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## MACAU INVESTMENT HOLDINGS LIMITED

澳門投資控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 2362)

(Formerly known as Signal Media and Communications Holdings Limited)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors (the “Board”) of Macau Investment Holdings Limited (the “Company”) is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2008.

#### CONSOLIDATED INCOME STATEMENT

*Year ended 31 December 2008*

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	<b>2007</b> <i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	4	<b>138,079</b>	91,202
Cost of sales		<u>(48,964)</u>	<u>(32,473)</u>
Gross profit		<b>89,115</b>	58,729
Other income	4	<b>5,646</b>	7,256
Gain on early redemption of convertible bonds		<b>119,522</b>	–
Selling and distribution costs		<b>(67,726)</b>	(34,563)
Administrative expenses		<b>(76,933)</b>	(65,849)
Other operating expenses		<b>(1,548)</b>	(885)
Costs associated with equity-settled share options		<b>(4,401)</b>	(11,941)
Impairment of items of property, plant and equipment		–	(25,004)
Loss recognised on the remeasurement to fair value of prepaid land lease payments		–	(9,607)
Decrease in fair value of investment properties		–	(8,195)
Impairment of goodwill		<b>(55,910)</b>	(46,636)
Impairment of intangible assets		<b>(39,999)</b>	–
Loss on disposal of a subsidiary		<b>(155,582)</b>	–
Convertible bonds interest costs		<b>(70,490)</b>	(26,258)
Other finance costs	5	<b>(1,051)</b>	(962)
Share of loss of an associate		<b>(17)</b>	–

**CONSOLIDATED INCOME STATEMENT (Continued)**

Year ended 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000
<b>LOSS BEFORE TAX</b>	6	<b>(259,374)</b>	(163,915)
Tax	7	<u><b>(2,582)</b></u>	<u>(2,743)</u>
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(261,956)</b>	(166,658)
<b>DISCONTINUED OPERATION</b>			
Loss for the year from a discontinued operation		<u><b>(5,079)</b></u>	<u>(377)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(267,035)</b></u>	<u>(167,035)</u>
Attributable to:			
Equity holders of the Company		<b>(266,666)</b>	(167,019)
Minority interests		<u><b>(369)</b></u>	<u>(16)</u>
		<u><b>(267,035)</b></u>	<u>(167,035)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	9		
Basic:			
For loss for the year		<u><b>HK\$0.55</b></u>	<u>HK\$0.46</u>
For loss from continuing operations		<u><b>HK\$0.54</b></u>	<u>HK\$0.46</u>
Diluted:			
For loss for the year		<u><b>N/A</b></u>	<u>N/A</u>
For loss from continuing operations		<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED BALANCE SHEET

31 December 2008

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>42,877</b>	39,381
Investment properties		–	–
Prepaid land lease payments		<b>6,182</b>	7,285
Properties under development		–	1,818,098
Goodwill		–	51,906
Intangible assets		<b>90,706</b>	99,906
Available-for-sale investments		<b>112,252</b>	113,691
Interests in an associate		<b>2,283</b>	–
Deferred tax assets		–	61
Long term deposits		<b>1,130</b>	1,298
		<hr/>	<hr/>
Total non-current assets		<b>255,430</b>	2,131,626
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>31,555</b>	25,634
Trade receivables	10	<b>12,649</b>	13,379
Prepayments, deposits and other receivables		<b>53,724</b>	55,378
Available-for-sale investments		<b>218,669</b>	–
Equity investments at fair value through profit or loss		<b>6,161</b>	–
Amounts due from related companies		<b>1,692</b>	594
Pledged deposits		<b>7,683</b>	7,549
Restricted bank balances		–	42,537
Cash and cash equivalents		<b>65,287</b>	172,217
		<hr/>	<hr/>
		<b>397,420</b>	317,288
Assets of a disposal group classified as held for sale		<b>2,819</b>	43,385
		<hr/>	<hr/>
Total current assets		<b>400,239</b>	360,673
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>9,244</b>	11,895
Other payables and accruals		<b>38,340</b>	76,076
Interest-bearing bank borrowings		<b>18,853</b>	14,155
Amounts due to related companies		<b>384</b>	540
Tax payable		<b>535</b>	2,253
Convertible bonds		–	47,820
Finance lease payables		<b>331</b>	495
Amounts due to minority shareholders of subsidiaries		<b>600</b>	10,259
		<hr/>	<hr/>
		<b>68,287</b>	163,493

