KH INVESTMENT HOLDINGS LIMITED
嘉 滙 投 資 控 股 有 限 公 司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8172)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, 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 announcement.

This announcement, for which the directors (the "Directors") of KH Investment Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

RESULTS

The board (the "Board") of directors (the "Directors") of KH Investment Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 together with the comparative figures for the corresponding year in 2010.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Continuing operations			
Turnover	*6*	**44,740**	21,790
Cost of sales		**(35,126)**	(16,694)
Gross profit		**9,614**	5,096
Other revenue		**206**	292
Other income		**13**	836
Administrative expenses		**(12,173)**	(17,713)
Other operating expenses	*7*	**(17,307)**	(119,533)
Finance costs	*8*	**(604)**	(5,939)
Loss before tax	*9*	**(20,251)**	(136,961)
Tax expense	*10*	**—**	(5)
Loss for the year from continuing operations		**(20,251)**	(136,966)
Discontinued operations	*11*		
Profit for the year from discontinued operations		**—**	84,513
Loss attributable to owners of the Company		**(20,251)**	(52,453)
(Loss)/earning per share	*13*		
From continuing and discontinued operations			
Basic and diluted		**HK(4.00) cents**	HK(15.19) cents
From continuing operations			
Basic and diluted		**HK(4.00) cents**	HK(39.66) cents
From discontinued operations			
Basic and diluted		**N/A**	HK24.47 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 *HK$'000*	2010 *HK$'000*
Loss for the year	**(20,251)**	(52,453)
Other comprehensive income		
Exchange differences arising on translation of foreign operations during the year	—	(6,068)
Total comprehensive loss for the year	**(20,251)**	(58,521)
Total comprehensive loss attributable to owners of the Company	**(20,251)**	(58,521)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**364**	204
Film rights and films in progress		**1,601**	1,175
Goodwill		**3,280**	14,200
Total non-current assets		**5,245**	15,579
Current assets			
Trade receivables	*14*	**1,300**	1,439
Deposits, prepayments and other receivables	*15*	**8,706**	54,276
Cash and bank balances		**97,558**	66,770
Total current assets		**107,564**	122,485
Current liabilities			
Bank overdraft		**—**	32
Trade payables	*16*	**11**	325
Accruals and other payables		**3,740**	9,213
Receipts in advance		**6,251**	8,370
Tax payable		**—**	78
Total current liabilities		**10,002**	18,018
Net current assets		**97,562**	104,467
Total assets less current liabilities		**102,807**	120,046
Non-current liability			
Convertible loan notes		**4,951**	4,348
Total non-current liability		**4,951**	4,348
Net assets		**97,856**	115,698
Equity			
Issued capital		**5,056**	5,056
Reserves		**92,800**	110,642
Total equity		**97,856**	115,698

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Issued capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Convertible loan notes reserve *HK$'000*	Share-based payments reserve *HK$'000*	Exchange reserve *HK$'000*	(Accumulated losses)/ retained profits *HK$'000*	Total *HK$'000*
At 1 January 2010	6,763	195,484	22,564	127,648	1,370	(537)	(177,912)	175,380
Net loss for the year	–	–	–	–	–	–	(52,453)	(52,453)
Other comprehensive loss for the year	–	–	–	–	–	(6,068)	–	(6,068)
Total comprehensive loss for the year	–	–	–	–	–	(6,068)	(52,453)	(58,521)
Extension period of convertible loan notes	–	–	–	508	–	–	–	508
Redemption of convertible loan notes	–	–	–	(150,448)	–	–	48,482	(101,966)
Deferred tax released on redemption of convertible loan notes	–	–	–	24,981	–	–	(553)	24,428
Conversion of convertible loan notes	16	851	–	(308)	–	–	–	559
Capital reduction	(5,411)	–	5,411	–	–	–	–	–
Capital reorganisation	–	(252,834)	40,551	–	–	–	212,283	–
Release of exchange reserve upon disposal of subsidiaries	–	–	–	–	–	6,605	–	6,605
Issue of shares arising on acquisition of subsidiaries	592	17,755	–	–	–	–	–	18,347
Recognition of equity-settled share-based payments	–	–	–	–	3,468	–	–	3,468
Issue of shares upon exercise of share options	256	9,390	–	–	(2,101)	–	–	7,545
Lapsed of share options	–	–	–	–	(1,370)	–	1,370	–
Placing of new shares, net	2,840	76,737	–	–	–	–	–	79,577
Dividend paid *(Note 12)*	–	–	(40,232)	–	–	–	–	(40,232)
At 31 December 2010 and 1 January 2011	5,056	47,383	28,294	2,381	1,367	–	31,217	115,698
Net loss for the year	–	–	–	–	–	–	(20,251)	(20,251)
Other comprehensive loss for the year	–	–	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	–	(20,251)	(20,251)
Recognition of equity-settled share-based payments	–	–	–	–	2,409	–	–	2,409
Lapsed of share options	–	–	–	–	(3,776)	–	3,776	–
At 31 December 2011	5,056	47,383	28,294	2,381	–	–	14,742	97,856

