



KH INVESTMENT HOLDINGS LIMITED

嘉匯投資控股有限公司\*

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

**(Stock Code: 8172)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.**

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*This announcement, for which the directors (the “Directors”) of KH Investment Holdings Limited (the “Company”) collectively and individually accept 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 in this announcement misleading.*

\* for identification purpose only

## UNAUDITED QUARTERLY RESULTS

The board (the “Board”) of Directors of the Company announces the unaudited consolidated results of the Company, its subsidiaries and jointly controlled entities (the “Group”) for the nine months ended 30 September 2011, together with the comparative unaudited figures for 2010 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended		For the nine months ended	
		30 September 2011 (Unaudited) HK\$'000	30 September 2010 (Unaudited) HK\$'000	30 September 2011 (Unaudited) HK\$'000	30 September 2010 (Unaudited) HK\$'000
<b>Continuing Operations</b>					
Turnover	3	8,983	5,828	30,494	18,431
Cost of sales		(6,808)	(4,565)	(23,657)	(14,262)
Gross profit		2,175	1,263	6,837	4,169
Other revenue and income	4	4	69	94	1,075
Administrative expenses		(4,529)	(1,256)	(10,421)	(14,193)
Other operating expenses	5	—	—	—	(108,906)
Finance costs	6	(153)	(152)	(445)	(5,785)
Loss before tax	7	(2,503)	(76)	(3,935)	(123,640)
Tax credit	8	—	—	—	235
Loss for the period from continuing operations		(2,503)	(76)	(3,935)	(123,405)
<b>Discontinued Operations</b>					
(Loss)/profit for the period from discontinued operations	9	—	(77)	—	66,152
<b>Loss attributable to the owners of the Company</b>		<b>(2,503)</b>	<b>(153)</b>	<b>(3,935)</b>	<b>(57,253)</b>
<b>Dividend</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>40,232</b>
<b>(Loss)/earning per share</b>					
10					
From continuing and discontinued operations					
— Basic and diluted		HK(0.50) cent	HK(0.04) cent	HK(0.78) cent	HK(17.61) cents
From continuing operations					
— Basic and diluted		HK(0.50) cent	HK(0.02) cent	HK(0.78) cent	HK(37.95) cents
From discontinued operations					
— Basic and diluted		N/A	HK(0.02) cent	N/A	HK20.34 cents

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For the three months ended		For the nine months ended	
	30 September 2011 (Unaudited) <i>HK\$'000</i>	30 September 2010 (Unaudited) <i>HK\$'000</i>	30 September 2011 (Unaudited) <i>HK\$'000</i>	30 September 2010 (Unaudited) <i>HK\$'000</i>
Loss for the period	(2,503)	(153)	(3,935)	(57,253)
<b>Other comprehensive income</b>				
Exchange differences on translation of foreign operations during the period	—	—	—	(6,068)
<b>Total comprehensive income for the period</b>	<b>(2,503)</b>	<b>(153)</b>	<b>(3,935)</b>	<b>(63,321)</b>
<b>Total comprehensive income attributable to owners of the Company</b>	<b>(2,503)</b>	<b>(153)</b>	<b>(3,935)</b>	<b>(63,321)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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. The Company's shares have been listed on the GEM of 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 unaudited condensed consolidated income statement and unaudited condensed consolidated statement of comprehensive income (the "Unaudited Consolidated Results") 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 Company's principal activity is investment holding and the principal activities of its subsidiaries and jointly controlled entity are provision of artists management services, film production and film distribution and provision of infrared thermal imaging and thermography solutions and consultancy services.

### 2. Basis of preparation and consolidation

The Unaudited Consolidated Results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Unaudited Consolidated Results 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 Unaudited Consolidated Results is the historical cost convention, as modified for the revaluation of certain financial instruments and investment properties which are stated at their fair values.

Certain comparative figures have been reclassified to conform with current year's presentation.

The preparation of Unaudited Consolidated Results 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.

The accounting policies and basis of preparation adopted in the preparation of the Unaudited Consolidated Results are consistent with those adopted in annual financial statements for the year ended 31 December 2010.

