.52 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider that the discount of the Subscription Price would encourage

Shareholders to participate in the Open Offer and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Open Offer and the Subscription Price to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Status of Offer Shares

The Offer Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Shares then in issue. Holders of Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Fractions of Offer Shares

No fractional entitlements to the Offer Shares will be issued under the Open Offer. All such fractional entitlements will be aggregated and taken up by the Underwriter, provided that, if the fractional entitlements, when aggregated, form less than one single Share, such fractional entitlements will be disregarded.

Odd lots arrangements

The Company will not procure an agent to arrange for odd lots matching services.

Application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders (other than Ti Yu and Asian Harvest), and the Offer Shares to which the Excluded Overseas Shareholders (if any) would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors are of the view that the Open Offer allows the Qualifying Shareholders to maintain their proportional shareholdings in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and its Shareholders as a whole not to offer excess application to the Shareholders.

Certificates for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for Offer Shares are expected to be posted on or before Friday, 25 June 2010 to those Qualifying Shareholders who have validly applied and paid for the Offer Shares by ordinary post at their own risk.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

The Company has made necessary enquiries pursuant to Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders.

As at the close of business on the Record Date, to the best of the knowledge and information of the Directors, certain corporate Shareholders were incorporated in the British Virgin Islands. The Company has been advised by its legal advisers that it would be lawful for the Company to offer the Offer Shares to the Shareholders in the British Virgin Islands even though the Prospectus Documents are not registered in that relevant jurisdiction. Accordingly, overseas Shareholders in the British Virgin Islands will be considered as Qualifying Shareholders.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on

any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENTS

Irrevocable Undertakings

As at the Latest Practicable Date, Ti Yu and Asian Harvest were interested in an aggregate of 114,004,000 Shares, representing approximately 42.92% of the existing issued share capital of the Company. Pursuant to the Open Offer, Ti Yu and Asian Harvest will be entitled to subscribe for a maximum of 28,501,000 Offer Shares, being 21,001,000 Offer Shares and 7,500,000 Offer Shares respectively.

Each of Ti Yu and Asian Harvest has irrevocably and unconditionally undertaken to the Company:

1. to subscribe for an aggregate of 28,501,000 Offer Shares to which they are entitled pursuant to the Open Offer; and

2. not to sell or transfer the Shares held by it before completion of the Open Offer.

The executive Directors, Mr. Wong Pak Lam, Louis, the ultimate shareholder of Ti Yu, and Mr. Gu Zhi Hao, the ultimate shareholder of Asian Harvest, have irrevocably and unconditionally undertaken to the Company:

1. to procure the respective subscription by Ti Yu and Asian Harvest, of an aggregate of 28,501,000 Offer Shares to which they are entitled pursuant to the Open Offer respectively; and

2. not to sell or transfer any of their interests in Ti Yu and Asian Harvest respectively before completion of the Open Offer.

THE UNDERWRITING AGREEMENT

Date	:	11 May 2010
Underwriter	:	Vision Finance International Company Limited
Total number of Offer Shares being underwritten by the Underwriter	:	37,910,680 Offer Shares, subject to the terms and conditions of the Underwriting Agreement, being the total number of Offer Shares under the Open Offer excluding 28,501,000 Offer Shares undertaken to be subscribed by Ti Yu and Asian Harvest pursuant to their respective Irrevocable Undertakings
Commission	:	1.5% of the sum resulting from multiplying the Subscription Price by the number of Underwritten Shares

To the best of the Directors' knowledge and information, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Directors (including independent non-executive Directors) consider the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Open Offer and the Underwriting Agreement

The Open Offer and the Underwriting Agreement are conditional upon the following:

(a) the obligations of the Underwriter under the Underwriting Agreement not being terminated in accordance with the terms thereof;

(b) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date and in compliance with the Listing Rules and the Companies Ordinance;

(c) the filing of one copy of each of the Prospectus Documents (and all other documents required to be attached thereto) with the Registrar of Companies in Bermuda in compliance with the Companies Act 1981 of Bermuda (as amended) prior to or as soon as reasonably practicable after the Posting Date;

(d) the posting of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;

(e) if necessary, the approvals, permits, waivers, consents or authorisation from the relevant Bermuda authorities in respect of the issue of the Offer Shares on or before the Posting Date; and

(f) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Offer Shares in fully-paid form and such listing not being withdrawn or revoked.

If any of the above conditions have not been fulfilled (or waived by the Underwriter) in all respects by or at the time and/or date specified therefor (or if no time or date is specified 30 September 2010) (or such later time as the Underwriter may agree with the Company), the obligations of the Underwriter and the Company under the Underwriting Agreement shall ipso facto cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save in respect of any antecedent breach of any obligation under the Underwriting Agreement and all costs, charges and expenses howsoever incurred by the Company for or incidental to the issue of the Offer Shares and the arrangements thereby contemplated payable by the Company pursuant to the Underwriting Agreement.

The Open Offer is not subject to Shareholders' approval.

Termination of the Underwriting Agreement

If at any time on or before the Latest Time for Termination:

(a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or stock markets or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Open Offer;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf and on behalf of all other parties to the Underwriting Agreement (which may be given at any time up to the Latest Time for Termination) to rescind the Underwriting Agreement.

Upon rescission of the Underwriting Agreement by the Underwriter, all liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save in respect of any antecedent breach of any obligation under the Underwriting Agreement and all costs, charges and expenses howsoever incurred by the Company for or incidental to the issue of the Offer Shares and the arrangements thereby contemplated payable by the Company pursuant to the Underwriting Agreement.

Changes in the Shareholding Structure of the Company arising from the Open Offer

To the best of the knowledge, information and belief of the Directors, the existing and enlarged shareholding structure of the Company immediately before and after the completion of the Open Offer is set out below:

	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Immediately after completion of the Open Offer (assuming no Offer Shares are subscribed for by the Qualifying Shareholders (other than Ti Yu and Asian Harvest))	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Ti Yu *(Note 1)*	84,004,000	31.62	105,005,000	31.62	105,005,000	31.62
Asian Harvest *(Note 2)*	30,000,000	11.29	37,500,000	11.29	37,500,000	11.29
Public:						
Underwriter and subscribers procured by the Underwriter *(Note 3)*	—	—	—	—	37,910,680	11.42
Other public Shareholders *(Note 4)*	151,642,721	57.08	189,553,401	57.08	151,642,721	45.67
Total	265,646,721	100	332,058,401	100	332,058,401	100

Notes:

1. Ti Yu is a company wholly owned by Mr. Wong Pak Lam, Louis, an executive Director. By virtue of the SFO, Mr. Wong Pak Lam, Louis is deemed to be interested in the Shares held by Ti Yu.

2. Asian Harvest is a company wholly owned by Mr. Gu Zhi Hao, an executive Director. By virtue of the SFO, Mr. Gu Zhi Hao is deemed to be interested in the Shares held by Asian Harvest.

3. The Underwriter has confirmed that it shall, whether by itself or together with the parties acting in concert with it as defined in the Takeovers Code (if any), be under no circumstances hold 10% or more of the issued share capital of the Company immediately upon completion of the Open Offer. The Underwriter also agrees that it shall ensure that each of the subscribers for any Underwritten Shares procured by it (i) shall be independent of and not connected or acting in concert (within the meaning of the Takeovers Code) with the Directors, chief executive or substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates and (ii) shall not become a substantial shareholder of the Company immediately upon completion of the Open Offer.

4. The other public Shareholders include, Kwai Yan, a company which is beneficially owned by Mr. Ip Chun Chung Robert and Ms. Yip Yan. By virtue of the SFO, Mr. Ip Chun Chung Robert and Ms. Yip Yan are deemed to be interested in the Shares held by Kwai Yan. Assuming the issuance of the Convertible Debentures in the principal amount of HK$15,000,000, a total of 25,210,084 Shares would be issued upon exercise in full of the conversion rights attaching to the Convertible Debentures at a conversion price of HK$0.595 per Share. However, under the terms of the Convertible Debentures, no conversion rights may be exercised, to the extent that following such exercise, Kwai Yan would have a notifiable interests (within the meaning of the SFO) in the share capital of the Company.

5. The percentages may not add up to 100% due to rounding.

REASONS FOR OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in fashion apparel and retail business.

The gross proceeds from the Open Offer will be approximately HK$33.2 million. The estimated net proceeds of the Open Offer will be approximately HK$32 million.

The Company intends to apply the proceeds raised from the Open Offer for the general working capital of the Group and/or investments in the Group's principal activities and/or repayment of outstanding loans of the Group.

The Directors have considered other fund raising methods, such as placing and rights issues. However, rights issue is not preferred because the Directors believe that rights issue will incur additional cost and time for trading of nil-paid rights shares. As for placing, the Directors have considered that while it may be completed in a relatively shorter period of time, the shareholdings of existing Shareholders will be diluted and possibly smaller amount of funds will be raised by placing.

Accordingly, the Board considers that the Open Offer is preferred as it will enable the Group to strengthen its capital base and to enhance its financial position while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. The Board considers that raising capital through Open Offer is in the interest of the Company and the Shareholders as a whole.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Financial review

The Group is principally engaged in apparel retailing business. For the year ended 31 December 2009, the Group recorded a loss of approximately HK$24.4 million which was contributed by the operating loss of the business.