Notes:

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda on 16 March 2009. Its parent is New Asia Media Development Limited (incorporated in the British Virgin Islands) and its ultimate parent is Culture Landmark Investment Limited (incorporated in Bermuda). The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 March 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3407, 34/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries and jointly controlled entities are provision of artist management, films production and distributions and provision of infrared thermal imaging and thermography solutions and consulting services.

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

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2011. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRS 1 (Amendments)	Amendment to First-time Adoption of Hong Kong Financial Reporting Standards
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) — Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs Issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised) and the amendment to HKAS 1 included in improvements to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principle effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvement to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs.

There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendment most applicable to the Group are as follows:

HKAS 1 *Presentation of Financial Statements:* The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the note to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (Revised)	Employee Benefits[3]
HKAS 27 (Revised)	Separate Financial Statements[3]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[5]
	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangement[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Transition Disclosures[6]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 January 2013
[4] Effective for annual periods beginning on or after 1 January 2014
[5] Effective for annual periods beginning on or after 1 July 2011
[6] Effective for annual periods beginning on or after 1 January 2015

The directors of the Company has commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, as modified for the revaluation of certain financial instruments and investment properties which are stated at their fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

For management purposes, the Group is currently engaged in three operating divisions, namely (i) infrared consultancy services; (ii) artist management; and (iii) films production and distribution. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

Principal activities are as follows:

(i)	Infrared consultancy services:	Providing infrared thermal imaging and thermograph solutions and consultancy services
(ii)	Artist management:	Service income from provision of artist management
(iii)	Films production and distribution:	Investment in, production of, sale and distribution of films

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

(a) Segment revenue and results

	Continuing operations								Discontinued operations							
	Infrared consultancy services		Artist management		Films production and distribution		Sub-total		Distribution		Service apartment operation		Sub-total		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:																
Sales to external customers	**410**	419	**44,230**	21,371	**100**	–	**44,740**	21,790	**–**	–	**–**	–	**–**	–	**44,740**	21,790
Segment results	**(11,415)**	(3,877)	**1,264**	(483)	**(1,255)**	(7,450)	**(11,406)**	(11,810)	**–**	8,014	**–**	5,461	**–**	13,475	**(11,406)**	1,665
Unallocated other revenue and income							**12**	868					**–**	74,590	**12**	75,458
Unallocated expenses							**(8,253)**	(120,080)					**–**	–	**(8,253)**	(120,080)
(Loss)/profit from operating activities							**(19,647)**	(131,022)					**–**	88,065	**(19,647)**	(42,957)
Finance costs							**(604)**	(5,939)					**–**	(7)	**(604)**	(5,946)
(Loss)/profit before tax							**(20,251)**	(136,961)					**–**	88,058	**(20,251)**	(48,903)
Tax expense							**–**	(5)					**–**	(3,545)	**–**	(3,550)
(Loss)/profit for the year							**(20,251)**	(136,966)					**–**	84,513	**(20,251)**	(52,453)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent the (loss)/profit (suffered)/earned by each segment without allocation of central administration cost including directors' emolument, other gains or losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	Infrared consultancy services		Artist management		Films production and distribution		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**4,083**	15,089	**9,976**	17,428	**28,320**	32,587	**42,379**	65,104
Unallocated assets							**70,430**	72,960
Total assets							**112,809**	138,064
Segment liabilities	**773**	504	**8,153**	14,869	**6**	—	**8,932**	15,373
Unallocated liabilities							**6,021**	6,993
Total liabilities							**14,953**	22,366

