THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Macau Investment Holdings Limited** (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

MACAU INVESTMENT
HOLDINGS LIMITED

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)

(1) Redemption of the Convertible Bonds entailing a very substantial disposal of 81.31% interest in Sociedade de Investimento Imobiliário Pun Keng Van SA;
and
(2) Connected transactions

Financial adviser to Macau Investment Holdings Limited

OPTIMA
CAPITAL

Optima Capital Limited

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

CIMB

CIMB-GK Securities (HK) Limited

A notice convening an extraordinary general meeting of the Company to be held at Suite 3604-05, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Wednesday, 10 December 2008 at 10:00 a.m. is set out on pages 164 to 166 of this circular. Whether or not you will be able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited at Shop Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof if you so wish.

* *For identification purposes only*

24 November 2008

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

"2005 Bonds"	the zero coupon convertible bonds due 10 November 2008 in an aggregate amount of HK$51,000,000 issued by the Company to Power Multi Equity No. 3 Investment Partnership on 11 November 2005
"2007 Agreement"	the share purchase agreement dated 26 June 2007 and made among Castle Rock, Suregold, GCC, PIL, Pebble Rise and the Company relating to, among other things, the acquisition of 86.31% of the issued share capital of PKV
"acting in concert"	the meaning given to it in the Takeovers Code
"Agreement"	the agreement dated 31 October 2008 and made among Castle Rock, Suregold, PIL, Pebble Rise and the Company relating to the Transaction
"associates"	the meaning given to it in the Listing Rules
"Authorisation"	any licence, consent, permit, approval, permission, waiver, order, exemption or other authorisation, whether public or private
"Board"	the board of Directors
"Bondholders"	Castle Rock and Suregold
"Business Day"	a day (other than a Saturday or a Sunday or public holiday or a day on which a tropical cyclone warning No.8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general commercial business
"Castle Rock"	Castle Rock Investment Holding Limited, a company incorporated in the British Virgin Islands with limited liability
"Castle Rock Convertible Bond"	the zero per cent (0%) convertible bond due 2012 in the principal amount of HK$939,240,000 which is convertible into Shares (upon the terms and conditions thereof) issued by the Company to Castle Rock
"Castle Rock Convertible Bond Cancellation Deed"	the deed of cancellation to be executed by Castle Rock pursuant to which all of the Company's obligations and liabilities under the Castle Rock Convertible Bond shall be discharged and released

"CIMB" or "Independent Financial Adviser"	CIMB-GK Securities (HK) Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities), 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Agreement
"Company"	Macau Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Transaction under the Agreement
"Completion Date"	the day that is two (2) Business Days following and excluding the day on which the last in time of the Conditions (except such Conditions which are expressed to be satisfied on or as at the Completion Date, but subject to the satisfaction or waiver of such Conditions) shall have been satisfied or waived in accordance with the Agreement or such other date as the Parties may agree
"connected person(s)"	the meaning given to it in the Listing Rules
"Consideration Shares"	the PIL Consideration Shares and the Pebble Rise Consideration Shares
"Convertible Bonds"	the Suregold Convertible Bond and Castle Rock Convertible Bond
"Convertible Bonds Redemption"	the proposed early redemption of the Convertible Bonds by the Company from the Bondholders pursuant to the terms of the Agreement
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 10:00 a.m. on Wednesday, 10 December 2008 at Suite 3604-05, One Exchange Square, 8 Connaught Place, Central, Hong Kong for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
"Evergood"	Evergood Management Limited who beneficially owns 5% interest in PKV and an Independent Third Party
"GCC"	Grand Chance Consultants Limited, a company incorporated in the British Virgin Islands with limited liability