On 26 September 2008, an option agreement ("Option Agreement") was entered into between the Company, Yield Long Limited ("Yield Long"), a wholly owned subsidiary of the Company, as the grantee, Equity Realty Development Company, Limited ("Equity Realty"), a company then interested as to 75% by Universal Summit Investment Limited ("Universal Summit"), and Universal Summit as the grantors and Mr. Huang Guo Dong, the direct shareholder of Universal Summit (as the guarantor) for the purpose of granting an option by the grantors to the grantee to acquire (i) certain equity interests in companies which were engaged in the development and operation of highways in the PRC held by Equity Realty and (ii) outstanding loans owing from a wholly owned subsidiary of Equity Realty to Universal Summit, at a total consideration of RMB190 million, of which, a sum of RMB25 million has been paid by the Group to the grantors as refundable deposit and part payment of the said total consideration ("Refundable Deposit"). Particulars of the Option Agreement were set out in the announcement and the circular of the Company dated 26 September 2008 and 31 October 2008 respectively. The Board decided not to proceed with the Option Agreement before expiry of the option period on 31 July 2009 as the Group noticed that the progress of the construction of the highways had been deferred. In the view that Universal Summit required time to arrange fund for repayment of the Refundable Deposit, a loan agreement was entered into between Yield Long as lender and Universal Summit as borrower on 11 September 2009 for the amount of HK$28,200,000 ("Loan"), a sum equivalent to the Refundable Deposit, with an interest of 5% per annum. The Loan became due and outstanding on 18 April 2010. Mr. Wong Pak Lam, Louis, the Chairman and an executive Director of the Company, executed a deed of indemnity ("Deed of Indemnity") on 22 April 2010 in favour of Yield Long, pursuant to which he undertook to indemnify Yield Long as a primary obligor, all losses incurred by Yield Long as a result of the failure of repayment of the Loan by Universal Summit prior to the first anniversary of the date of the Deed of Indemnity, to the extent that the maximum liability of Mr. Wong shall not exceed HK$14,000,000.

On 16 April 2010, the Company entered into a subscription agreement with Kwai Yan, a minority shareholder of the Company, pursuant to which, Kwai Yan shall subscribe for the Convertible Debentures for a maximum amount of HK$25,000,000 upon serving of written draw-down notice(s) by the Company in order to provide the Group with flexibility in strengthening its working capital. On 22 April 2010, Convertible Debentures in a principal amount of HK$10,000,000 were issued by the Company to Kwai Yan pursuant to the terms and conditions of the subscription agreement. On 28 April 2010 and 6 May 2010, Convertible Debentures of an aggregate amount of HK$10,000,000 were converted into 16,806,721 ordinary shares of the Company.

Prospects

The Group's core fashion apparel retail business was the most severely hit segment and the key drag on the economy for most of the year 2009. We expect global recovery process to continue in 2010 and since the last financial reporting date, trend of the business of the Group are in line with the fashion market, and showed signs of recovery.

The Group's core fashion apparel retail business continued to face keen competition in Hong Kong retail market. In light of the increasing income level of the PRC consumers and continuous expansion in the PRC retail market, the Group will continue to seek strategic partners with solid experience in brand building to develop "Gay Giano" and "Cour Carré" brands in PRC market and identify further business development opportunities as they arise.

In addition, the Company is reviewing the existing businesses of the Group and is considering to diversify into other businesses that will broaden its revenue sources. In the event that any such event materializes, further announcement will be made by the Company as and when appropriate.

The Group will also devote additional resources to marketing and promotional strategies to upgrade the Group's brand image with a brighter and more modern concept and increase the consumer's awareness of the names of the Group's brands. Besides, the Group will continue to refine its sourcing strategy on the selection of suppliers in order to maintain and enhance the product quality, and to better control the related costs.

POSSIBLE ADJUSTMENT TO THE EXERCISE PRICE OF OPTIONS

The Open Offer may lead to adjustments to the exercise price of the Options. The Company will notify the holders thereof and the Shareholders by way of announcement regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme (as and when appropriate).

FUND-RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the Latest Practicable Date:

Date of announcement	Nature of transaction	Expected Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
16 April 2010 and 22 April 2010	Issue of Convertible Debentures with principal amount of up to HK$25,000,000	HK$24,400,000	To be used as the Group's general working capital	Proceeds raised from the issue of Convertible Debentures in the principal amount of HK$10,000,000 has been used as the Group's general working capital

PROCEDURE FOR ACCEPTANCE AND PAYMENT

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied for, with Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by no later than 4:00 p.m. on Friday, 18 June 2010. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Time Infrastructure Holdings Limited — Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with, Union Registrars Limited by no later than 4:00 p.m. on Friday, 18 June 2010, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Application Form in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the relevant assured entitlement of Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriting Agreement is terminated before the Latest Time for Termination (being 6:00 p.m. on 22 June 2010), the Open Offer will not proceed and the monies received in respect of acceptances of the Offer Shares without interest will be returned to the Qualifying Shareholders, by means of cheques crossed "Account Payee Only" to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk on or before Friday, 25 June 2010.

The Application Form is for the use by the person(s) named therein only and is not transferable.

No receipt will be issued in respect of any application monies received. Any Offer Shares not applied for by the Qualifying Shareholders (other than Ti Yu and Asian Harvest) will be taken up by the Underwriter. The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single Shareholder according to the register of members of the Company.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that the Open Offer is conditional, inter alia, upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed.

Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled will accordingly bear the risk that the Open Offer will not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their own professional adviser.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

By Order of the Board
Time Infrastructure Holdings Limited
Wong Pak Lam, Louis
Chairman

1. FINANCIAL SUMMARY AND AUDITOR'S REPORT

A summary of the published results, assets and liabilities of the Group for the three periods ended 31 March 2008, 31 December 2008 and 31 December 2009 as extracted from the respective annual reports. No qualified opinion has been expressed by the auditor of the Company on the audited financial statements for the periods ended 31 March 2008 and 31 December 2008. The auditor of the Company, BDO Limited, qualified its opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2009. The independent auditor's report for the year ended 31 December 2009 is extracted from the auditor's report and set out in the section headed "Independent Auditor's Report" of this appendix.

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2009 *HK$'000*	Nine months ended 31 December 2008 *HK$'000*	Year ended 31 March 2008 *HK$'000*
Revenue	97,452	80,732	131,081
Cost of sales	(35,546)	(35,123)	(50,752)
Gross profit	61,906	45,609	80,329
Other income/(expenses), net	2,623	(101)	1,571
Distribution costs	(42,465)	(35,708)	(48,393)
Administrative expenses	(46,386)	(42,860)	(54,742)
Finance costs	(110)	(213)	(409)
Loss before income tax expense	(24,432)	(33,273)	(21,644)
Income tax expense	—	—	—
Loss for the year/period	(24,432)	(33,273)	(21,644)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations	—	(43)	108
Deficit/(Surplus) on revaluation of leasehold land and buildings	—	(237)	714
Other comprehensive income for the year/period, net of tax	—	(280)	822
Total comprehensive income for the year/period	(24,432)	(33,553)	(20,822)
Loss for the year/period attributable to owners of the Company	(24,432)	(33,273)	(21,644)
Total comprehensive income for the year/period attributable to owners of the Company	(24,432)	(33,553)	(20,822)
Loss per share — Basic and diluted	(9.82)HKcents	(14.25)HKcents	(10.28)HKcents

Consolidated Statement of Financial Position

	31 December 2009	31 December 2008	31 March 2008
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	4,638	5,217	13,423
Investment property	7,100	5,300	—
Rental deposits	6,933	7,332	4,761
Payment for acquisition of toll road entities	—	28,206	—
	18,671	46,055	18,184
Current assets			
Inventories	23,924	23,299	21,794
Trade receivables, deposits and prepayments	2,658	953	35,693
Rental deposits	1,576	1,463	4,926
Tax recoverable	61	61	292
Other loan receivable	28,200	—	3,500
Cash and bank balances	2,994	4,931	6,176
	59,413	30,707	72,381
Current liabilities			
Trade payables, other payables and accruals	16,031	11,579	8,440
Amounts due to shareholders	16,300	—	—
Amount due to a director	—	—	1,200
Other loan, unsecured	4,500	—	—
Bank borrowings, secured	2,212	2,097	7,600
Obligation under finance lease	49	148	59
	39,092	13,824	17,299

	31 December 2009	31 December 2008	31 March 2008
	HK$'000	*HK$'000*	*HK$'000*
Net current assets	20,321	16,883	55,082
Total assets less current liabilities	38,992	62,938	73,266
Non-current liabilities			
Obligation under finance lease	—	49	—
Provision for long service payments	2,136	2,919	3,689
	2,136	2,968	3,689
Total net assets	36,856	59,970	69,577
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	24,884	24,884	21,884
Reserves	11,972	35,086	47,693
Total equity	36,856	59,970	69,577