For the purpose of monitoring segment performance and allocating resources between segments:

all assets are allocated to reportable segments other than deposit for investment, and unallocated head office and corporate assets as these assets are managed on a group basis. Goodwill is allocated to infrared consultancy service business; and

all liabilities are allocated to reportable segments other than current and deferred tax liabilities, convertible loan notes, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(c) Other segment information

	Continuing operation								Discontinued operation							
	Infrared consultancy service		Artist management		Films production and distribution		Sub-total		Distribution		Service apartment operation		Sub-total		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	HK$'000
Depreciation of property, plant and equipment	**66**	28	**4**	42	**11**	215	**81**	285	**–**	–	**–**	1,658	**–**	1,658	**81**	1,943
Additions to non-current assets	**–**	–	**24**	–	**2,020**	–	**2,044**	–	**–**	–	**–**	1,980	**–**	1,980	**2,044**	1,980
Impairment loss recognised in respect of film rights and films in progress	**–**	–	**–**	–	**1,390**	6,783	**1,390**	6,783	**–**	–	**–**	–	**–**	–	**1,390**	6,783
Impairment loss recognised in respect of goodwill	**10,920**	3,844	**–**	–	**–**	–	**10,920**	3,844	**–**	–	**–**	–	**–**	–	**10,920**	3,844
Impairment loss recognised in respect of deposits to artist	**–**	–	**4,997**	–	**–**	–	**4,997**	–	**–**	–	**–**	–	**–**	–	**4,997**	–
Reversal of impairment loss recognised in respect of film rights and films in progress	**–**	–	**–**	–	**13**	–	**13**	–	**–**	–	**–**	–	**–**	–	**13**	–

(d) Geographical information

In determing the Group's geographical information, revenue information is based on the location of the customers, and asset information is based on the location of the assets.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	HK$'000
Continuing operations				
The PRC	**39,942**	18,584	**—**	—
Hong Kong	**3,826**	3,012	**5,245**	15,579
Others	**972**	194	**—**	—
Total	**44,740**	21,790	**5,245**	15,579

(e) Information about major customer

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2011	2010
	HK$'000	*HK$'000*
Artist Management		
Customer A	**5,106**	—
Customer B	**4,904**	—
Customer C	**N/A**[1]	4,205
Customer D	—	2,963

[1] The corresponding revenue did not contribute over 10% of the total sales of the Group.

6. TURNOVER

Turnover represents the net amounts received and receivables from customers, after allowances for returns and trade discounts where applicable and services rendered.

	2011	2010
	HK$'000	*HK$'000*
Artist management	**44,230**	21,371
Infrared consultancy services	**410**	419
Film distribution	**100**	—
	44,740	21,790

7. OTHER OPERATING EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Loss on early redemption of convertible loan notes	—	44,653
Loss on early redemption of promissory note	—	64,253
Impairment loss recognised in respect of deposits to artist	**4,997**	—
Impairment loss recognised in respect of film rights and films in progress	**1,390**	6,783
Impairment loss recognised in respect of goodwill	**10,920**	3,844
Total	**17,307**	119,533

8. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Effective interest expenses on convertible loan notes	**603**	2,023
Effective interest expenses on promissory note	**—**	3,916
Interest on bank overdrafts	**1**	—
	604	5,939
Discontinued operations		
Interest on bank loans and overdrafts wholly repayable within five years	**—**	1
Interest on finance leases	**—**	6
	—	7
Total	**604**	5,946

9. LOSS BEFORE TAX

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Auditors' remuneration	**550**	550
Depreciation of property, plant and equipment	**81**	285
Minimum lease payments under operating leases on land and buildings	**346**	828
Staff costs (excluding directors' remuneration)		
Salaries and allowance	**3,221**	2,719
Equity-settled share option expenses	**2,214**	2,953
Pension scheme contributions	**55**	59
Discontinued operations		
Depreciation of property, plant and equipment	**—**	1,658
Minimum lease payments under operating leases on land and buildings	**—**	11
Staff costs (excluding directors' remuneration)		
Salaries and allowance	**—**	1,180
Equity-settled share option expenses	**—**	—
Pension scheme contributions	**—**	37

10. TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Current tax		
Hong Kong Profit Tax	**—**	5
Deferred tax	**—**	—
	—	5

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

No provision for Hong Kong Profit Tax is made for both years since there is no assessable profit for both years.