"GCC Consideration Shares"	the 500,000,000 then new shares (which were consolidated into 50,000,000 Shares by the share consolidation approved by the Shareholders at an extraordinary general meeting held on 15 October 2007) allotted and issued to GCC pursuant to the 2007 Agreement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the committee of the Board comprising all the independent non-executive Directors, namely Mr, Sun Juyi, Ms. Hin Yat Ha and Ms. Chiu Ching, Katie established for the purpose of giving a recommendation to the Independent Shareholders on the Agreement
"Independent Shareholders"	Shareholders other than the Bondholders and their respective associates and those who have material interest in the Agreement
"Independent Third Party(ies)"	person(s) or company(ies) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company and its subsidiaries, or any of their respective associates
"Latest Practicable Date"	20 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loans"	the Pebble Rise Loan, the PIL Loan and the MIH Loan
"Macau"	the Macau Special Administrative Region of the PRC
"MIH Financial Assistance"	MOP$37,409,688.80 outstanding indebtedness due from PKV to the Group upon Completion which constitutes financial assistance of the Group to PKV under the Listing Rules
"MIH Indebtedness"	the sum of MOP$58,829,807.08, representing all outstanding sums owing by PKV to the Company as at the date of the Agreement
"MIH Loan"	the sum of MOP$50,352,122.25, being the prorated MIH Indebtedness to be sold by the Company to the Bondholders at Completion, representing part of the outstanding sums owing by PKV to the Company at Completion

"MIH-CR Loan"	approximately 64.17% of the MIH Loan to be assigned to Castle Rock by the Company
"MIH-SG Loan"	approximately 35.83% of the MIH Loan to be assigned to Suregold by the Company
"MOP$"	Macau Patacas, the lawful currency of Macau
"Mr. Huang"	Mr. Brad Huang, being a director of the Company, PKV, Suregold and Castle Rock
"Pebble Rise"	Pebble Rise Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Pebble Rise Consideration Shares"	5,218 shares of MOP$100 each in the share capital of PKV legally and beneficially owned by Pebble Rise
"Pebble Rise Loan"	the sum of MOP$110,275,527.16, representing all outstanding sums owing by PKV to Pebble Rise at Completion
"PIL"	Performing Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"PIL Consideration Shares"	2,913 shares of MOP$100 each in the share capital of PKV legally and beneficially owned by PIL
"PIL Loan"	the sum of MOP$61,562,401.42, representing part of outstanding sums out of a total outstanding sum of MOP$90,494,405.39 owing by PKV to PIL at Completion
"PKV"	Sociedade de Investimento Imobiliário Pun Keng Van SA, a company incorporated in Macau with limited liability
"PKV Unit Price"	HK$180,000 for each share of PKV and the relevant portion of the shareholders' loan of PKV
"PRC"	the People's Republic of China
"Property"	the piece of land of an area of approximately 3,449 square metres located at Lote 9 in Zona A Baia da Praia Grande in Macau, registered with the Macau Land Registry under number 22298
"Remaining Group"	the Group excluding PKV after Completion

"Remaining Loans"	the sum of MOP$37,409,688.80, representing MOP$28,932,003.97 owing by PKV to PIL immediately after Completion and MOP$8,477,684.83 owing by PKV to the Company immediately after Completion
"Remaining PKV Disposal"	the disposal by PIL and the Company of the Remaining PKV Shares and the Remaining Loans to an Independent Third Party in the terms and manner as described under the paragraph headed "Post closing disposal of the Remaining PKV Shares and the Remaining Loans" in this circular
"Remaining PKV Shares"	the remaining 1,369 shares of MOP$100 each in the share capital of PKV legally and beneficially owned by PIL after Completion
"Repurchase Code"	the Hong Kong Code on Share Repurchases
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.5 each in the share capital of the Company
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Subsequent Sale Shares"	the shares in PKV sold, assigned, transferred or otherwise disposed of by any of the Bondholders after Completion
"Suregold"	Suregold Global Limited, a company incorporated in the British Virgin Islands with limited liability
"Suregold Convertible Bond"	the zero per cent (0%) convertible bond due 2012 in the principal amount of HK$524,340,000 which is convertible into Shares (upon the terms and conditions thereof) issued by the Company to Suregold
"Suregold Convertible Bond Cancellation Deed"	the deed of cancellation to be executed by Suregold pursuant to which all of the Company's obligations and liabilities under the Suregold Convertible Bond shall be discharged and released
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers

"Transaction"	the proposed Convertible Bonds Redemption in consideration for the transfer of the Consideration Shares and assignment of the Loans under the Agreement
"Warrants"	the series A warrants and the series B warrants with the aggregate amount of HK$53,500,036.60 each issued by the Company to LCF II Holdings, Limited on 11 September 2006
"%"	per cent.