2. AUDITED FINANCIAL INFORMATION

The following is the audited consolidated financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31 December 2009.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	Year ended 31 December 2009 HK$'000	Nine months ended 31 December 2008 HK$'000
Revenue	7	97,452	80,732
Cost of sales		(35,546)	(35,123)
Gross profit		61,906	45,609
Other income/(expenses), net	7	2,623	(101)
Distribution costs		(42,465)	(35,708)
Administrative expenses		(46,386)	(42,860)
Finance costs	8	(110)	(213)
Loss before income tax expense	9	(24,432)	(33,273)
Income tax expense	11	—	—
Loss for the year/period		(24,432)	(33,273)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		—	(43)
Deficit on revaluation of leasehold land and buildings		—	(237)
Other comprehensive income for the year/period, net of tax		—	(280)
Total comprehensive income for the year/period		(24,432)	(33,553)
Loss for the year/period attributable to owners of the Company	12	(24,432)	(33,273)
Total comprehensive income for the year/period attributable to owners of the Company		(24,432)	(33,553)
Loss per share — Basic and diluted	14	(9.82)HKcents	(14.25)HKcents

Consolidated Statement of Financial Position

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	*15*	4,638	5,217
Investment property	*16*	7,100	5,300
Rental deposits		6,933	7,332
Payment for acquisition of toll road entities	*18*	—	28,206
		18,671	46,055
Current assets			
Inventories	*19*	23,924	23,299
Trade receivables, deposits and prepayments	*20*	2,658	953
Rental deposits		1,576	1,463
Tax recoverable		61	61
Other loan receivable	*21*	28,200	—
Cash and bank balances	*22*	2,994	4,931
		59,413	30,707
Current liabilities			
Trade payables, other payables and accruals	*23*	16,031	11,579
Amounts due to shareholders	*24*	16,300	—
Other loan, unsecured	*25*	4,500	—
Bank borrowings, secured	*26*	2,212	2,097
Obligation under finance lease	*27*	49	148
		39,092	13,824
Net current assets		20,321	16,883
Total assets less current liabilities		38,992	62,938

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Obligation under finance lease	*27*	—	49
Provision for long service payments	*28*	2,136	2,919
		2,136	2,968
Total net assets		36,856	59,970
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	*30*	24,884	24,884
Reserves	*32*	11,972	35,086
Total equity		36,856	59,970

Statement of Financial Position

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Interests in subsidiaries	*17*	56,644	57,955
Current assets			
Prepayments and deposit		41	—
Cash and bank balances	*22*	280	265
		321	265
Current liabilities			
Other payables and accruals	*23*	2,367	2,218
Amounts due to shareholders	*24*	16,300	—
Other loan, unsecured	*25*	4,500	—
Amounts due to subsidiaries	*17*	—	365
		23,167	2,583
Net current liabilities		(22,846)	(2,318)
Total net assets		33,798	55,637
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	*30*	24,884	24,884
Reserves	*32(g)*	8,914	30,753
Total equity		33,798	55,637

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital	Share premium	Call options reserve	Share options reserve	Translation reserve	Property revaluation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 30)	*(Note 32(a))*	*(Note 32(e))*	*(Note 32(b))*	*(Note 32(d))*	*(Note 32(c))*		
Balance at 1 April 2008	21,884	49,507	11,337	3,643	258	1,475	(18,527)	69,577
Total comprehensive income for the period	—	—	—	—	(43)	(237)	(33,273)	(33,553)
Issue of shares *(Note 30)*	3,000	21,000	—	—	—	—	—	24,000
Share issue expenses	—	(54)	—	—	—	—	—	(54)
Share options lapsed *(Note 31)*	—	—	—	(2,122)	—	—	2,122	—
Balance at 31 December 2008 and 1 January 2009	24,884	70,453	11,337	1,521	215	1,238	(49,678)	59,970
Total comprehensive income for the year	—	—	—	—	—	—	(24,432)	(24,432)
Issue of share options *(Note 31)*	—	—	—	1,318	—	—	—	1,318
Call options lapsed *(Note 33)*	—	—	(11,337)	—	—	—	11,337	—
Balance at 31 December 2009	24,884	70,453	—	2,839	215	1,238	(62,773)	36,856

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Year ended 31 December 2009	Nine months ended 31 December 2008
	HK$'000	*HK$'000*
Operating activities		
Loss before income tax expense	(24,432)	(33,273)
Adjustments for:		
Depreciation of property, plant and equipment	2,360	2,379
Loss/(gain) on disposal of property, plant and equipment	116	(102)
Fair value (gain)/loss on investment property	(1,800)	700
Write down of inventories	1,137	4,285
Reversal of write down of inventories	(5,549)	(2,726)
Reversal of long service payments	(783)	(770)
Equity settled share-based payment expenses	1,318	—
Interest income	(2)	(27)
Interest expense	110	213
Operating loss before working capital changes	(27,525)	(29,321)
Decrease in rental deposits	286	892
Decrease/(increase) in inventories	3,787	(3,064)
Decrease in pledged bank deposits	—	3,500
(Increase)/decrease in trade receivables, deposits and prepayments	(1,674)	1,840
Increase in trade payables, other payables and accruals	3,923	3,139
Cash used in operations	(21,203)	(23,014)
Income tax refunded	—	231
Interest paid	(52)	(195)
Interest on finance lease	(14)	(18)
Net cash used in operating activities	(21,269)	(22,996)

	Year ended 31 December 2009	Nine months ended 31 December 2008
	HK$'000	*HK$'000*
Investing activities		
Payments to acquire toll road entities	—	(28,206)
Payments to acquire property, plant and equipment	(1,368)	(46)
Proceeds from disposal of property, plant and equipment	—	299
Deposits refunded for the acquisition of investments in mining companies	—	32,900
Interest received	2	27
Net cash (used in)/generated from investing activities	(1,366)	4,974
Financing activities		
Issue of shares	—	24,000
Payments of transaction costs in connection with issue of shares	—	(54)
Advance from/(repayment to) shareholders	16,300	(1,200)
Proceeds from other loan	4,425	—
Proceeds from new bank borrowings, unsecured	8,352	12,269
Repayment of bank borrowings	(8,237)	(17,772)
Repayment of finance lease obligation	(148)	(380)
Net cash generated from financing activities	20,692	16,863
Net decrease in cash and cash equivalents	(1,943)	(1,159)
Cash and cash equivalents at beginning of year/period	4,931	6,176
Effect of foreign exchange rate changes	6	(86)

	Year ended 31 December 2009	Nine months ended 31 December 2008
	HK$'000	*HK$'000*
Cash and cash equivalents at end of year/ period	2,994	4,931
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,994	4,931

Notes to the Financial Statements

1. Organisation and operations

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

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

The Company is an investment holding company and the Group is principally engaged in fashion apparel and retail business during the year ended 31 December 2009. The principal activities of its subsidiaries are set out in Note 17 to the financial statements.

2. Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

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

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

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

HKAS 1 (Revised) "Presentation of Financial Statements"

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

HKFRS 8 "Operating Segments"

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

HKFRS 7 (Amendments) Improving Disclosures about Financial Statements

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

(b) Potential impact arising on HKFRSs not yet effective

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

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

[1] Effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January, 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2010

[4] Effective for annual periods beginning on or after 1 July 2010

[5] Effective for annual periods beginning on or after 1 January 2011

[6] Effective for annual periods beginning on or after 1 January 2013

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

3. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

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

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

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

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

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

(c) Functional and presentation currency

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

4. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies are eliminated in full in preparing the consolidated financial statements.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Land and buildings held for use in production or supply of goods or services, or for administrative purposes, are stated 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 end of reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity under the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A decrease in carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss 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 recognised in profit or loss. 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 reporting period, 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%

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 profit or loss.

(d) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation and not occupied by the Group or held for sale in the ordinary course of business. Investment properties are stated at fair value. Changes in fair value are recognised in profit or loss.

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.

(e) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. 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 profit or loss, unless the relevant asset is carried at revalued amount under another HKFRS, in which case, the impairment loss is treated as a revaluation decrease under the HKFRS.

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 profit or loss, unless the relevant asset is carried at revalued amount under another HKFRS, in which case, the reversal of impairment loss is treated as a revaluation increase under that other HKFRS.

(f) 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.

(g) 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 loss. 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 objective evidence of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the 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 significant 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.

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 in profit or loss. 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 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 profit or loss.

(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.

(h) 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

The Group's financial liabilities, including trade and other payable, loans and other borrowings, are initially measured at fair value, net of transaction costs.

They 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.

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

(j) 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 recognised in profit or loss 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 statement of financial position 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 recognised in profit or loss. 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.

(k) 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 end of reporting period, 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.

(l) 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.

(m) 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 statement of comprehensive income 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 end of reporting 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. 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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting 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 end of reporting 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.

(n) 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.

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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. 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.

Exchange differences are recognised in profit or loss 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 non-monetary items carried at fair value in respect of which gains or losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

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 end of reporting period. 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 recognised in other comprehensive income and accumulated in equity under the translation reserve. Exchange differences recognised in profit or loss of Group entities' individual financial statements on the translation of long-term monetary items that form part of the Group's net investment in foreign operations are reclassified to the translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(o) 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 end of reporting period.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised in profit or loss 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 recognised in profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group has no further payment obligations once the contributions have been paid.

(p) 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 after 7 November 2002 and vested after 1 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 retained earnings/ 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.

(q) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred

(r) 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.

(s) 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 leases is recognised in equal instalments over the accounting periods covered by the lease term.

5. 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 the end of each reporting period.