The tax charged for the year can be reconciled to the loss per the consolidated income statement is as follows:

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Loss before tax	**(20,251)**	(136,961)
Tax at the statutory tax rate	**(3,341)**	(22,599)
Tax effect of expenses not deductible for tax purpose	**3,956**	43,679
Tax effect of income not taxable for tax purpose	**(47)**	(23,768)
Tax effect of tax losses not recognised	**495**	3,079
Tax effect of utilisation of tax losses previously not recognised	**(1,063)**	(386)
Tax charged for the year	**—**	5

11. DISCONTINUED OPERATIONS

On 28 May 2010, the Group disposed of (i) its wholly owned subsidiary of Mega Shell Services Limited ("Mega Shell") and its subsidiaries (collectively referred to the "Mega Shell Group") and (ii) an amount due to its ultimate holding company (the "Mega Shell Sale Loan"). Upon completion of the disposal, the Mega Shell Group ceased to be subsidiaries of the Company and the business of service apartment operation which was solely carried out by the Mega Shell Group became a discontinued operation of the Group.

On 13 December 2010, the Group disposed of (i) its 19% owned jointly controlled entity of Amazing Goal International Limited ("Amazing Goal") and its subsidiaries (collectively referred to the "Amazing Goal Group") and (ii) an amount due to its ultimate holding company (the "Amazing Goal Sale Loan"). Upon completion of the disposal, the Amazing Goal Group ceased to be jointly controlled entities of the Company and the business of distribution which was solely carried out by the Amazing Goal Group became a discontinued operation of the Group.

The combined results of the discontinued operations related to the Mega Shell Group and the Amazing Goal Group are set out below.

	2010 *HK$'000*
Profit for the year from discontinued operations	
Other revenue	1,991
Other income	20,302
Administrative expenses	(8,818)
Finance costs	(7)
Profit before tax	13,468
Tax expense	(3,545)
	9,923
Gain on disposal of the Mega Shell Group	64,568
Gain on disposal of the Amazing Goal Group	10,022
Profit for the year from discontinued operations	84,513
Cash flows from discontinued operations	
Net cash outflows from operating activities	(119,436)
Net cash inflows from investing activities	1,905
Net cash outflows from financing activities	(152)
Net cash outflows	(117,683)

12. DIVIDEND

	2011	2010
	HK$'000	*HK$'000*
Special dividends for 2009 paid on 25 May 2010 of HK$0.12 per share	**—**	40,232

The directors of the Company do not recommend the payment of any final and special dividend for the year ended 31 December 2011 (2010: HK$40,232,000).

13. (LOSS)/EARNING PER SHARE

The calculation of the basic (loss)/earning per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(20,251)**	(52,453)

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary share for the purposes of basic and diluted loss per share	**505,650**	345,323

The calculation of the basic and diluted (loss)/earning per share from continuing and discontinuing operations attributable to owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
From continuing operations		
Loss attributable to owners of the Company	**(20,251)**	(136,966)
From discontinued operations		
Profit attributable to owners of the Company	**—**	84,513

14. TRADE RECEIVABLES

An aged analysis of the Group's trade receivables at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 — 90 days	**1,256**	911
91 — 180 days	**21**	40
181 — 365 days	**—**	488
Over 365 days	**23**	—
	1,300	1,439
Impairment loss recognised	**—**	—
	1,300	1,439

Note:

The credit terms granted to the Group's customers vary and are generally the results of negotiations between the Group and individual customers. The Group has no significant concentrations of credit risk, with exposure spreads over a large number of customers. The credit terms of trade receivables are generally on 30 to 180 days.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Deposits, net of impairment	**8,331**	53,861
Prepayments	**267**	290
Other receivables	**108**	125
	8,706	54,276

At 31 December 2010, deposits amounted to HK$40,000,000 represented the deposits paid for acquisition of Sinofocus Media (Holdings) Limited as announced by the Company on 1 December 2010.