**CONSOLIDATED BALANCE SHEET (Continued)**

31 December 2008

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Liabilities directly associated with the assets classified as held for sale	<u>2,723</u>	<u>6,416</u>
Total current liabilities	<u>71,010</u>	<u>169,909</u>
<b>NET CURRENT ASSETS</b>	<u>329,229</u>	<u>190,764</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>584,659</u>	<u>2,322,390</u>
<b>NON-CURRENT LIABILITIES</b>		
Provision for long service payments	425	656
Convertible bonds	–	1,091,515
Finance lease payables	1,159	21
Deferred tax liabilities	<u>1,822</u>	<u>1,944</u>
Total non-current liabilities	<u>3,406</u>	<u>1,094,136</u>
Net assets	<u>581,253</u>	<u>1,228,254</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	242,915	242,915
Equity component of convertible bonds	–	404,298
Reserves	<u>338,338</u>	<u>513,694</u>
	581,253	1,160,907
<b>Minority interests</b>	<u>–</u>	<u>67,347</u>
Total equity	<u>581,253</u>	<u>1,228,254</u>

## **1. CORPORATE INFORMATION**

Macau Investment Holdings Limited is a limited liability company incorporated in the Cayman Islands. The name of the Company was formerly known as Signal Media and Communications Holdings Limited. Pursuant to a special resolution passed in an extraordinary general meeting held on 15 October 2007, the change of the Company name was approved. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 801, 8th Floor, Miramar Tower, 132-134 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was involved in investment holding and the Group was involved in property development and investment, manufacturing and trading of cosmetic and related products, provision of beauty technical and training services, and provision of public relation services.

### **2.1 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain equity and debt investments, which have been measured at fair value. The disposal group held for sale is stated at the lower of its carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year’s financial statements.

HKAS 39 & HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

## 2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>1</sup>
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items <sup>2</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) – Int 16	Hedges of a New Investment in a Foreign Operation <sup>4</sup>
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners <sup>2</sup>

Apart from the above, the HKICPA has also issued Improvements to HKFRSs\* which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wordings. Except for the amendments to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

\* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### 3. SEGMENT INFORMATION

#### (a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

Group

	Continuing operations								Discontinued operation					
	Property investment and development		Cosmetic and beauty		Others		Eliminations		Total		Financial public relation and advertising service		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	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
Segment revenue:														
Sales to external customers	-	-	138,332	92,951	-	-	-	-	138,332	92,951	6,289	10,353	144,621	103,304
Intersegment sales	-	-	-	-	-	-	(253)	(1,749)	(253)	(1,749)	253	1,749	-	-
Other revenue	-	1,252	4,618	2,222	-	-	-	-	4,618	3,474	8	6	4,626	3,480
<b>Total</b>	<b>-</b>	<b>1,252</b>	<b>142,950</b>	<b>95,173</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(1,749)</b>	<b>142,697</b>	<b>94,676</b>	<b>6,550</b>	<b>12,108</b>	<b>149,247</b>	<b>106,784</b>
<b>Segment results</b>	<b>(976)</b>	<b>(41,924)</b>	<b>(55,648)</b>	<b>(41,355)</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(1,749)</b>	<b>(56,877)</b>	<b>(85,028)</b>	<b>(5,079)</b>	<b>(344)</b>	<b>(61,956)</b>	<b>(85,372)</b>
Interest and unallocated other income									1,028	3,782	-	50	1,028	3,832
Unallocated expenses									(131,967)	(55,449)	-	-	(131,967)	(55,449)
Finance costs									(71,541)	(27,220)	-	(11)	(71,541)	(27,231)
Share of loss of an associate									(17)	-	-	-	(17)	-
Loss before tax									(259,374)	(163,915)	(5,079)	(305)	(264,453)	(164,220)
Tax									(2,582)	(2,743)	-	(72)	(2,582)	(2,815)
Loss for the year									<b>(261,956)</b>	<b>(166,658)</b>	<b>(5,079)</b>	<b>(377)</b>	<b>(267,035)</b>	<b>(167,035)</b>