As at 31 December 2009, the directors of the Company have identified slow-moving inventories. 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 end of reporting date was HK$23,924,000 (2008: HK$23,299,000) after a write-down of raw materials, work in progress and finished goods.

(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 service payments may rise. The carrying amount of provision for long service payments at the end of reporting date was HK$2,136,000 (2008: HK$2,919,000).

(iii) Allowance for loan receivable

Allowance for loan receivable is made based on assessment of the recoverability of loan receivable. The identification of doubtful debts requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the loan receivable and doubtful debt expenses/written back in the period in which the estimate has been changed.

6. Segment information

Reportable segments

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

Information about major customers

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

7. Revenue and other income/(expenses), net

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

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

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

8. Finance costs

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

9. Loss before income tax expense

	Year ended 31 December 2009	Nine months ended 31 December 2008
	HK$'000	*HK$'000*
Loss before income tax expense is arrived at after charging/(crediting):		
Directors' remuneration *(Note 10)*	7,285	3,910
Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	35,448	29,021
Retirement benefit scheme contributions	2,628	2,070
Reversal of long service payments *(Note 28)*	(783)	(770)
Equity-settled share-based payment expenses *(Note 31)*	58	—
	37,351	30,321
Auditor's remuneration	676	661
Depreciation of property, plant and equipment *(Note 15)*	2,360	2,379
Write down of inventories *(Note 19)*	1,137	4,285
Reversal of write down of inventories *(Note 19)*	(5,549)	(2,726)
Cost of inventories *(Note 19)*	35,320	35,123
Foreign exchange losses/(gains), net	164	(714)
Loss/(gain) on disposal of property, plant and equipment	116	(102)
Minimum lease payments under operating leases on land and buildings	30,440	24,847

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

10. Directors' and employees' emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the eight (Nine months ended 31 December 2008: seven) directors were as follows:

Year ended 31 December 2009

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director:					
Lin Xiayang	—	960	—	630	1,590
Wong Pak Lam, Louis	—	1,400	12	—	1,412
Wong Kwong Lung, Terence	—	1,560	12	—	1,572
Lam Ho Fai	—	1,040	12	630	1,682
Gu Zhi Hao[##]	—	639	—	—	639
	—	5,599	36	1,260	6,895
Independent non-executive director:					
Chan Ka Ling, Edmond	150	—	—	—	150
Ching Kwok Ho, Samuel	120	—	—	—	120
Lo Wa Kei, Roy	120	—	—	—	120
	390	—	—	—	390
	390	5,599	36	1,260	7,285

[##] Gu Zhi Hao was appointed on 11 February 2009.

Nine months ended 31 December 2008

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Equity-settled 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 Xiayang was appointed on 6 October 2008.

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

(b) Five highest paid employees

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

	Year ended 31 December 2009	Nine months ended 31 December 2008
	HK$'000	*HK$'000*
Salaries and other benefits	900	1,788
Retirement benefit scheme contributions	12	25
	912	1,813
	Number of employees	**Number of employees**
HK$500,001 to HK$1,000,000	1	3
HK$1,000,001 to HK$1,500,000	—	—

(c) During the year/period, 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 the year/period.

11. Income tax expense

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

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

	Year ended 31 December 2009 *HK$'000*	Nine months ended 31 December 2008 *HK$'000*
Loss before income tax expense	(24,432)	(33,273)
Taxation calculated at Hong Kong profits tax rate of 16.5% (2008: 16.5%)	(4,031)	(5,490)
Tax effect of expenses not deductible for taxation purposes	426	149
Tax effect of non-taxable items	(373)	(60)
Tax effect of deductible temporary differences not recognised	99	162
Tax effect on unused tax losses not recognised	4,384	5,582
Utilisation of previously unrecognised tax losses	(507)	(346)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2	3
Income tax for the year/period	—	—

12. Loss attributable to owners of the Company

Loss attributable to owners of the Company includes a loss of HK$1,984,000 (Nine months ended 31 December 2008: a loss of HK$14,568,000) which has been dealt with in the financial statements of the Company.

13. Dividends

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

14. Loss per share

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

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

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

15. Property, plant and equipment

The Group:

	Leasehold land and buildings[#]	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST OR VALUATION						
At 1 April 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 16)*	(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
Additions	—	1,493	80	324	—	1,897
Disposals	—	(720)	—	(1,383)	—	(2,103)
At 31 December 2009	—	9,891	3,944	7,582	4,287	25,704
ACCUMULATED DEPRECIATION						
At 1 April 2008	—	6,315	3,735	6,426	2,395	18,871
Provided for the period *(Note 9)*	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
Provided for the year *(Note 9)*	—	1,014	19	648	679	2,360
Disposals	—	(692)	—	(1,295)	—	(1,987)
At 31 December 2009	—	7,916	3,866	6,307	2,977	21,066
CARRYING AMOUNT						
At 31 December 2009	—	1,975	78	1,275	1,310	4,638
At 31 December 2008	—	1,524	17	1,687	1,989	5,217

[#] As the prepaid land lease payments could not be allocated reliably between the land and building elements, the entire lease payments were included in the cost of land and building as finance leases in property, plant and equipment in the prior year. Other than leasehold land and buildings which was stated at valuation, all items under property, plant and equipment and stated at cost.

(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.

At the end of reporting date, the carrying amount of motor vehicle held under finance lease of the Group was HK$292,000 (2008: HK$421,000). The related depreciation charge was HK$129,000 (Nine months ended 31 December 2008: HK$97,000).

(b) In the prior period, the leasehold land and buildings 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, had been transferred from property revaluation reserve.

16. Investment property

	The Group *HK$'000*
Fair value:	
At 1 April 2008	—
Transfer from property, plant and equipment *(Note 15)*	6,000
Fair value adjustment	(700)
At 31 December 2008	5,300
Fair value adjustment	1,800
At 31 December 2009	7,100

The Group's investment property was revalued as at 31 December 2009 at its open market value by reference to recent market transactions in comparable properties. The valuation was carried out by RHL Appraisal 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$228,000 (Nine months ended 31 December 2008: HK$71,000). Direct operating expenses arising on the investment property in the period amounted to HK$33,000 (Nine months ended 31 December 2008: HK$26,000).

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 26).

17. Interests in subsidiaries

	The Company	
	2009	**2008**
	HK$'000	*HK$'000*
Unlisted shares, at cost	32,251	32,251
Amounts due from subsidiaries	107,254	87,392
	139,505	119,643
Less: Impairment losses	(82,861)	(61,688)
	56,644	57,955

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 reporting period or at any time during the year/period.

Particulars of the Company's principal subsidiaries as at 31 December 2009 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
Due G Company Limited	Hong Kong	HK$10,000	100%	—	100%	Retail of fashion apparel and complementary accessories

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
Gay Giano Company Limited	Hong Kong	HK$1,000,000	100%	—	100%	Retail of fashion apparel and complementary accessories
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
Gay Giano Shanghai Limited	Hong Kong	HK$1	100%	—	100%	Inactive
Gay Giano Hong Kong Limited	Hong Kong	HK$10,000	100%	—	100%	Inactive
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
Yield Long Limited	British Virgin Islands	USD1	—	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.

18. Payment for acquisition of toll road entities

	The Group	
	2009	**2008**
	HK$'000	*HK$'000*
Balance as at the beginning of the year/ period	28,206	—
Cash payment during the period	—	28,206
Transfer to loan receivable *(Note 21)*	(28,206)	—
Balance as at the end of the year/period	—	28,206

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

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

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

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

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

19. Inventories

	The Group	
	2009	**2008**
	HK$'000	*HK$'000*
Raw materials	2,363	2,864
Work in progress	568	435
Finished goods	20,993	20,000
	23,924	23,299

(i) The cost of inventories recognised as an expense during the year was HK$35,320,000 (Note 9) (Nine months ended 31 December 2008: HK$35,123,000).

(ii) The analysis of the amount of inventories recognised as an expense (Note 9) is as follows:

	The Group	
	2009	**2008**
	HK$'000	*HK$'000*
Carrying amount of inventories sold	39,732	33,564
Write down of inventories	1,137	4,285
Reversal of write-down of inventories	(5,549)	(2,726)
	35,320	35,123

The reversal of write-down of inventories 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$4,050,000 (2008: HK$1,256,000) are expected to be recovered after more than twelve months.

20. Trade receivables, deposits and prepayments

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

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

Trade receivables were neither past due nor impaired.

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

21. Other loan receivable

	The Group	
	2009	**2008**
	HK$'000	*HK$'000*
Balance as at beginning of year	—	—
Transfer from payment for acquisition of toll road entities *(Note 18)*	28,206	—
Exchange realignment	(6)	—
Balance as at end of the year	28,200	—

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

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

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

22. Cash and cash equivalents

At the end of reporting period, the Group's cash and bank balances denominated in Renminbi ("RMB") amounted to HK$337,000 (2008: HK$707,000). 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.

The carrying amounts of the cash and bank balances approximate their fair values.

23. Trade payables, other payables and accruals

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	5,186	1,557	—	—
Other payables and accruals	10,845	10,022	2,367	2,218
	16,031	11,579	2,367	2,218

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

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

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

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

24. Amounts due to shareholders

The amounts due to shareholders were unsecured, interest-free and had no fixed term of repayment.