At 31 December 2011, deposits amounted to HK$8,254,717 (2010: HK$13,796,059) represented the advance paid for artist management and film production.

The directors of the Company consider that carrying amounts of deposits for artist management, film production, and other receivables approximate their fair values.

Movements in impairment loss in respect of deposits to artist are as follows:

	2011	2010
	HK$'000	*HK$'000*
At the beginning of the reporting periods	**443**	443
Impairment loss in respect of deposits to artist	**4,997**	—
At the end of the reporting periods	**5,440**	443

Included in the above impairment loss in respect of deposits is provision for individually impaired receivables of HK$4,997,099 (2010: Nil) with a gross carrying amount of HK$5,439,960 (2010: HK$442,861). The individually impaired deposits related to the portions of deposit paid that were not expected to be recovered.

16. TRADE PAYABLES

An aged analysis of the Group's trade payables at the end of the reporting period is as follow:

	2011	2010
	HK$'000	*HK$'000*
0 — 90 days	**11**	4
91 — 180 days	**—**	159
181 — 365 days	**—**	162
	11	325

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Artist Management

During the year under review, the revenue contributed by such segment was approximately HK$44.2 million (2010: approximately HK$21.4 million), representing an increase of approximately 106.5% as compared with the year ended 31 December 2010. The considerable growth of the revenue in such segment was in line with the management's expectation. The gross profit margin decreased to approximately 21.1% from approximately 22.6% in the prior year. The decrease in gross profit margin was because the majority of the revenue in the current year was contributed by the artists who have a relatively lower commission rate of the performance fee charged by the Company and its subsidiaries (the "Group").

Pending litigation

On 30 May 2011, China Star Management Limited ("CSM"), an indirect wholly-owned subsidiary of the Company, issued a writ of summons against Tang's Workshop Limited ("Tang's Workshop"). CSM claimed to recover the services rendered or work done and material supplied to Tang's Workshop for the sum of HK$127,500. As at 23 March 2012, being the latest practicable date for the purpose of ascertaining certain information in this announcement, the result of the litigation has not yet been finalised.

Films Distribution and Production

During the year under review, the Group did not have any addition of film rights and revenue of HK$0.1 million was generated from the grant of the film right in relation to the broadcasting of the film "Written By" through the media of regional television and regional internet in the worldwide market. The gross profit margin was approximately 84.7%. The formation of the joint venture company, China Star Film Group Limited which is engaged in the production and distribution of films, was completed on 7 January 2011. Two films are presently in the pre-production phase.

Provision of Infrared Thermal Imaging and Thermography Solutions and Consultancy Services

During the year under review, the revenue contributed by such segment was approximately HK$0.4 million (2010: approximately HK$0.4 million) and was mainly derived from the infrared consultancy services and leasing equipments. The gross profit margin was approximately 51.5% (2010: approximately 62.1%). The decrease in gross profit margin was because the revenue in the current year was contributed by the infrared consultancy services which has lower gross profit margin. Due to the uncertain business environment in the PRC market, an impairment loss of HK$10.9 million in respect of the intangible assets was recognised in the current year as a result of the scale-down of the business operations in the PRC market.

Financial Review

Revenue of the Group was approximately HK$44.7 million for the year ended 31 December 2011 (2010: approximately HK$21.8 million), of which approximately HK$44.2 million (2010: approximately HK$21.4 million), HK$0.1 million (2010: Nil) and approximately HK$0.4 million (2010: approximately HK$0.4 million) was generated from provision of artist management, films production and provision of infrared thermal imaging and thermography solutions and consultancy services respectively, representing an increase of approximately 105.3% as compared with the year ended 31 December 2010.

Administrative expenses decreased by approximately 31.1% to approximately HK$12.2 million from approximately HK$17.7 million in prior year. Such decrease was mainly contributed by the decrease in legal and professional fees and equity-settled share option expenses during the year under review.