All significant transactions and balances within the Group have been eliminated on consolidation.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the results and financial position of the Group.

### 3. Turnover

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
<b>Continuing operations</b>				
Infrared consultancy services	28	29	282	29
Film right income	—	—	100	—
Artists management services	8,955	5,799	30,112	18,402
	<u>8,983</u>	<u>5,828</u>	<u>30,494</u>	<u>18,431</u>

### 4. Other revenue and income

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
<b>Continuing operations</b>				
Bank interest income	4	44	77	74
Sundry income	—	25	17	1,001
	<u>4</u>	<u>69</u>	<u>94</u>	<u>1,075</u>
<b>Discontinued operations</b>				
Bank interest income	—	—	—	91
Gain on disposal of property, plant and equipment	—	—	—	89
Sundry income	—	—	—	1,866
	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,046</u>
	<u>4</u>	<u>69</u>	<u>94</u>	<u>3,121</u>

### 5. Other operating expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Loss on early redemption of promissory note	—	—	—	64,252
Loss on early redemption of convertible loan notes	—	—	—	44,654
	<u>—</u>	<u>—</u>	<u>—</u>	<u>108,906</u>

## 6. Finance costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
<b>Continuing operations</b>				
Effective interest expenses on convertible loan notes	153	152	444	1,869
Effective interest expenses on promissory notes	—	—	—	3,916
Interest on bank loans and overdrafts wholly repayable within five years	—	—	1	—
	<u>153</u>	<u>152</u>	<u>445</u>	<u>5,785</u>
<b>Discontinued operations</b>				
Interest on bank loans and overdrafts wholly repayable within five years	—	—	—	1
Interest on finance leases	—	—	—	6
	<u>—</u>	<u>—</u>	<u>—</u>	<u>7</u>
	<u>153</u>	<u>152</u>	<u>445</u>	<u>5,792</u>

## 7. Loss before tax

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
<b>Continuing operations</b>				
Depreciation of property, plant and equipment	18	81	53	270
Minimum lease payments under operating leases on land and buildings	54	231	161	535
Impairment loss of film in progress	1,390	—	1,390	—
Staff costs including directors' remuneration	773	926	2,280	2,858
Equity-settled share option expenses	—	—	2,409	3,341
	<u>18</u>	<u>81</u>	<u>53</u>	<u>270</u>
<b>Discontinued operations</b>				
Depreciation of property, plant and equipment	—	—	—	1,658
Minimum lease payments under operating leases on land and buildings	—	—	—	235
Staff costs including directors' remuneration	—	33	—	943
	<u>—</u>	<u>33</u>	<u>—</u>	<u>943</u>

## 8. Tax credit

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Deferred tax	—	—	—	(235)
	—	—	—	(235)
<b>Discontinued operations</b>				
Deferred tax	—	—	—	3,545
	—	—	—	3,545
	—	—	—	3,310

No provision of Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong or the estimated assessable profit was wholly absorbed by tax losses brought forward during the period under review (2010: Nil).

## 9. Discontinued operations

On 28 May 2010, the Group disposed of (i) its wholly owned subsidiary, 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, 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.

	For the three months ended		For the nine months ended	
	30 September 2011 (Unaudited) HK\$'000	30 September 2010 (Unaudited) HK\$'000	30 September 2011 (Unaudited) HK\$'000	30 September 2010 (Unaudited) HK\$'000
Other revenue and income	—	—	—	2,046
Gain arising on change in fair values of investment properties	—	—	—	11,816
Administrative expenses	—	(77)	—	(8,726)
Finance costs	—	—	—	(7)
	<hr/>	<hr/>	<hr/>	<hr/>
(Loss)/profit before tax	—	(77)	—	5,129
Tax	—	—	—	(3,545)
	<hr/>	<hr/>	<hr/>	<hr/>
	—	(77)	—	1,584
Gain on disposal of the Mega Shell Group	—	—	—	64,568
	<hr/>	<hr/>	<hr/>	<hr/>
(Loss)/profit for the period from discontinued operations	<u>—</u>	<u>(77)</u>	<u>—</u>	<u>66,152</u>

#### 10. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the three months ended 30 September 2011 of approximately HK\$2.5 million (2010: approximately HK\$0.2 million) and loss attributable to owners of the Company for the nine months ended 30 September 2011 of approximately HK\$3.9 million (2010: approximately HK\$57.3 million) and the weighted average of 505,649,726 shares in issue during the three months ended 30 September 2011 (2010: 369,360,995 shares) and the weighted average of 505,649,726 shares in issue during the nine months ended 30 September 2011 (2010: 325,144,202 shares).