25. Other loan, unsecured

Other loan was a loan from an entity of which its beneficial shareholder is also a shareholder and share option holder of the Company. The loan was unsecured, interest bearing at 5% per annum and was repayable on demand.

26. Bank borrowings, secured

	The Group	
	2009	**2008**
	HK$'000	*HK$'000*
Trust receipt loans — secured and repayable on demand or within one year	2,212	2,097

The bank loans carry interest at HIBOR over 2% for Hong Kong dollar loans, Japanese Yen loans and Euros loan and LIBOR over 2% for US dollar loans per annum. The range of effective interest rates at 31 December 2009 is 2% to 4% (2008: 3% to 7%).

At 31 December 2009, the Group had available HK$1,743,000 (2008: HK$283,000) 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 situated in Hong Kong, which had carrying value at the end of the reporting period of approximately HK$7,100,000 (2008: HK$5,300,000) (Note 16).

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	
	2009	**2008**
	HK$'000	*HK$'000*
USD	—	476
EUR	1,283	187
JPY	103	—

27. Obligation under finance lease

At 31 December 2009, the Group had obligation under finance lease repayable as follows:

	The Group			
	Minimum lease payments		**Present value of minimum lease payments**	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	54	164	49	148
In the second year	—	54	—	49
	54	218	49	197
Less: Future finance charges	(5)	(21)		
Present value of lease obligations	49	197		

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.

28. Provision

	The Group Provision for long service payments *HK$'000*
At 1 April 2008	3,689
Reversal of provision *(Note 9)*	(770)
At 31 December 2008	2,919
Less: amount included under current liabilities	—
Amount shown under non-current liabilities	2,919
At 1 January 2009	2,919
Reversal of provision *(Note 9)*	(783)
At 31 December 2009	2,136
Less: amount included under current liabilities	—
Amount shown under non-current liabilities	2,136

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.

29. Deferred taxation

The components of deferred tax (assets)/liabilities recognised in the statement of financial position 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 2008	526	(526)	—
(Credited)/charged to statement of comprehensive income *(Note 11)*	(361)	361	—
Effect of change in tax rate	(5)	5	—
At 31 December 2008 and 1 January 2009	160	(160)	—
(Credited)/charged to statement of comprehensive income *(Note 11)*	(69)	69	—
At 31 December 2009	91	(91)	—

Deferred tax balances are presented in the statement of financial position as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Deferred tax assets	(91)	(160)
Deferred tax liabilities	91	160
	—	—

At 31 December 2009, the Group has unused tax losses of HK$81,490,000 (2008: HK$81,793,000) that are available indefinitely for offsetting against future profits. A deferred tax asset has been recognised in respect of HK$550,000 (2008: HK$968,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$80,940,000 (2008: HK$80,825,000) due to the unpredictability of future profit streams.

At the end of reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK$600,000 (2008: HK$985,000). 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 it is probable that such differences will not reverse in the foreseeable future.

30. Share capital

	2009		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 year/period	248,840,000	24,884	218,840,000	20,013
Issue of shares *(i)*	—	—	30,000,000	—
At end of year/period	248,840,000	24,884	248,840,000	24,884

Notes:

(i) 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.

(ii) The shares issued during the prior period ranked pari passu with the then existing shares in all respect.

31. Share option

On 10 September 2002, at the annual general meeting, the Company adopted a share option scheme (the "Option 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 Option 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 Option 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 Option 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 Option 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 Option 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.

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

	Date of grant	Exercisable period	Exercise price per share	Outstanding at 1 April 2008	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 December 2008	Granted during the year	Outstanding at 31 December 2009
Directors	21.11.2007	21.11.2007 to 20.11.2017	2.334	4,595,640	—	—	(2,188,400)	2,407,240	—	2,407,240
	24.11.2009	24.11.2009 to 23.11.2019	0.67	—	—	—	—	—	4,400,000	4,400,000
Employees	21.11.2007	21.11.2007 to 20.11.2017	2.334	2,694,000	—	—	(2,694,000)	—	—	—
	24.11.2009	24.11.2009 to 23.11.2009	0.67	—	—	—	—	—	200,000	200,000
Consultants	21.11.2007	21.11.2007 to 20.11.2017	2.334	1,094,000	—	—	—	1,094,000	—	1,094,000
				8,383,640	—	—	(4,882,400)	3,501,240	4,600,000	8,101,240

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.

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, no (2008: 4,882,400) options were lapsed during the year. Accordingly, HK$ Nil (2008: HK$2,122,000) had been transferred from share options reserve to accumulated losses.

On 24 November 2009, 4,600,000 options were granted and their estimated fair values were HK$1,318,000 which were recognised as equity-settled share-based payment expenses (Notes 9 and 10).

The fair values were calculated using Black-Scholes Model for the year. The inputs into the Model were as follows:

	24 November 2009
Closing share price at the date of grant	HK$0.670
Exercise price	HK$0.670
Expected volatility	55.37%
Option life	10 years
Risk-free rate	1.33%
Expected dividend yield	0%
Fair value per share option	HK$0.2865

Volatility of the underlying Company's share price was estimated by the historical volatilities of the Company over the expected option period as input for the Black-Scholes Model as extracted from Bloomberg.

The fair values were calculated by Messrs. Roma Appraisals Limited, an independent third party. The Black-Scholes 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 24 November 2009 immediately before the grant of the share options was HK$0.670 per share.

No options were exercised during the year.

32. 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 4(c).

(d) Translation reserve

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

(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 33).

(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 owners of the Company. 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 share capital and share premium account.

(g) Reserves of the Company

	Share premium	Call options reserve	Share options reserve	Contributed surplus	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 32(a))	*(Note 32(e))*	*(Note 32(b))*	*(Note 32(f))*		
At 1 April 2008	49,507	11,337	3,643	32,051	(59,971)	36,567
Issue of shares	21,000	—	—	—	—	21,000
Share issue expenses	(54)	—	—	—	—	(54)
Share options lapsed	—	—	(2,122)	—	2,122	—
Comprehensive income for the period	—	—	—	—	(26,760)	(26,760)
At 31 December 2008 and 1 January 2009	70,453	11,337	1,521	32,051	(84,609)	30,753
Issue of share options *(Note 31)*	—	—	1,318	—	—	1,318
Call options lapsed *(Note 33)*	—	(11,337)	—	—	11,337	—
Comprehensive income for the year	—	—	—	—	(23,157)	(23,157)
At 31 December 2009	70,453	—	2,839	32,051	(96,429)	8,914

33. 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 year, all the 40,026,000 call options expired and no options were exercised (2008: Nil). The entire call option reserves of HK$11,337,000 as at the date of expiry was transferred to accumulated losses.

34. Capital commitments

In prior period, the Group entered into a deed in respect of the proposed acquisition of 75% equity interests of two companies established in the PRC which principally engage in toll road business as further detailed in Note 18 to the financial statements. Up to the date of expiry of the Option on 31 July 2009, the Group did not exercise the option for acquisition of the two toll road entities.

35. 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 27.

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	
	2009	**2008**
	HK$'000	*HK$'000*
Minimum lease payments under operating leases recognised as an expense in the year/period	29,996	24,345
Contingent rental payments	444	502
	30,440	24,847

At the end of reporting period, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Within one year	22,516	23,464
After one year but within five years	20,132	13,940
	42,648	37,404

The above lease commitments only include commitments for basic rentals and do not include commitments for additional rental payable (contingent rents), if any, which are to be determined generally by applying pre-determined percentages to future sales less the basis rentals of the respective leases, as it is not possible to determine in advance the amount of such additional rental.

The Group as lessor

At the end of reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Within one year	180	240
After one year but within five years	—	180
	180	420

36. Related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, 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) The remuneration of directors as disclosed in Note 10 to the financial statements.

(b) Details of the balance with Mr. Wong Pak Lam, Louis, a controlling shareholder and a director of the Company, as at 31 December 2009 are set out in Note 24.

(c) Details of the balance with Asian Harvest Enterprises Limited, a shareholder of the Company, as at 31 December 2009 are set out in Note 24.

37. Major non-cash transaction

(a) In the prior 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.

(b) During the year, an amount of HK$28,200,000 was reclassified from "Payment for acquisition of toll road entities" to "Other loan receivable" as further detailed in Notes 18 and 21.

38. 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 other loan and borrowings as disclosed in Notes 25 and 26, amounts due to shareholders as disclosed in Note 24, cash and bank balance and equity attributable to owners of the Company, comprising share capital, reserves and accumulated losses as disclosed in Notes 30 and 32.

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 year ended 31 December 2009 and nine months ended 31 December 2008, the Group's strategy was to continue to maintain a gearing ratio of the range 3% to 30%.

The gearing ratios of the Group as at 31 December 2009 and 31 December 2008 were as follows:

	2009	2008
	HK$'000	*HK$'000*
Total debts		
Bank borrowings, secured	2,212	2,097
Other loan, unsecured	4,500	—
Amounts due to shareholders	16,300	—
Obligation under finance lease	49	197
Total debts	23,061	2,294
Non-current assets	18,671	46,055
Current assets	59,413	30,707
Total assets	78,084	76,762
Gearing ratio	29%	3%

39. 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 bank balances, as well as trade receivables of royalty fee income and other loan receivables. Impairment provisions are made for losses that have been incurred at the end of reporting period. 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. Other loan receivable was indemnified by the controlling shareholder of the Company with an amount not exceeding HK$14,000,000 (Note 18). The remaining loan receivable represents the Group's maximum exposure to credit risk in relation to the Group's other receivable.