### 3. SEGMENT INFORMATION (Continued)

#### (a) Business segments (Continued)

	Continuing operations								Discontinued operation				Consolidated	
	Property investment and development		Cosmetic and beauty		Others		Eliminations		Total		Financial public relation and advertising service			
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
<b>Assets and liabilities</b>														
Segment assets	254,989	1,883,505	224,351	236,897	-	1,216	-	-	479,340	2,121,618	2,819	18,886	482,159	2,140,504
Unallocated assets													173,510	351,795
<b>Total assets</b>													<b>655,669</b>	<b>2,492,299</b>
Segment liabilities	-	48,647	68,520	42,033	-	-	-	-	68,520	90,680	2,723	2,240	71,243	92,920
Unallocated liabilities													3,173	1,171,125
<b>Total liabilities</b>													<b>74,416</b>	<b>1,264,045</b>
<b>Other segment information:</b>														
Depreciation	-	-	7,916	5,395	-	2,501	-	-	7,916	7,896	545	114	8,461	8,010
Recognition of prepaid land lease payments	-	-	695	462	-	677	-	-	695	1,139	-	-	695	1,139
Impairment of items of property, plant and equipment	-	25,004	-	-	-	-	-	-	-	25,004	2,626	-	2,626	25,004
Provision for/(write-back of) impairment of trade receivables	-	-	399	-	-	-	-	-	399	-	(154)	727	245	727
Loss recognised on the remeasurement to fair value of prepaid land lease payments	-	9,607	-	-	-	-	-	-	-	9,607	-	-	-	9,607
Impairment of goodwill	-	-	38,610	44,443	-	-	-	-	38,610	44,443	17,300	2,193	55,910	46,636
Decrease in fair value of investment properties	-	8,195	-	-	-	-	-	-	-	8,195	-	-	-	8,195
Capital expenditure	-	7,244	10,497	4,880	31	78	-	-	10,528	12,202	17	63	10,545	12,265



### 3. SEGMENT INFORMATION (Continued)

#### (b) Geographic segments

	Continuing operations								Discontinued operation		Consolidated	
	Hong Kong		Macau		Mainland China		Total		Hong Kong			
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Segment revenue:												
Sales to external customers	33,952	17,715	-	-	104,127	73,487	138,079	91,202	6,542	12,102	144,621	103,304
Other income and gains	3,891	4,580	-	52	1,755	2,624	5,646	7,256	8	56	5,654	7,312
	<u>37,843</u>	<u>22,295</u>	<u>-</u>	<u>52</u>	<u>105,882</u>	<u>76,111</u>	<u>143,725</u>	<u>98,458</u>	<u>6,550</u>	<u>12,158</u>	<u>150,275</u>	<u>110,616</u>
Other segment information:												
Segment assets	299,235	486,739	254,989	1,846,878	98,626	139,796	652,850	2,473,413	2,819	18,886	655,669	2,492,299
Capital expenditure	3,888	752	-	7,244	6,640	4,206	10,528	12,202	17	63	10,545	12,265

### 4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the value of services rendered. An analysis of the Group's revenue and other income is as follows:

	2008 HK\$'000	2007 HK\$'000
<b>Revenue</b>		
Sale of goods	114,117	77,967
Rendering of services	23,962	13,235
	<u>138,079</u>	<u>91,202</u>
Attributable to continuing operations reported in the consolidated income statement	138,079	91,202
Rendering of services attributable to a discontinued operation	6,542	12,102
	<u>144,621</u>	<u>103,304</u>

**4. REVENUE AND OTHER INCOME** (*Continued*)

	<b>2008</b>	2007
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Other income</b>		
Bank interest income	<b>1,139</b>	3,616
Management fee income	<b>507</b>	271
Rental income	–	1,252
Consultancy fee income	<b>1,337</b>	829
Others	<b>2,663</b>	1,288
	<hr/>	<hr/>
Attributable to continuing operations reported in the consolidated income statement	<b>5,646</b>	7,256
Other income attributable to a discontinued operation	<b>8</b>	56
	<hr/>	<hr/>
	<b>5,654</b>	7,312
	<hr/> <hr/>	<hr/> <hr/>