Diluted (loss)/earnings per share was the same as basic (loss)/earnings per share for the three months and nine months ended 30 September 2011 and 2010 as the exercise of share option and conversion of all outstanding convertible loan notes would have anti-dilutive effects.



## 11. Reserves

	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Convertible loan notes reserve (Unaudited) HK\$'000	Share-based payments reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	(Accumulated losses)/ retained profits (Unaudited) HK\$'000	Total (Unaudited) 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 period	—	—	—	—	—	—	(57,253)	(57,253)
Other comprehensive income for the period	—	—	—	—	—	(6,068)	—	(6,068)
Total comprehensive income for the period	—	—	—	—	—	(6,068)	(57,253)	(63,321)
Extention period of convertible loan notes	—	—	—	508	—	—	—	508
Capital reduction	(5,411)	—	5,411	—	—	—	—	—
Placing new shares, net	2,000	57,350	—	—	—	—	—	59,350
Capital reorganisation	—	(252,834)	40,551	—	—	—	212,283	—
Dividend, paid	—	—	(40,232)	—	—	—	—	(40,232)
Redemption of convertible loan notes	—	—	—	(150,448)	—	—	48,483	(101,965)
Deferred tax released on redemption of convertible loan notes	—	—	—	24,192	—	—	—	24,192
Recognition of equity-settled share-based payments	—	—	—	—	3,341	—	—	3,341
Release of exchange reserve from the disposal of a subsidiary	—	—	—	—	—	6,605	—	6,605
Issue of shares from the acquisition of a subsidiary	592	17,755	—	—	—	—	—	18,347
At 30 September 2010	<u>3,944</u>	<u>17,755</u>	<u>28,294</u>	<u>1,900</u>	<u>4,711</u>	<u>—</u>	<u>25,601</u>	<u>82,205</u>
At 1 January 2011	<u>5,056</u>	<u>47,383</u>	<u>28,294</u>	<u>2,381</u>	<u>1,367</u>	<u>—</u>	<u>31,217</u>	<u>115,698</u>
Net loss for the period	—	—	—	—	—	—	(3,935)	(3,935)
Other comprehensive income for the period	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	—	(3,935)	(3,935)
Recognition of equity-settled share-based payments	—	—	—	—	2,409	—	—	2,409
Lapse of share options	—	—	—	—	(3,776)	—	3,776	—
At 30 September 2011	<u>5,056</u>	<u>47,383</u>	<u>28,294</u>	<u>2,381</u>	<u>—</u>	<u>—</u>	<u>31,058</u>	<u>114,172</u>

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2011 (2010: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

For continuing operations, revenue of the Group was approximately HK\$30.5 million for the nine months ended 30 September 2011 (2010: approximately HK\$18.4 million), of which approximately HK\$30.1 million (2010: approximately HK\$18.4 million), HK\$0.1 million (2010: Nil) and approximately HK\$0.3 million (2010: approximately HK\$0.03 million) was generated from provision of artist management services, film production and provision of infrared thermal imaging and thermography solutions and consultancy services respectively, representing an increase of 65.8% as compared with the period ended 30 September 2010.

Administrative expenses decreased by 26.8% to approximately HK\$10.4 million from approximately HK\$14.2 million in prior period. Such decrease was mainly contributed by the decrease of legal and professional fees and equity-settled share option expenses during the period under review.

Finance costs decreased by 91.4% to approximately HK\$0.5 million from approximately HK\$5.8 million in prior period. 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 period under review.

During the period under review, loss attributable to owners of the Company was approximately HK\$3.9 million (2010: loss attributable to owners of the Company of approximately HK\$57.3 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 last corresponding period.