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 trade receivables.

(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 end of reporting period 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 end of reporting period) 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 2009						
Trade payables, other payables and accruals	16,031	16,031	9,945	5,186	900	–
Amounts due to shareholders	16,300	16,300	16,300	–	–	–
Other loan, unsecured	4,500	4,500	–	4,500	–	–
Bank borrowings, secured	2,212	2,241	–	2,241	–	–
Obligation under finance lease	49	54	–	41	13	–
	39,092	39,126	26,245	11,968	913	–
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

The Company	Carrying Amount	Total contractual undiscounted cash flow	On demand	Less than 3 months
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2009				
Other payables and accruals	2,367	2,367	2,367	—
Other loans, unsecured	4,500	4,500	—	4,500
Amounts due to shareholders	16,300	16,300	16,300	—
	23,167	23,167	18,667	4,500
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	2,583

(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 Company'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 variable rate bank balances and secured bank loans as set out in Notes 22 and 26, 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 2009, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss after taxation and accumulated losses by HK$11,000 (2008: HK$11,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period 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 reporting period. The analysis is performed on the same basis for 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 Group also transact in currencies other than its functional currencies such as Euros and Renminbi. In terms of the absolute amount is not significant, management considered that the exposure is manageable and does not utilise any forward contracts, currency borrowings or other means to hedge against its foreign currency exposure.

The following table details the Group's and the Company's exposure at the end of reporting period 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.

	Financial assets		Finance liabilities	
The Group	**2009**	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Renminbi ("RMB")	625	1,032	1,530	1,446
Euros ("EUR")	157	41	1,706	721
United States Dollars ("USD")	—	—	3,538	476

	Financial assets		Financial liabilities	
The Company	**2009**	**2008**	**2009**	**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.

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 year by HK$64,000 (2008: HK$53,000), 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 2009 and 31 December 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.

40. 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 2009 and 31 December 2008 may be categorised as follows:

	2009	2008
	HK'000	*HK'000*
Financial assets		
Loans and receivables (including cash and bank balances)	42,361	14,679
Financial liabilities		
Financial liabilities measured at amortised cost	39,092	13,873

41. Event after the reporting period

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

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

3. INDEPENDENT AUDITOR'S REPORT

The following is the independent auditor's report of the Company for the year ended 31 December 2009 as extracted from the annual report of the Company. The auditor of the Company, BDO Limited, qualified its opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2009.

BDO

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Certified Public Accountants
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TO THE SHAREHOLDERS OF TIME INFRASTRUCTURE HOLDINGS 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 and its subsidiaries (collectively called the "Group") set out on pages 27 to 84, which comprise the consolidated and company statements of financial position as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and the true and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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.

Except as described in the "Basis for Qualified Opinion" paragraph below, 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 auditor's 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 auditor considers 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.

Basis for Qualified Opinion

As further explained in Notes 18 and 21 to the financial statements, included in the consolidated statement of financial position as at 31 December 2009 is a secured loan receivable of HK$28,200,000 relating to a refundable deposit due by the vendor of certain toll road entities ("the Loan Receivable"), which is secured by the

share of the vendor's subsidiary. Up to the date of this report, the Loan Receivable is overdue and one of the toll road entity's development and operation contract has been terminated by the PRC government, which might have an impact on the underlying value of the securities held by the Group. We have been unable to obtain sufficient reliable information, or to carry out alternative audit procedures to satisfy ourselves that the carrying amount of Loan Receivable is fairly stated and is not subject to impairment as at 31 December 2009.

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

Qualified Opinion Arising from Limitation of Audit Scope

In our opinion, except for any adjustments that might have been determined to be necessary had we been able to satisfy ourselves that the Loan Receivable is fairly stated and is not subject to impairment as at 31 December 2009, the consolidated financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 December 2009 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
23 April 2010
Choi Man On
Practising Certificate number P02410

4. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this prospectus, the Group had the following indebtedness:

As at 30 April 2010, the Group had outstanding bank borrowings of approximately HK$2,250,000 which was secured by the Group's investment property situated in Hong Kong with carrying value of approximately HK$7,100,000, a non-interest bearing and unsecured amount due to a director of approximately HK$1,500,000, unsecured amounts due to shareholders of approximately HK$21,800,000 including interest bearing amount of approximately HK$4,500,000 and non-interest bearing amount of approximately HK$17,300,000, and an outstanding amount of approximately HK$3,000,000 under the unsecured convertible debenture of the Group.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 30 April 2010.

As at 30 April 2010, the Group had no material contingent liabilities.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other material contingent liabilities, at the close of business on 30 April 2010.

5. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's financial resources, including internal generated funds, present available facilities from financial institutions and available facility from a shareholder through the subscription of convertible debentures, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this Prospectus.

6. MATERIAL CHANGE

As at the Latest Practicable Date, save for the Loan in the amount of HK$28,200,000 owing from Universal Summit to Yield Long, a wholly owned subsidiary of the Company, which became due and outstanding on 18 April 2010, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up.

1. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report, prepared for the sole purpose of incorporation in this Prospectus, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, in respect of the Group's unaudited pro forma financial information as set out in this appendix.

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Time Infrastructure Holdings Limited
Suites 701-702, Grandtech Centre,
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Shatin, N.T., Hong Kong

3 June 2010

Dear Sirs,

We report on the unaudited pro forma financial information of Time Infrastructure Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 84 and 85 under the heading of "Unaudited pro forma statement of adjusted consolidated net tangible assets of the Group" in Appendix II to the prospectus issued by the Company dated 3 June 2010 (the "Prospectus"). The unaudited pro forma financial information has been prepared by the Directors of the Company for illustrative purposes only, to provide information about how the proposed issue of 66,411,680 offer shares at subscription price of HK$0.50 per offer share (the "Offer Shares") on the basis of one Offer Share for every four existing shares held on the Record Date (as defined in the Prospectus) payable in full on application (the "Open Offer") might have affected the financial information presented, for inclusion in Appendix II to the Prospectus. The basis of preparation of the unaudited pro forma financial information is set out on pages 84 and 85 of the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the sole responsibility of the Directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Unaudited Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors of the Company. This engagement did not involved independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2009 or any future date.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
For and on behalf of
BDO Limited
Certified Public Accountants
Hong Kong

Choi Man On
Director
Practising Certificate number P02410

2. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 13 of Appendix 1B and Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the net tangible assets of the Group as if the Open Offer had taken place on 31 December 2009. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 December 2009 or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I and other financial information included elsewhere in the Prospectus.

The following unaudited pro forma statement of adjusted net tangible assets of the Group is based on the audited consolidated statement of financial position of the Group as at 31 December 2009 as set out in Appendix I to the Prospectus and the adjustments described below:

Audited consolidated net tangible assets of the Group as at 31 December 2009 *HK$'000* *(Note a)*	**Estimated net proceeds from Open Offer** *HK$'000* *(Note c)*	**Unaudited pro forma statement on adjusted consolidated net tangible asset of the Group immediately after Open Offer** *HK$'000*	**Audited consolidated net tangible assets of the Group per share as at 31 December 2009** *HK$* *(Note d)*	**Unaudited pro forma statement on consolidated net tangible asset of the Group per share immediately after Open Offer** *HK$* *(Note e)*
36,856	31,962	68,818	0.148	0.218

Note:

a) The audited consolidated net tangible assets of the Group is HK$36,856,000 which represents the net assets attributable to owners of the Company as at 31 December 2009.

b) On 16 April 2010, the Company entered into a subscription agreement (the "Subscription Agreement") with a subscriber. Under the Subscription Agreement, the subscriber can subscribe for convertible debentures in a principal amount of up to HK$25,000,000 with a conversion price at HK$0.595 per share. On 22 April 2010, the subscriber subscribed for convertible debentures in a principal amount, in aggregate, of HK$10,000,000 in accordance with the Subscription Agreement, and converted such convertible debentures into 16,806,721 shares. Together with the number of existing shares as at 31 December 2009 of 248,840,000, the number of existing shares held on the record date is 265,646,721. Accordingly, the number of offer share to be issued is 66,411,680. However, for the purpose of this unaudited pro forma statement, no adjustment on changes in net tangible assets and number of shares in connection to the conversion of convertible debentures is considered.

c) The estimated net proceeds from the Open Offer of approximately HK$31,962,000 are calculated based on 66,411,680 Offer Shares to be issued at the subscription price of HK$0.5 per Offer Share, net of estimated related expenses of approximately HK$1,244,000.

d) The number of shares used for the calculation of this amount is 248,840,000 which was the number of existing shares as at 31 December 2009.

e) The number of shares used for the calculation of this amount is 315,251,680 which represents the summation of number of existing shares as at 31 December 2009 and 66,411,680 Offer Shares to be issued pursuant to the Open Offer.