**5. OTHER FINANCE COSTS**

	<b>2008</b>	2007
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	<b>997</b>	935
Interest on finance leases	<b>54</b>	27
	<hr/>	<hr/>
Attributable to continuing operations reported in the consolidated income statement	<b>1,051</b>	962
Other finance costs attributable to a discontinued operation	–	11
	<hr/>	<hr/>
	<b>1,051</b>	973
	<hr/> <hr/>	<hr/> <hr/>

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Depreciation	8,461	8,010
Recognition of prepaid land lease payments	116,634	67,390
Less: capitalised in properties under development	(115,939)	(66,251)
	<u>695</u>	<u>1,139</u>
Amortisation of intangible assets	4,400	–
Provision for impairment of trade receivables	245	727
Provision for inventories	2,113	1,185
Write-off of inventories	1,255	2,334
Impairment on items of property, plant and equipment	2,626	25,004
Loss on disposal and write-off of items of property, plant and equipment	1,149	158
Write-back of provision for long service payment	(231)	–
Write-off of other receivables	360	–
	<u><u>695</u></u>	<u><u>1,139</u></u>

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate became effective as from the year of assessment 2008/2009, and is applicable to the assessable profits arising in Hong Kong for the full year ended 31 December 2008. Taxes on profits assessable in Mainland China have been calculated at the rate of 25% (2007: 30%) based on existing legislation, interpretations and practices in respect thereof.

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Group:		
Current		
– Hong Kong	–	37
– Mainland China	2,704	2,845
Deferred	(122)	(139)
	<u>2,582</u>	<u>2,743</u>
Total tax charge for the year	2,582	2,743
Represented by:		
Tax charge attributable to a discontinued operation	–	72
	<u>–</u>	<u>72</u>
Tax charge attributable to continuing operations reported in the consolidated income statement	2,582	2,815
	<u><u>2,582</u></u>	<u><u>2,815</u></u>

## 8. DIVIDENDS

No dividend has been paid or declared by the Company in 2008 (2007: Nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed, as warrants, share options and convertible bonds outstanding in the prior year and warrants and share options outstanding in the current year had an anti-dilutive effect on the basic loss per share for the respective years.

The calculation of basic and diluted loss per share are based on:

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation:		
From continuing operations	<b>261,587</b>	166,642
From a discontinued operation	<b>5,079</b>	377
	<u><b>266,666</b></u>	<u>167,019</u>
	<u><b>266,666</b></u>	<u>167,019</u>
	<b>Number of shares</b>	
	<b>2008</b>	2007
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<b>485,830,194</b>	364,380,880
	<u><b>485,830,194</b></u>	<u>364,380,880</u>

## 10. TRADE RECEIVABLES

An aged analysis of the trade receivables, net of impairment loss, as at the balance sheet date, based on invoice date, is as follows:

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	<b>11,914</b>	13,236
4 to 6 months	<b>172</b>	143
7 to 12 months	<b>223</b>	–
Over 1 year	<b>340</b>	–
	<hr/> <b>12,649</b> <hr/>	<hr/> 13,379 <hr/>

## 11. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	<b>8,194</b>	9,777
4 to 6 months	<b>173</b>	175
7 to 12 months	<b>558</b>	864
Over 1 year	<b>319</b>	1,079
	<hr/> <b>9,244</b> <hr/>	<hr/> 11,895 <hr/>

## 12. POST BALANCE SHEET EVENTS

- (a) On 22 January 2009, the Company and Direct Offer Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to dispose of the 100% equity interest in Jovian and its subsidiaries (collectively, the “Jovian Group”) at a consideration of HK\$100,000. The disposal of Jovian Group was completed on 3 February 2009.
- (b) On 17 February 2009, the Company and LCF II Holdings, Limited (the “Subscriber”) entered into the cancellation agreement pursuant to which the Company and Subscriber mutually agreed to cancel the Warrants.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINAL RESULTS**

The Group recorded higher revenue from continuing operations of HK\$138.1 million, an increase of 51.4% as compared with HK\$91.2 million in the prior year is mainly due to the whole year revenue attributable by the CMM International Group Limited and its subsidiaries (collectively referred to the “CMM Group”) in 2008 when revenue for eight months was recorded in 2007 when CMM Group was acquired on 30 April 2007. Selling and distribution cost and administrative costs of HK\$67 million and HK\$44.3 million, respectively, were mainly contributed by CMM Group.