Other operating expenses was approximately HK$17.3 million for the year ended 31 December 2011 which was mainly attributed to an impairment loss recognised in respect of goodwill, deposits to artists and film in progress of approximately HK$10.9 million, approximately HK$5.0 million and approximately HK$1.4 million respectively, and was decreased by approximately 85.5% from approximately HK$119.5 million in prior year. Such decrease was mainly contributed by the non-recurrence of one-off other operating expenses of impairment loss on early redemption of promissory note of approximately HK$64.3 million and convertible loan notes of approximately HK$44.7 million respectively recorded in previous year.

Finance costs decreased by approximately 89.8% to approximately HK$0.6 million from approximately HK$5.9 million in prior year. Early redemption of convertible loan notes and promissory note by the Company during the year 2010 resulted in the decrease of effective interest expenses on these financial instruments incurred during the year under review.

During the year under review, loss attributable to owners of the Company was approximately HK$20.3 million (2010: loss attributable to owners of the Company of approximately HK$52.5 million). The improvement in results was mainly contributed by non-recurrence of one-off other operating expenses of loss on early redemption of promissory note and convertible loan notes recorded in the previous year.

New Controlling Shareholder

As disclosed in the announcement dated 16 January 2012 that, on 30 December 2011, New Asia Media Development Limited ("Offeror"), a wholly owned subsidiary of Culture Landmark Investment Limited ("Culture Landmark") (stock code: 674), a company listed on the Main Board of the Stock Exchange, acquired 232,000,000 shares of the Company ("Shares"), from Aikford Financial Services Limited and Splendor Glow Limited (collectively referred as "Vendor") for an aggregate consideration of HK$81.2 million. After the acquisition, the Offeror held in aggregate 379,030,000 Shares, representing approximately 74.96% of the issued share capital and voting rights of the Company, the Offeror was therefore required under Rule 26.1 of the Code on Takeover and Mergers to make unconditional mandatory cash offers to acquire all the issued Shares and all outstanding convertible loan notes, and when the offer period (from 16 January 2012 to 2 March 2012) ("Offer Period") was closed at 4:00 p.m., 2 March 2012, the Offeror was interested in (i) an aggregate of 406,006,016 Shares, representing approximately 80.29% of the issued share capital and voting rights of the Company; and (ii) zero-coupon convertible loan notes due 24 September 2013 ("CLN") with total outstanding principal amount of HK$6,200,000 issued by the Company carrying the right to convert into a total of 12,731,006 Shares at the prevailing conversion price of HK$0.487 per share (subject to adjustment). Culture Landmark and the Offeror is the controlling shareholder of the Company.

On 8 March 2012, the Company was informed by the Offeror that an aggregate of 27,000,000 Shares, representing approximately 5.34% of the issued share capital of the Company, being held by the Offeror had been placed by REORIENT Financial Markets Limited (as the placing agent) to investors who were independent of and not connected persons of the Offeror, Culture Landmark and the Company (the "Placing"). The Placing took place on 8 March 2012. None of the investors was expected to become a substantial shareholder after the Placing.

After the Placing, a total of 126,643,710 Shares, representing approximately 25.05% of the issued share capital of the Company are held by public shareholders.

As at the date of this announcement, the Offeror is interested in (i) 379,006,016 Shares, representing approximately 74.95% of the issued share capital and voting rights of the Company and (ii) CLN with total principal amount HK$6,200,000 issued by the Company.

Restoration of public float

Immediately prior to the Placing, 99,643,710 Shares were held by public shareholders, representing approximately 19.71% of the issued share capital of the Company. The Company has applied and the Stock Exchange has granted a waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules from 2 March 2012 to 30 March 2012.

After the Placing, a total of 126,643,710 Shares, representing approximately 25.05% of the issued share capital of the Company, are held by public shareholders. As a result, the percentage of Shares in the public hands is sufficient to satisfy the requirement set out in Rule 11.23(7) of the GEM Listing Rules.

For details of the above, please refer to our announcements dated 16 January 2012, 2 March 2012 and 8 March 2012 respectively, and our circular dated 10 February 2012.

Appointment of Chairman, Chief Executive Officer and Directors

On 28 September 2011, Mr. Cheng Yang ("Mr. Cheng") was appointed as chairman of Board ("Chairman") and an executive Director of the Company. On 5 March 2012, Mr. Cheng, the executive director and Chairman of the Company, was also appointed as the Chief Executive Officer of the Company.