Set out below is a summary of certain provisions of the memorandum of association (the "Memorandum of Association") and bye-laws (the "Bye-laws") of the Company and of certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act 1981 of Bermuda (the "Companies Act"), the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the "board") upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws were adopted on 14 March, 2000 and amended at the annual general meetings of the Company held on 10 September, 2004 and 25 September, 2006 respectively. The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights, or restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable

date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the members determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act, the Bye-laws and any direction that may be given by the Company in general meeting and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company (whether forming part of the original or any increased capital) shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable, or the existence or extent of the requirement for such registration statement or special formalities might be expensive or time consuming to determine. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

(v) Financial assistance to purchase shares of the Company

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

Subject to the Companies Act, a Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor of the Company) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director. A Director may be or become a director or other

officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested,

and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution) but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for the giving of any security or indemnity either:

(aaa) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(bbb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(bb) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(cc) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and/or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived);

(dd) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:

(aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; of

(bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform or has performed any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution of his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as the board may determine. A Director appointed to be a chairman, deputy chairman, managing director, joint managing director, deputy managing director or executive director or a Director appointed to any other office in the management of the Company shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

(viii) Retirement, appointment and removal

At each annual general meeting one-third of the Directors for the time being (or if their number is not a multiple of three (3) the number nearest to but less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next

following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the meeting. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by a ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. The Company in general meeting shall from time to time fix and may from time to time by ordinary resolution increase or reduce the maximum and minimum number of Directors but so that the number of Directors shall not be fewer than two (2).

The board may from time to time appoint one of its body to the office of Chairman of the Company and another to be the Deputy Chairman for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as the board thinks fit, and it may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the

Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) Alterations to constitutional documents

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;

(v) change the currency denomination of its share capital;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, all or any of the special rights for the time being attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons or (in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person (or in the case of a member being a corporation, its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him. Any holder of shares of the class present in person or by proxy may demand a poll.

(e) Special resolution — majority required

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members

having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a show of hands every member who is present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of poll is required by the Listing Rules (as defined in the Bye-laws) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) if required by the Listing Rules (as defined in the Bye-laws), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights of all the member having rights to vote at the meeting.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of the stock exchange on which any securities of the Company are listed with the permission of the Company).

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date

of the general meeting and laid before the Company at the general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) clear days' notice. All other special general meetings shall be called by not less than fourteen (14) clear days' notice. The notice

must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve, either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed

thereby still subsists, and it may also refuse to register any transfer of any share to more than four (4) joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. The Company in general meeting may also make a distribution to its members out of any contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared, the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six (6) years after having been declared may be forfeited by the board and shall revert to the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(o) Call on shares and forfeiture of shares

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

The register of members shall during business hours (subject to such reasonable restrictions as the Company may impose, so that not less than two hours in each day be allowed for inspection) be open to inspection by members of the public without charge.

(q) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 3(e) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock

Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Other provisions

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

(i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(ii) in writing off:

(aa) the preliminary expenses of the company; or

(bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

(iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial

assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company.

The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

(g) Accounting and auditing requirements

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance

with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within fifteen

(15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c)

any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

1. RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Open Offer are as follows:

(i) As at the Latest Practicable Date

Authorised:		*HK$*
1,000,000,000	Shares	100,000,000.00
Issued and fully paid:		
265,646,721	Shares	26,564,672.10

(ii) Immediately following the completion of the Open Offer

Authorised:		*HK$*
1,000,000,000	Shares	100,000,000.00
Issued and to be issued:		
265,646,721	Shares in issue as at the Latest Practicable Date	26,564,672.10
66,411,680	Offer Shares to be allotted and issued under the Open Offer	6,641,168.00
332,058,401	Shares in issue immediately after completion of the Open Offer	33,205,840.10

The Offer Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Shares in issue on the date of issue of the Offer Shares. Holders of Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Offer Shares. The Offer Shares to be issued will be listed on the Stock Exchange.

No part of the equity or debt securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares, Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has outstanding Options entitling holders to subscribe for an aggregate of 7,007,240 Shares. In addition, the Company may, by serving a drawdown notice to Kwai Yan, require Kwai Yan to subscribe for the remaining Convertible Debentures in the principal amount of HK$15,000,000, which may be convertible into 25,210,084 Shares upon exercise of the conversion rights attaching to the Convertible Debentures in full at a conversion price of HK$0.595 per Share. Save as aforesaid, the Company has no outstanding convertible securities, options or warrants in issue which entitle the holders thereof to subscribe for or convert into any Shares.

3. INTERESTS OF DIRECTORS

(1) Director's interests and short positions in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests and short position of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Long positions

(a) Shares of the Company

Name of Director	Number of Shares held	Capacity	Approximate percentage of the issued share capital of the Company
Mr. Wong Pak Lam, Louis	84,004,000 *(Note 1)*	Interest in controlled corporation	31.62%
Mr. Gu Zhi Hao	30,000,000 *(Note 2)*	Interest in controlled corporation	11.29%

Notes:

1. Mr. Wong Pak Lam, Louis, the Chairman and an executive Director, is deemed to be interested in 84,004,000 Shares by virtue of his beneficial interest in Ti Yu.

2. Mr. Gu Zhi Hao, an executive Director, is deemed to be interested in 30,000,000 Shares by virtue of his beneficial interest in Asian Harvest.

(b) Long position in underlying Shares pursuant to Options granted by the Company

Name of Director	Number of Options held	Date of Grant	Exercisable period	Exercise price per share *(HK$)*	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Wong Pak Lam, Louis	218,840	21 November 2007	21 November 2007 to 20 November 2017	2.334	0.08
Mr. Wong Kwong Lung, Terence	2,188,400	21 November 2007	21 November 2007 to 20 November 2017	2.334	0.82
Ms. Lin Xia Yang	2,200,000	24 November 2009	24 November 2009 to 23 November 2019	0.67	0.83
Mr. Lam Ho Fai	2,200,000	24 November 2009	24 November 2009 to 23 November 2019	0.67	0.83

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or

deemed to have under such provisions of the SFO), or are required, pursuant to section 352 of the SFO, to be recorded in the register referred therein, or are required pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the Shareholders (other than a Director and the chief executive of the Company) who had an interest or a short position in the Shares or the 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 who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of Shareholder	Number of Shares or underlying Shares	Capacity	Approximate percentage of shareholding
Ti Yu	84,004,000 *(Note 1)*	Beneficial Owner	31.62%
Asian Harvest	30,000,000 *(Note 2)*	Beneficial Owner	11.29%
Kwai Yan	36,040,805 *(Note 3)*	Beneficial Owner	13.57%
Mr. Ip Chun Chung Robert	36,040,805 *(Note 3)*	Interest in Controlled Corporation	13.57%
Ms. Yip Yan	36,040,805 *(Note 3)*	Interest in Controlled Corporation	13.57%

Notes:

1. Ti Yu is a company wholly owned by Mr. Wong Pak Lam, Louis, the chairman and an executive Director.

2. Asian Harvest is a company wholly owned by Mr. Gu Zhi Hao, an executive Director.

3. Kwai Yan's interests in 36,040,805 Shares or underlying Shares comprise interest in 10,830,721 Shares and interest in 25,210,084 underlying Shares representing the conversion rights attached to the Convertible Debentures in the principal amount of HK$15,000,000 which may be issued by the Company pursuant to the subscription agreement entered into between the Company and Kwai Yan on 16 April 2010. Kwai Yan is beneficially owned by Mr. Ip Chun Chung Robert and Ms. Yip Yan, who were deemed to be interested in the Shares or underlying Shares held by Kwai Yan.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the 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 who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

(i) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

(ii) As at the Latest Practicable Date, save for the Deed of Indemnity in which Mr. Wong Pak Lam, Louis was interested and the Irrevocable Undertakings, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the date of this Prospectus.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which compete or may compete either directly or indirectly with the business of the Group.

7. EXPERTS

The following is the qualifications of the experts who have given opinions or advice, which are contained in this Prospectus:

Name	Qualification
BDO Limited	Certified Public Accountants
Conyers Dill & Pearman	Bermuda attorneys-at-law

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholdings in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any direct or indirect interests in any assets which had been acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its reports or letter and references to its name in the form and context in which they respectively appear.

The letter and/or report from BDO Limited and the letter of advice from Conyers Dill & Pearman are given as of the date of this Prospectus for incorporation in this Prospectus.

8. SERVICE CONTRACTS

Ms. Lin Xia Yang has entered into a service agreement with the Company for an initial fixed term of three years commencing from 6 October 2008 renewable for successive terms of one year, unless terminated by either the Company or the above executive Director, by giving 6 months' notice in writing to the other party expiring at the end of the initial term or at any time thereafter. She is subject to retirement by rotation pursuant to the bye-laws of the Company. The remuneration of Ms. Lin is fixed at HK$80,000 per month, plus an extra one month year end bonus and a discretionary bonus.

Mr. Lam Ho Fai has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 July 2008 renewable for successive terms of one year, unless terminated by either the Company or the above executive Director, by giving 3 months' notice in writing to the other party expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation pursuant to the bye-laws of the Company. The remuneration of Mr. Lam is fixed at HK$80,000 per month, plus an extra one month year end bonus and a discretionary bonus.

Mr. Gu Zhi Hao has entered into a service agreement with the Company for an initial fixed term of three years commencing from 11 February 2009 renewable for successive terms of one year, unless terminated by either the Company or the above executive Director, by giving 3 months' notice in writing to the other party expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation pursuant to the bye-laws of the Company. The remuneration of Mr. Gu is fixed at HK$60,000 per month, plus a discretionary bonus.