For the purpose of illustration only, amounts denominated in MOP$ herein have been translated into HK$ at the rate of MOP$1.03 = HK$1. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

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)

Executive Directors:
Brad Huang
J. James Chen
Edmund Kwok King Yan

Independent non-executive Directors:
Sun Juyi
Hin Yat Ha
Chiu Ching, Katie

Registered office:
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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite 3604-05
One Exchange Square
8 Connaught Place
Central
Hong Kong

24 November 2008

To the Shareholders and, for information purpose only, the holder of the Warrants

Dear Sir or Madam,

(1) Redemption of the Convertible Bonds entailing a very substantial disposal of 81.31% interest in Sociedade de Investimento Imobiliário Pun Keng Van SA; and (2) Connected transactions

INTRODUCTION

On 31 October 2008, the Company and two of its wholly-owned subsidiaries, PIL and Pebble Rise, entered into the Agreement with Suregold and Castle Rock whereby the Company, PIL and Pebble Rise conditionally agreed to early redeem the Convertible Bonds in a principal amount of HK$1,463,580,000

* *For identification purposes only*

which shall be settled by the transfer of the Consideration Shares and the assignment of the Loans to Suregold and Castle Rock, and Suregold and Castle Rock conditionally agreed to transfer to the Company the Convertible Bonds for cancellation in consideration for the Consideration Shares and the Loans at Completion.

Upon Completion, PKV will cease to be a subsidiary of the Company and the Company will, through PIL, hold a 13.69% shareholding interest in PKV and the outstanding indebtedness owing by PKV to the Group will amount to approximately MOP$37,409,688.80. As further detailed in the paragraph headed "Post closing disposal of the Remaining PKV Shares and the Remaining Loans" below, pursuant to the Agreement, if the Bondholders (either Suregold or Castle Rock) at any time during a period of twelve months after the Completion Date, propose to sell, in whole or in part, the Consideration Shares to an Independent Third Party and provided that certain conditions are met, the Bondholder(s) proposing the sale shall have the obligation to call on PIL and the Company to sell, and PIL and the Company are obliged to sell to such Independent Third Party, a proportion of the Remaining PKV Shares (which shall be not less than the proportion of the Consideration Shares represented by the number of shares in PKV proposed to be sold by the Bondholders) and of the Remaining Loans, at the same price and on the same terms as are offered to the selling Bondholder(s).

The Convertible Bonds Redemption will be made pursuant to the terms and conditions of the Convertible Bonds and constitute an exempt share repurchase by the Company under the Repurchase Code.

The Transaction and the Remaining PKV Disposal constitute a very substantial disposal for the Company under the Listing Rules. Moreover, given Castle Rock is 79.97% beneficially owned by Sigma Gain Co., Ltd. ("Sigma Gain") which is a substantial shareholder of the Company holding 65,037,280 Shares (representing approximately 13.39% of the issued share capital of the Company) as at the Latest Practicable Date, Castle Rock is a connected person of the Company. The Transaction and the Remaining PKV Disposal therefore also constitute connected transactions for the Company under the Listing Rules. In addition, since PKV will become an associate of Castle Rock, a connected person of the Company upon Completion, the outstanding indebtedness owing by PKV to the Group (representing approximately MOP$37,409,688.80) will constitute financial assistance to PKV and a connected transaction for the Company under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) information relating to the Agreement and the transactions contemplated thereunder; (ii) financial information relating to the Group and the Remaining Group; (iii) the letter from CIMB, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions (including the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance) contemplated thereunder; (iv) the recommendation of the Independent Board Committee in relation to the Agreement and the transactions (including the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance) contemplated thereunder; (v) a property valuation report on the Property; (vi) a notice of the EGM; and (vii) other information as required under the Listing Rules.

THE AGREEMENT

Date: 31 October 2008

Parties:

(i) the Company (as the party redeeming the Convertible Bonds and assignor of the MIH Loan);

(ii) PIL, a wholly-owned subsidiary of the Company (as the transferor of the PIL Consideration Shares and assignor of the PIL Loan);

(iii) Pebble Rise, a wholly-owned subsidiary of the Company (as the transferor of the Pebble Rise Consideration Shares and assignor of the Pebble Rise Loan);

(iv) Suregold (as the holder of the Suregold Convertible Bond and the transferee of the PIL Consideration Shares, and assignee of the PIL Loan and the MIH-SG Loan); and

(v) Castle Rock (as the holder of the Castle Rock Convertible Bond, the transferee of the Pebble Rise Consideration Shares, and assignee of the Pebble Rise Loan and the MIH-CR Loan).