On 5 March 2012, Mr. Kan Yisong, Ms. Hui Ching ("Ms. Hui") and Ms. Jiang Di ("Ms. Jiang") were appointed as executive directors of the Company, and Ms. Hui and Ms. Jiang were also appointed as vice presidents of the Company.

For the details of the above appointments, please refer to the announcements dated 28 September 2011 and 5 March 2012.

Proposed change of company name

On 26 March 2012, the directors of the Company announced its proposal to change the English name of the Company from "KH Investment Holdings Limited" to "China Media and Films Holdings Limited" and to adopt the Chinese name "中國傳媒影視控股有限公司" as the secondary name of the Company to replace "嘉滙投資控股有限公司" which has been used by the Company for identification purposes only to reflect the principal activities of the Group.

A circular giving details of the above proposal and incorporating a notice of a general meeting of the Company will be sent to shareholders once it is ready.

Future Plans

With the new controlling shareholder and new members on board, and more importantly they are all with extensive experience in the media sectors and the management of large corporation, the management of the Company starts to formulate strategies for our future business development and it is their main tasks in the coming year so as to widen the income sources of the Group and maximise the interests of the shareholders.

The management will look for suitable investment opportunities to explore into other business sectors.

Liquidity and Financial Resources

As at 31 December 2011, the Group had total assets of approximately HK$112.8 million (2010: approximately HK$138.1 million), including cash and bank balances of approximately HK$97.6 (2010: approximately HK$66.8 million). During the year under review, the Group financed its operation with internally generated cash flows.

Capital Structure

During the year under review, there was no change in the capital structure of the Company.

Gearing Ratio

The gearing ratio, expressed as percentage of total liabilities over total assets, was approximately 13.3% (2010: approximately 16.2%). The improvement in gearing ratio was mainly contributed by the decrease of (i) the accrual and other payments and (ii) the receipt in advance.

Charge on the Group's Assets

As at 31 December 2011, the Group did not have any charge on its assets.

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management closely monitors the exposures and will consider hedging the exposures should the need arise.

Commitments

As at 31 December 2011, the Group had no commitments. (2010: as disclosed below)

As at 31 December 2010, the Group has (i) the commitment for capital contribution in relation to the formation of a joint venture company of HK$29.0 million and (ii) the balance of the purchase price in relation to the acquisition of a subsidiary of HK$42.0 million.

Contingent Liabilities

As at 31 December 2011, the Group had no contingent liabilities (2010: Nil).

Employees

As at 31 December 2011, the Group had 10 employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

The Group did not hold any significant investment during the year ended 31 December 2011.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

The Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies for the year ended 31 December 2011.

Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plan for material investments or capital assets for the coming year.

Purchase, Sale or Redemption of Shares

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at 31 December 2011, the audit committee comprises three independent non-executive directors and a non-executive Director, namely, Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky, Ms. Chio Chong Meng and Mr. Fan Tung, Donald ("Mr. Fan"). During the year, the audit committee held four meetings to review the Group's annual report, interim report and quarterly reports.

On 5 March 2012, Mr. Fan resigned as a member of Audit Committee and non-executive director of the Company.

The audit committee has reviewed the annual results of the Company for the year ended 31 December 2011.

Corporate Governance Practices

Save as disclosed below, the Company complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 December 2011:

(a) As at 31 December 2011, the roles of chairman and chief executive officer are separate and are not be performed by the same individual since Mr. Cheng assumes the role of the chairman and Mr. Kwok Wai Kin, Kenneth ("Mr. Kwok") serves as chief executive officer. However, after the resignation of Mr. Kwok for the position as the executive director and chief executive officer of the Company and the appointment of Mr. Cheng to be the chief executive officer of the Company on 5 March 2012, the roles of chairman and chief executive officer has been performed by the same individual. Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company has been performed by Mr. Cheng. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

(b) Under the Code provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation once every three years and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

By Order of the Board
KH Investment Holdings Limited
Cheng Yang
Chairman

Hong Kong, 26 March 2012

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Yang (Chairman and Chief Executive Officer), Mr. Kan Yisong, Ms. Hui Ching and Ms. Jiang Di; and the independent non-executive directors are Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng.

This announcement will be published on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of publication and on the Company's website at www.golife.com.hk.