As at the Latest Practicable Date, save as disclosed herein, none of the Directors had entered into or proposed to enter into any service contract with the Company or any other member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

(i) the Chinese subscription agreement dated 19 August 2008 entered into between the Company as the issuer and Asian Harvest as the subscriber in relation to the issue of 30,000,000 new Shares by the Company to the subscriber at HK$0.80 each;

(ii) the termination agreement dated 26 September 2008 entered into between the Company, Yield Long Limited ("Yield Long"), a wholly-owned subsidiary of the Company, Universal Summit Investment Limited ("Universal Summit") and Mr. Huang Guo Dong for the purpose of terminating a sale and purchase agreement entered into between the same parties on 27 May 2008;

(iii) the deed of call option dated 26 September 2008 entered into between the Company, Yield Long (as the grantee), Equity Realty Development Company, Limited ("Equity Realty") and Universal Summit (together with Equity Realty, as the grantors) and Mr. Huang Guo Dong (as the guarantor of the grantors) for the purpose of granting an option by the grantors to the grantee to acquire certain equity interests held by Equity Realty and outstanding loans owing from a wholly owned subsidiary of Equity Realty to Universal Summit at a total consideration of RMB190 million;

(iv) the share mortgage dated 26 September 2008 entered into between New Alliance International Limited ("New Alliance") as mortgagor and Yield Long as grantee relating to 3,000 shares of HK$100 each in the share capital of Equity Realty, pursuant to the deed of call option dated 26 September 2008 referred to in paragraph (iii) above;

(v) the loan agreement dated 11 September 2009 entered into between Yield Long as lender and Universal Summit as borrower, in respect of a loan in the amount of HK$28,200,000 (the "Loan");

(vi) the deed of release dated 19 October 2009 entered into between Yield Long as grantee and New Alliance as mortgagor in relation to the share mortgage dated 26 September 2008 referred to in paragraph (iv) above;

(vii) the share charge dated 19 October 2009 entered into by New Alliance as chargor in favour of Yield Long as lender by way of first fixed charge over 3,000 ordinary shares of HK$100 each in the share capital of Equity Realty, pursuant to the loan agreement dated 11 September 2009 referred to in paragraph (v) above;

(viii) the guarantee dated 19 October 2009 entered into between Huang Guo Dong as guarantor and Yield Long as lender pursuant to the loan agreement dated 11 September 2009 referred to in paragraph (v) above;

(ix) the subscription agreement entered into between the Company as issuer and Kwai Yan as subscriber on 16 April 2010, in respect of the Convertible Debentures;

(x) the deed of indemnity dated 22 April 2010 executed by Mr. Wong Pak Lam, Louis in favour of Yield Long in respect of the Loan, pursuant to which, Mr. Wong covenanted with and undertook to Yield Long to indemnify and keep indemnified Yield Long against all damages and losses etc. incurred by Yield Long as a result of any failure of Universal Summit to repay the Loan, provided that the maximum liability of Mr. Wong shall not exceed HK$14,000,000; and

(xi) the Underwriting Agreement.

11. CORPORATE INFORMATION

Registered office	Clarendon House, 2 Church Street Hamilton HM11 Bermuda
Head office and principal place of business in Hong Kong	Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Authorised Representative(s)	Mr. Wong Kwong Lung Terence Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong Mr. Leung Yuk Lun, Eric Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Company secretary	Mr. Leung Yuk Lun, Eric, an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants

Underwriter	Vision Finance International Company Limited Suite 1601, 16th Floor Shun Tak Centre West Tower 168-200 Connaught Road Central Sheung Wan Hong Kong
Legal Advisers to the Company	*As to Hong Kong law* Tung & Co. 19th Floor, 8 Wyndham Street Central, Hong Kong *As to Bermuda law* Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong
Principal share registrar and transfer office	The Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street, Hamilton HM11 Bermuda
Hong Kong branch share registrar	Union Registrars Limited 18/F., Fook Lee Commercial Centre Town Place, 33 Lockhart Road Wanchai, Hong Kong
Auditor	BDO Limited 25th Floor, Wing On Centre 111 Connaught Road Central, Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central, Hong Kong

Standard Chartered Bank (Hong Kong) Limited
G/F., Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

DIRECTORS

Particulars of Directors

Name	Business Address
Executive Directors	
Mr. Wong Pak Lam, Louis	Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Ms. Lin Xia Yang	Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Mr. Wong Kwong Lung, Terence	Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Mr. Lam Ho Fai	Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Mr. Gu Zhi Hao	Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong

Independent non-executive Directors

Mr. Chan Ka Ling, Edmond	Rooms 2702-3, 27/F. Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai, Hong Kong
Mr. Lo Wa Kei, Roy	Suites 701-702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Mr. Ching Kwok Ho, Samuel	12th Floor, New World Tower II 18 Queen's Road Central Hong Kong

Executive Directors

Mr. Wong Pak Lam, Louis, aged 31, is the Chairman and an executive Director of the Company and a director of certain subsidiaries of the Group. Mr. Wong 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 50, is the Chief Executive Officer and an executive Director of the Company and a director of certain subsidiaries of the Group. 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 one administrative division of China as the deputy director of policy research and administrative committee office, the deputy director of economic committee office and the chairman of a state-owned assets management company. 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 48, is an executive Director since August 2007 and a director of certain subsidiaries of the Group. He is responsible for Group's strategic development projects. He has over 17 years of experience in property development and investment in Hong Kong and the PRC.

Mr. Lam Ho Fai, aged 54, is an executive Director and a director of certain subsidiaries of the Group. 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 honoured 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 44, is an executive Director 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 17 years of extensive experience in investment banking, venture capital and private equity investment. He served as 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 51, is an independent non-executive Director since March 2000. He is a fellow member of Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (Practicing). He has been practising 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 was an independent non-executive director of Simsen International Corporation Limited for the period from September 2001 to April 2010, companies whose shares are listed on the Main Board of the Stock Exchange.

Mr. Lo Wa Kei, Roy, aged 38, is an independent non-executive Director since May 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practising), a fellow member of the Association of Chartered Certified Accountants, a fellow member of the CPA Australia 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 16 years of experience in auditing, accounting and finance. He is currently an independent non-executive director of Sun Hing Vision Group Holdings Limited, North Mining Shares Company Limited and China Zhongwang Holdings Limited, all companies are listed on the Main Board of the Stock Exchange.

Mr. Ching Kwok Ho, Samuel, aged 53, is an independent non-executive Director since May 2006. 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 was an independent non-executive director of Tack Fat Group International Limited for the period from March 2002 to September 2008, a company whose shares are listed on the main board of the Stock Exchange. Mr. Ching has over 27 years of legal experience in banking and finance, liquidation, tenancy, conveyancing and commercial disputes and civil litigation in Hong Kong.

Mr. Wong Pak Lam, Louis, the Chairman and an executive Director, is a director of Ti Yu and Mr. Gu Zhi Hao, an executive Director, is a director of Asian Harvest, companies which have an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Save as disclosed above, no Director had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Senior Management

Mr. Leung Yuk Lun, Eric, aged 43, has over 21 years experience in auditing, accounting and finance fields. He joined the Group in December 2008 and is the chief financial officer and company secretary 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 has 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 Chartered Certified Accountants.

Ms. Linda Zhang, aged 30, is the vice-president of the fashion business of the Group. She is in charge of retail, design and marketing and has over 10 years of experience in international fashion management. Ms. Zhang joined the Group in April 2009 and holds a degree in Bachelor of Arts from York University and Diploma in Fashion Management from George Brown College, Canada.

As at the Latest Practicable Date and save as disclosed above, no Director or senior management of the Company (a) held any other directorships in listed public companies in the past three years and (b) had any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

12. EXPENSES

The estimated expenses in connection with the Open Offer, including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accountancy charges and other related expenses are estimated to amount to approximately HK$1.2 million and will be payable by the Company.

13. BINDING EFFECT

The Prospectus Documents and all applications for the Offer Shares contained in such documents, are governed by and construed in accordance with the laws of Hong Kong. This Prospectus shall have the effect, if application is made pursuant hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as is applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES IN HONG KONG AND BERMUDA

A copy of each of the Prospectus Documents, having attached thereto the written consents referred to under the paragraph headed "Experts" in this appendix, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has been or will as soon as practicable be filed with the Registrar of Companies in Bermuda in accordance with the Companies Act.

15. MISCELLANEOUS

In the event of inconsistency, the English text of this Prospectus and the Application Form shall prevail over the Chinese text.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suites 701-702, 7th Floor, Grandtech Centre, 8 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong from the date hereof to 18 June 2010:

(a) the memorandum of association and the bye-laws of the Company;

(b) the published annual reports of the Company for the two financial years ended 31 December 2009;

(c) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in appendix II to this Prospectus;

(d) the letter from BDO Limited in respect of the pro forma financial information following completion of the Open Offer, the text of which is set out in appendix II to this Prospectus;

(e) summary of Bermuda company laws;

(f) the letters of consent referred to in the paragraph headed "Experts" in this appendix;

(g) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(h) the service contracts referred to in the paragraph headed "Service Contracts" in this appendix;

(i) the Companies Act 1981 of Bermuda; and

(j) this Prospectus.