Nevertheless, the Group recorded a higher net loss attributable to the equity holders of the Company of HK\$266.7 million, an increase of 59.7% as compared with HK\$167.0 million in the prior year. The loss is mainly attributable to the impairment of goodwill of HK\$55.9 million, convertible bond interest costs of HK\$70.5 million, impairment of intangible assets of HK\$40.0 million and net loss on disposal of a subsidiary of HK\$36.1 million (being net result of loss on disposal of a subsidiary and gain on early redemption of convertible bonds), which are further detailed as below:

Impairment of goodwill of HK\$55.9 million comprising HK\$17.3 million and HK\$38.6 million has been recognised for goodwill attributable to the Group’s financial public relation service cash-generating unit and cosmetic and beauty cash-generating unit, respectively. In view of deterioration of the economic environment worldwide and loss making position of the Group’s financial public relation service and cosmetic and beauty business, an additional impairment provision of HK\$17.3 million and HK\$38.6 million has been made during the year ended 31 December 2008.

The Group acquired 86.31% of the issued share capital of Sociedade De Investimento Imobiliario Pun Keng Van Sa (“Sociedade”) which then became a 95%-owned subsidiary of the Company in August 2007. As part of the consideration for this acquisition was satisfied by issuance of zero coupon convertible bonds with a principal value of approximately HK\$1,463.6 million, convertible bond interest costs increased significantly from HK\$26.3 million to HK\$70.5 million.

Impairment of intangible assets of HK\$40.0 million comprising HK\$9.2 million and HK\$30.8 million has been recognised for CMM brand name and operating rights for billboards, respectively. The operating rights represent exclusive rights to operate 25 billboards on a highway in Fuzhou, for the period from 14 January 2008 to 2015. In view of the slowing down of the development of billboard sector and the expiry of the operating rights in 2015, an impairment loss of HK\$30.8 million was made.

Net loss on disposal of a subsidiary of HK\$36.1 million, being the net result of loss on disposal of a subsidiary of HK\$155.6 million and gain on early redemption of convertible bonds of HK\$119.5 million. On 31 October 2008, the Group entered into an agreement with Suregold Global Limited and Castle Rock Investment Holding Limited

to early redeem the convertible bonds in a principal amount of HK\$1,463,580,000 which shall be settled by the transfer of 81.31% equity interests of Sociedade and the assignment of the loans. As a result of the transaction which was completed on 12 December 2008, a loss on the disposal of Sociedade and gain on early redemption of the convertible bonds of HK\$155.6 million and HK\$119.5 million were recorded, respectively.

## **BUSINESS REVIEW**

The Company is an investment company and the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year, the Group was principally engaged in property development and investment, manufacture and trading of cosmetic and related products, provision of beauty technical and training services.

On 12 December 2008, the Company completed the early redemption of convertible bonds settled by the transfer of 81.31% equity interests of ownership of the Macau Nam Van Lake residential project from 95% to 13.69%. As a result of the disposal, the Group's gearing ratio, which is measured by the Group's total liabilities divided by total assets, has significantly improved from 50.7% to 11.3%. The Board believes, in view of the continuous uncertainty of the global economy and the slowdown of Macau economic growth, significant decrease in the Group's liabilities would improve the Group's operating and financial performance in future.

During the year, CMM International Group Limited cooperated with Mattel Inc., one of the largest toy companies in the world, to operate a Barbie facial and spa in a Barbie flagship in Shanghai. Services provided include facial and spa treatments, nail treatments, makeup and hairstyling workshops. Both the brandnames "CMM" and "Barbie" is so well-known that cooperation between them will create synergy effect and capture wider range of young customers.

The Board believes the global financial market is still challenging under the global credit crisis and the Board will continue to focus on its core and potential businesses and to identify any medium-term or long-term investment opportunities.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 31 December 2008, the Group had cash and bank balances of HK\$65,287,000 placed in banks. The interest-bearing bank and other borrowings of the Group amounted to HK\$18,853,000, which is mainly due within one year. The directors believe that the Group has sufficient working capital to meet its present requirements.