### **Business Review**

#### **Artist Management**

During the period under review, the revenue contributed by such segment was approximately HK\$30.1 million (2010: approximately HK\$18.4 million), representing an increase of 63.6% as compared with the period ended 30 September 2010. The considerable growth of the revenue and stable gross profit margin in such segment was in line with the management's expectation.

On 30 May 2011, an indirect wholly-owned subsidiary of the Company issued a Writ of Summons against Tang's Workshop Limited ("Tang's Workshop") and claimed to recover the services rendered or work done and material supplied to Tang's Workshop for the sum of HK\$127,500. At the date of this announcement, the result of the litigation has not yet been finalised.

### **Film Distribution and Production**

During the period under review, an impairment loss of film in progress of approximately HK\$1.4 million was incurred. 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 People's Republic of China ("PRC") market. 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 in their pre-production phases and these films are expected to be released for exhibition in the PRC and Hong Kong on or before the first quarter of 2012.

### **Provision of Infrared Thermal Imaging and Thermography Solutions and Consultancy Services**

During the period under review, the revenue contributed by such segment was approximately HK\$0.3 million (2010: approximately HK\$0.03 million) and was mainly derived from the trading and leasing of equipments.

### ***New Controlling Shareholder***

On 12 July 2011, the Company received a letter from the financial adviser of Century City International Holdings Limited ("Century City") (a company listed on the Main Board of the Stock Exchange: stock code 355) and its subsidiaries (collectively, the "Century City Group") that it intended to make the offers (in compliance with the Code on Takeovers and Mergers ("Takeovers Code")) (i) to acquire all the shares of the Company not already owned or agreed to be acquired by Splendor Glow Limited ("Offeror"), Century City and parties acting in concert with any of them at the offer price of HK\$0.25 per share; (ii) to acquire the convertible loan note ("CLN") at the CLN offer consideration of HK\$0.5133 for every HK\$1 face value of the CLN; and (iii) for the cancellation of the share option ("Share Options") at the option offer consideration of HK\$0.00001 per Share Option. On 22 August 2011, Aikford Financial Services Limited, an indirect wholly-owned subsidiary of Century City, acquired additional 2,280,000 shares at prices within a range of HK\$0.240 to HK\$0.246 per share on the market. Accordingly, the aggregate interest of the Offeror, Century City and parties acting in concert with them in the issued share capital of the Company increased from approximately 29.9% to approximately 30.3%. Pursuant to Rule 26.1 of the Takeovers

Code, the Offeror was obliged to make conditional mandatory cash offers to acquire all the shares, the CLN and the Share Options not already owned or agreed to be acquired by the Offeror, Century City and parties acting in concert with any of them. During the offer period, the Offeror, Century City and parties acting in concert with any of them further acquired on the market 1,000,000 shares representing approximately 0.2% of the issued share capital of the Company.

The conditional mandatory cash offers were closed on 21 September 2011. After taking into account of 151,000,000 shares already held by the Offeror, Century City and parties acting in concert with any of them before the offer period, the 3,280,000 shares acquired on the market during the offer period and a total of 112,967,161 shares received by the Offeror under the conditional mandatory cash offers, the Century City Group held 52.85% of the entire issued share capital of the Company as at 21 September 2011 and is the controlling shareholder of the Company. As at 30 September 2011, there was no change of the shareholding of the Century City Group in the Company.

### ***Appointment of Chairman, Chief Executive Officer and Directors***

On 14 September 2011, Mr. Kenneth Ng Kwai Kai, and Mr. Kelvin Leung So Po were appointed as executive Directors of the Company; Mr. Donald Fan Tung was appointed as a non-executive Director of the Company.

On 28 September 2011, Mr. Cheng Yang was appointed as the chairman of the Board (“Chairman”) and an executive Director of the Company.

On 3 October 2011, Mr. Kwok Wai Kin, Kenneth was appointed as the chief executive officer and an executive Director of the Company.

For the details of the above appointments, please refer to the announcements dated 14 September 2011, 28 September 2011 and 3 October 2011, respectively.