Suregold is an investment holding company incorporated in the British Virgin Islands with limited liability, which is beneficially owned as to 33.57%, 43.79% and 22.64% by LCF Investments, Ltd. ("LCF"), LCF II Holdings, Limited ("LCF II") and The Columbia University Endowment Fund respectively. The investment manager of LCF and LCF II is Mr. Huang who is also a director of the Company and Suregold. Moreover, LCF II holds all of the Warrants issued by the Company. Save for the aforesaid and being a party to the Agreement with Castle Rock, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Suregold and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Castle Rock is an investment holding company incorporated in the British Virgin Islands with limited liability, which is 79.97% beneficially owned by Sigma Gain. Sigma Gain is a substantial shareholder of the Company holding 65,037,280 Shares, representing approximately 13.39% of the issued share capital of the Company. Accordingly, Castle Rock is a connected person of the Company. Mr. Huang and Mr. J. James Chen who are Directors are also directors of Castle Rock.

The Convertible Bonds Redemption

The Convertible Bonds to be redeemed by the Company pursuant to the Agreement consist of the Suregold Convertible Bond and the Castle Rock Convertible Bond which are presently held by Suregold and Castle Rock respectively. The Convertible Bonds were issued to (i) Suregold in the principal amount of HK$524,340,000 for the acquisition of 2,913 shares in the share capital of PKV and shareholder's loan in the sum of MOP$61,562,401.42 owing by PKV to Suregold; and (ii) Castle Rock in the principal amount of HK$939,240,000 for the acquisition of 5,218 shares in the share capital of PKV and shareholder's loan in the sum of MOP$110,275,527.16 owing by PKV to Castle Rock under the 2007 Agreement. Further information on the Convertible Bonds is set out in the paragraph headed "Principal terms of the Convertible Bonds" below.

Upon Completion, the Suregold Convertible Bond will be cancelled and surrendered on the terms of the Suregold Convertible Bond Cancellation Deed and the Castle Rock Convertible Bond will be cancelled and surrendered on the terms of the Castle Rock Convertible Bond Cancellation Deed.

Consideration and assets to be disposed of

The sum payable by the Company on redemption of the Convertible Bonds shall be HK$1,463,580,000 which shall be settled by the transfer of the Consideration Shares and the assignment of the Loans.

The Consideration Shares comprise the PIL Consideration Shares and the Pebble Rise Consideration Shares, which in total represent 81.31% of the issued share capital of PKV. The PIL Consideration Shares represent 2,913 shares in PKV (approximately 29.13% of the issued share capital of PKV) owned by PIL. The Pebble Rise Consideration Shares represent 5,218 shares in PKV (equivalent to 52.18% of the issued share capital of PKV) owned by Pebble Rise.

The Loans comprise the PIL Loan, the Pebble Rise Loan and the MIH Loan which represent the book value of the respective PIL Loan, Pebble Rise Loan and MIH Loan to be transferred to the Bondholders on redemption of the Convertible Bonds. As at the date of the Agreement, (i) the Pebble Rise Loan was in the sum of MOP$110,275,527.16 (equivalent to approximately HK$107.06 million) which represents all the outstanding sums owing by PKV to Pebble Rise; (ii) the PIL Loan was in the sum of MOP$61,562,401.42 (equivalent to approximately HK$59.77 million) which represents part of the outstanding sums owing by PKV to PIL; and (iii) the MIH Loan was in the sum of MOP$50,352,122.25 (equivalent to approximately HK$48.89 million) which represents the prorated MIH Indebtedness equal to the proportion of the Group's interest in PKV to be transferred to the Bondholders on redemption of the Convertible Bonds. It is expected that there will not be any change in the outstanding principal amount of the Loans at Completion from that as at the date of the Agreement. Pursuant to the terms of the Agreement, each of Suregold and Castle Rock will take up a proportion of the MIH Loan in proportion to the Consideration Shares represented by the PIL Consideration Shares and Pebble Rise Consideration Shares as the case may be. Accordingly, Suregold will take up the MIH-SG Loan (being approximately 35.83% of the MIH Loan) and Castle Rock will take up the MIH-CR Loan (being approximately 64.17% of the MIH Loan).

The consideration for the irrevocable cancellation and surrender of the Suregold Convertible Bond in the principal amount of HK$524,340,000 on the terms of the Suregold Convertible Bond Cancellation Deed shall be satisfied by the transfer of the PIL Consideration Shares, and the assignment of the PIL Loan and MIH-SG Loan.