### **Capital structure of the Company**

The Group is financed by the shares issued. There was no change in the capital structure of the Company during the year.

### **Material acquisitions and disposals of investments**

During the year, the Group disposed Sociedade. Sociedade is principally engaged in property development business. Other than this disposal, the Group had no other material acquisitions or disposals of subsidiaries or affiliated companies during the year.

### **Significant capital expenditures**

Save as mentioned above, there were no significant capital expenditures during the year.

### **Details of charges on the Group's assets**

The Group had charges on the fixed deposit of HK\$7,683,000 and the Group's buildings and prepaid land lease payments of approximately HK\$17,692,000 and HK\$6,877,000, respectively, made to banks to secure banking facilities granted to the Group.

### **Contingent liabilities**

The Group had no material contingent liabilities at 31 December 2008.

### **Indebtedness**

#### *Borrowings and Gearing ratio*

As at 31 December 2008, total interest-bearing bank and other borrowings were HK\$20,343,000, comprising bank loans and overdraft of HK\$18,853,000 and finance lease payables of HK\$1,490,000. The Group's gearing ratio, measured by total borrowings to the shareholders' fund, was 3.5%.

#### *Foreign exchange exposure*

Since most of the revenue generated from the sale of goods and payments for purchases of materials and salaries are either made in Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, the use of financial instruments for hedging purposes is not considered necessary and the exposure to exchange rate fluctuations is minimal.



## **PROSPECTS**

2008 has turned out to be a very difficult year for the global capital markets and it is still uncertain if economy in 2009 would recover with massive intervention by fiscal and monetary authorities of all nations. In view of such uncertainty, the Group will continue to consolidate its cosmetic and beauty business, especially in China where has not been immune against the backdrop of global downturn, through consolidating key products for which the brandname “CMM” is widely known; serving a range of new customers in the Asia Pacific region; and developing several new product lines like anti-aging products and young and fancy cosmetic products to capture interest from other age groups.

## **EMPLOYEES**

As at 31 December 2008, the Group had 670 employees. Employees receive competitive remuneration packages including salary and medical benefits. Key staff may also be entitled to performance bonus and share options to provide extra incentive to increase shareholder’s value.

## **AUDIT COMMITTEE**

The Audit Committee aims at providing an independent and objective review of the financial reporting process, internal controls, and the audit functions of the Group. The current members are Mr. Sun Tong, Mr. Zhou Jin Song and Ms. Chiu Ching, Katie and they all have extensive experience in accounting, commercial and probate matter. The Committee held periodic meetings to review the accuracy of the interim and annual financial results before the reports were sent to the Board for approval.

The Committee has reviewed the Group’s annual results for the year ended 31 December 2008.

## **REMUNERATION COMMITTEE**

The Company had established a Remuneration Committee to review with terms of reference in line with the code provisions. The Remuneration Committee comprises all of the three Independent Non-executive Directors. A meeting is held to review and evaluate the remuneration package of the executive directors and senior management of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Board and the Company has adopted the Model code for Securities Transactions. Having made specific enquiry of all Directors, during the year ended 31 December 2008, the Directors of the Company have complied with required standards as set out in the Model Code for Securities Transactions.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied throughout the year ended 31 December 2008 with the applicable provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, except that:

The Company has no separation of the role of chairman and chief executive officer as set out in the code provision A.2.1. and Mr. Huang Brad currently holds both positions. The Company is an investment holding company with a professional management team to monitor the operations of the subsidiaries. The Board believes that the role of Chairman and Chief Executive Officer vested on the same person will be more efficient and consistent in the direction and management of the Company. The Company will review this situation and consider to appoint different persons as Chairman and Chief Executive Officer.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

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

## **FINANCIAL RESULTS OF THE GROUP PUBLISHED ON THE EXCHANGE'S WEBSITE**

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By Order of the Board  
**MACAU INVESTMENT HOLDINGS LIMITED**  
**Brad Huang**  
*Chairman*

Hong Kong, 8 April 2009

*As at the date of this announcement, the Board consists of two executive Directors, namely Mr. Brad Huang and Mr. J. James Chen, and three independent non-executive Directors, namely Mr. Zhou Jin Song, Mr. Sun Tong and Ms. Chiu Ching, Katie.*

\* *For identification purposes only*