### **Future Plans**

The Group has recently appointed new directors and executive management. Our objective is to make the best possible use of our existing and augmented management strengths. With new members on board, we will start conducting a review of our business operations and direction of the existing business to formulate strategies to plan for our future business development. While the Group presently intends to maintain its existing business, the Board is also seeking opportunities to explore into other business segments with significant development potential.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2011, the interests and short position of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules, were as follows:

### *Long Positions in the Company and Associated Corporations*

	<b>The Company/ Name of Associated Corporation</b>	<b>Name of Director</b>	<b>Class of shares held</b>	<b>Capacity</b>	<b>Number of shares held (Approximate percentage of the issued shares as at 30 September 2011)</b>
1.	The Company	Nil	Nil	Nil	Nil
2.	Century City	Leung So Po, Kelvin	Ordinary	Personal interest	4,000 (0.00%)
3.	Paliburg Holdings Limited	Ng Kwai Kai, Kenneth	Ordinary	Personal interest	176,200 (0.02%)
		Leung So Po, Kelvin	Ordinary	Personal interest	530,185 (0.05%)
		Fan Tung, Donald	Ordinary	Personal interest	556 (0.00%)

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 6 March 2002. The principal terms of the Scheme have been set out in Note 38 to the financial statements in the annual report of the Company for the year ended 31 December 2010.

Pursuant to the Scheme, as a result of the conditional mandatory cash offers being declared unconditional, all the outstanding Share Options granted lapsed by the end of the period of 21 days after the notice given by the Offeror to acquire the remaining shares. The details of movements in the Share Options during the nine months ended 30 September 2011 are as follows:

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 1/1/2011	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30/9/2011
18/5/2010	Consultant (Note 1)	HK\$0.202	18/5/2010 to 17/5/2011	2,100,000	—	—	(2,100,000)	—	—
2/6/2010	Director (Note 1)	HK\$0.325	2/6/2010 to 1/6/2011	3,350,000	—	—	(3,350,000)	—	—
	Employees (Note 1)	HK\$0.325	2/6/2010 to 1/6/2011	6,700,000	—	—	(6,700,000)	—	—
	Consultants (Note 1)	HK\$0.325	2/6/2010 to 1/6/2011	2,100,000	—	—	(2,100,000)	—	—
3/12/2010	Consultants	HK\$0.347	3/12/2010 to 2/12/2011	2,040,000	—	—	(2,040,000)	—	—
3/1/2011	Director	HK\$0.335	3/1/2011 to 2/1/2012	—	2,940,000	—	(2,940,000)	—	—
	Employees	HK\$0.335	3/1/2011 to 2/1/2012	—	2,940,000	—	(2,940,000)	—	—
	Consultants	HK\$0.335	3/1/2011 to 2/1/2012	—	32,860,000	—	(32,860,000)	—	—
				<u>16,290,000</u>	<u>38,740,000</u>	<u>—</u>	<u>(55,030,000)</u>	<u>—</u>	<u>—</u>

Note:

- These Share Options had lapsed since they expired upon the date when the exercise period ended.

## DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at 30 September 2011, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

## SUBSTANTIAL SHAREHOLDERS

At 30 September 2011, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

### Long position in ordinary shares of HK\$0.01 each of the Company

Name of substantial shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approximate percentage of the Company's issued share capital
Mr. Lo Yuk Sui ("Mr. Lo")	Interest of controlled corporation	267,247,161	—	267,247,161	52.85%
Secure Way Technology Limited ("Secure Way") (Note 1)	Interest of controlled corporation	267,247,161	—	267,247,161	52.85%
Net Community Limited ("Net Community") (Note 2)	Interest of controlled corporation	267,247,161	—	267,247,161	52.85%
Century Digital Holdings Limited ("Century Digital") (Note 3)	Interest of controlled corporation	267,247,161	—	267,247,161	52.85%
Grand Modern Investments Limited ("Grand Modern") (Note 4)	Interest of controlled corporation	267,247,161	—	267,247,161	52.85%
Century City (Note 5)	Interest of controlled corporation	267,247,161	—	267,247,161	52.85%
Century City BVI Holdings Limited ("Century City BVI") (Note 6)	Interest of controlled corporation	267,247,161	—	267,247,161	52.85%
Century City Holdings Limited ("Century City Holdings") (Note 7)	Interest of controlled corporation	154,280,000	—	154,280,000	30.51%