The consideration for the irrevocable cancellation and surrender of the Castle Rock Convertible Bond in the principal amount of HK$939,240,000 on the terms of the Castle Rock Convertible Bond Cancellation Deed shall be satisfied by the transfer of the Pebble Rise Consideration Shares, and the assignment of the Pebble Rise Loan and MIH-CR Loan.

The payment of the consideration for the irrevocable cancellation and surrender of the Convertible Bonds by the Company in accordance with the details set out above shall be a full and complete discharge of the obligation of the Company to pay any sums to the Bondholders. Upon cancellation of the Convertible Bonds, all obligations, liabilities whatsoever assumed by the Company thereunder shall be absolutely released and discharged.

The Consideration was determined between the Company and the Bondholders after arm's length negotiations having taken into account (i) the outstanding principal amount of the Convertible Bonds as at the date of the Agreement; (ii) the form of consideration received by the Bondholders from the Company when the Group acquired its interest in PKV from the Bondholders in August 2007, details of which were contained in the Company's circular dated 10 August 2007 and as more particularly described in the paragraph headed "Background of and reasons for the Agreement" below; (iii) the unaudited carrying value of the Consideration Shares of approximately HK$1,094.65 million as at 31 July 2008 (being 81.31% of the net assets value of PKV as at 31 July 2008 as adjusted by the fair value of the Property upon completion of the 2007 Agreement) and the Loans of approximately MOP$222,190,050.83 (equivalent to HK$215.72 million) as at the date of the Agreement; (iv) the MIH Loan which was made by the Company after completion of the 2007 Agreement; (v) the valuation of 100% of the Property as at 31 July 2008 of HK$1,608 million by Savills Valuation and Professional Services Limited, an independent firm of professional valuers (the text of their valuation report is set out in Appendix III to this circular); and (vi) the prevailing market conditions including the property market in Macau and the recent adverse conditions of the global financial markets as further described in the paragraph headed "Background of and reasons for the Agreement" below. Pursuant to the 2007 Agreement, the consideration as agreed between the parties for the Company to acquire 86.31% of the issued share capital of PKV and the relevant shareholders' loans was HK$1,553.58 million which was satisfied as to HK$90 million by way of issue of the GCC Consideration Shares and as to HK$1,463.58 million by way of issue of the Convertible Bonds.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds which will be redeemed and cancelled at Completion are as follows:

Principal amount:	Aggregate of HK$1,463,580,000 outstanding
Maturity date:	27 August 2012
Interest:	zero coupon
Redemption:	The holder of the Convertible Bonds shall be entitled to demand full repayment of the outstanding principal amount of the Convertible Bonds in the event of the occurrence of certain events of default including, among other things, dissolution of the Company, suspension of trading of the Shares on the Stock Exchange for a period of 90 consecutive trading days or listing of the Shares on the Stock Exchange being revoked or withdrawn, prior to 27 August 2012 unless such event of default is waived in writing by the holder.

Purchases:	The Company or any of its subsidiaries may at any time and from time to time purchase the Convertible Bonds at any price as agreed between the Company or such subsidiary and the relevant Bondholder(s). Any purchase by tender shall be made available to all Bondholders alike.
Cancellation:	All Convertible Bonds which are redeemed or converted, or purchased by the Company or any of its subsidiaries, will forthwith be cancelled. Certificates in respect of all Convertible Bonds cancelled will be forwarded to or to the order of the Company and such Convertible Bonds (and any Convertible Bonds purchased by any of its subsidiaries) may not be reissued or resold.
Conversion Price:	The Convertible Bonds may be converted into Shares at the conversion price of HK$1.8 per Share (as adjusted on a share consolidation approved by the Shareholders at an extraordinary general meeting held on 15 October 2007) (subject to adjustment).
Conversion:	Subject to the terms of the Convertible Bonds and as described below, the holder of Convertible Bonds shall have the right to convert the Convertible Bonds in whole or in part into Shares at any time from the day immediately following the date of issue up to five days before the maturity date in amounts not less than a whole multiple of HK$9,000,000. However, the holder of the Convertible Bonds shall not exercise the conversion rights to such an extent that results or will result in the holder and any person acting in concert with it holding or having more than 30% of the then issued ordinary share capital of the Company as enlarged by the Shares to be issued upon the exercise of the conversion right.