Name of substantial shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approximate percentage of the Company's issued share capital
Aikford Financial Services Limited ("Aikford") (Note 8)	Beneficial owner	154,280,000	—	154,280,000	30.51%
Splendor Glow Limited ("Splendor Glow") (Note 9)	Beneficial owner	112,967,161	—	112,967,161	22.34%
Culture Landmark Investment Limited ("Culture Landmark") (Note 10)	Interest of controlled corporation	147,030,000	—	147,030,000	29.08%
New Asia Media Development Limited ("New Asia Media") (Note 10)	Beneficial owner	147,030,000	—	147,030,000	29.08%

*Notes:*

- (1) Secure Way is wholly and beneficially owned by Mr. Lo.
- (2) Net Community is wholly and beneficially owned by Secure Way.
- (3) Century Digital is wholly and beneficially owned by Net Community.
- (4) Grand Modern is wholly and beneficially owned by Century Digital.
- (5) Grand Modern owns 50.2% shareholding interest in Century City.
- (6) Century City BVI is wholly and beneficially owned by Century City, a company listed on the Main Board of the Stock Exchange.
- (7) Century City Holdings is wholly and beneficially owned by Century City BVI.
- (8) Aikford is the beneficial owner of 154,280,000 shares of the Company and is wholly and beneficially owned by Century City Holdings.
- (9) Splendor Glow is the beneficial owner of 112,967,161 shares of the Company and is wholly and beneficially owned by Century City BVI.
- (10) New Asia Media is the beneficial owner of 147,030,000 shares of the Company and is wholly and beneficially owned by Culture Landmark, a company listed on the Main Board of the Stock Exchange. The Chairman of the Company, Mr. Cheng Yang, is also the chairman, chief executive officer and an executive director of Culture Landmark.



Save as disclosed above, at 30 September 2011, the Company has not been notified by any persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## **COMPETING INTEREST**

At 30 September 2011, none of the Directors, the substantial shareholders nor their respective associates had an interest in any business which competes or may compete with the business of the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the nine months ended 30 September 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

Save as disclosed below, the Company complied with provisions set out in Appendix 15 of the Code of Corporate Governance Practices of the GEM Listing Rules for the nine months ended 30 September 2011.

### **a. Chairman and chief executive officer**

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 have been performed by Mr. Lai Hok Lim, who is also an executive Director. The deviation was rectified when the Board announced that Mr. Cheng Yang was appointed as the Chairman on 28 September 2011, and Mr. Kwok Wai Kin, Kenneth was appointed as chief executive officer on 3 October 2011. They were both executive Directors of the Company.

### **b. Terms of non-executive Directors**

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 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.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the nine months ended 30 September 2011, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company's Directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

## **AUDIT COMMITTEE**

The audit committee ("Audit Committee") has four members comprising three independent non-executive Directors and one non-executive Director, namely Mr. Yip Tai Him (Chairman of the Audit Committee), Mr. Law Yiu Sang, Jacky, Ms. Chio Chong Meng and Mr. Donald Fan Tung.

The primary duties of the Audit Committee are to review the Company's annual report and financial statements, quarterly reports and interim report and to provide advice and comment thereon to the board of directors. The Audit Committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the management team of the Company. The Audit Committee reviewed the third quarterly results for the nine months ended 30 September 2011 before proposing to the Board for approval.

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

Hong Kong, 10 November 2011

*As at the date of this announcement, the Board comprises Mr. Cheng Yang (Chairman), Mr. Kwok Wai Kin, Kenneth (Chief Executive Officer), Mr. Kenneth Ng Kwai Kai, Mr. Kelvin Leung So Po and Mr. Lai Hok Lim as executive Directors; Mr. Donald Fan Tung as a non-executive Director; and Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng as independent non-executive Directors.*

*This announcement will be published on the GEM website on the "Latest Company Announcements" page for at least seven days from the date of its publication and on the Company's website at [www.golife.com.hk](http://www.golife.com.hk).*