No part of the principal amount of the Convertible Bonds has been converted into Shares since the date of issue.

Pursuant to the terms of the Agreement, all the liabilities and obligations of the Company in connection with the whole of the principal amount of the Convertible Bonds will be cancelled and extinguished on cancellation of the Convertible Bonds.

Conditions precedent

Completion is conditional upon the conditions precedent set out below having been satisfied (or where applicable, waived) by 30 June 2009 or such later time and date as may be agreed in writing between the parties to the Agreement:

(i) The passing at a duly convened and held general meeting of the Company of resolutions by the Independent Shareholders to approve the arrangements described in the Agreement in accordance with the requirements of the Listing Rules;

(ii) The transaction announcement(s) and circular(s) for the entering into and the performance of obligations under the Agreement be approved by the Stock Exchange and, if necessary, the SFC;

(iii) Receipt by the Bondholders of a waiver of any right of first refusal and/or pre-emption in respect of the Consideration Shares (if necessary) under the existing articles of association of PKV, any agreement among the shareholders of the PKV or otherwise from PKV;

(iv) No order or judgment of any court or governmental, statutory or regulatory body having been issued or made prior to Completion, and no legal or regulatory requirements remaining to be satisfied which has the effect of making unlawful or otherwise prohibiting the transfer of any of the Consideration Shares and the Loans by any of the Company, PIL and Pebble Rise to Castle Rock and/or Suregold, as the case may be; and

(v) All Authorisations (if any) which are legally required for the entering into or the performance of obligations under the Agreement by the parties involving in this transaction under the Agreement having been obtained and all filings with any relevant governmental or regulatory authorities and other relevant third parties which are legally required for the entering into and the implementation of the Agreement having been made and such Authorisations (if any) remaining in full force and effect and there being no statement, notification of a decision from the relevant authorities and/or relevant third parties to revoke or not to renew the same having been recorded.

Completion shall take place on the Completion Date. As at the Latest Practicable Date, the condition referred to in sub-paragraph (ii) has been satisfied. The Bondholders may waive, in whole or in part, the condition listed in sub-paragraph (iii) above.

Post Closing Undertakings from the Bondholders

Under the Agreement, each of the Bondholders has, on a several and not joint basis, agreed and undertaken that it shall not during a period of twelve months after the Completion Date, sell, assign, transfer or otherwise dispose of any Subsequent Sale Shares unless the shares in question are sold to an Independent Third Party on bona fide arm's length terms together with that percentage of the then outstanding balance of all sums owed by PKV to the Bondholder, equivalent to the shares in PKV to be sold expressed as a percentage of all shares held by that Bondholder immediately before the relevant disposal. If the sale price of each of the shares in PKV (including the portion of any loan) by the Bondholders is at a price per share greater than the PKV Unit Price, it shall pay the Company a sum (in cash) equivalent to 20% of the net excess as soon as practicable after receipt of the sale proceeds of the Subsequent Sale Shares. The PKV Unit Price is determined between the Company, PIL, Pebble Rise, Castle Rock and Suregold after arm's length negotiation with reference to the consideration for the acquisition by PIL and Pebble Rise of 8,631 shares in PKV and the relevant shareholders' loan of PKV under the 2007 Agreement. Under the 2007 Agreement, the total consideration for 8,631 shares in PKV and the relevant shareholders' loan was HK$1,553,580,000, each share of PKV and the relevant shareholders' loan was equivalent to HK$180,000. Accordingly, the PKV Unit Price is determined as HK$180,000. The net excess is computed as follows:

$(A - B) \times C - D$

whereby:

A is the sale price paid to the Bondholder(s) per share in PKV

B is the PKV Unit Price

C is the total number of shares in PKV sold by the Bondholder(s)

D is all expenses, fees, taxes and duties incurred in connection with the sale of the Subsequent Sale Shares

Post closing disposal of the Remaining PKV Shares and the Remaining Loans

Pursuant to the Agreement, if Suregold and/or Castle Rock whether jointly or individually, at any time during a period of twelve months after the Completion Date, propose to sell the shares in PKV to an Independent Third Party, the Bondholder(s) proposing the sale shall be obliged to call on PIL and the Company to sell, and PIL and the Company shall be obliged to sell, to such Independent Third Party a proportion of the Remaining PKV Shares and of the Remaining Loans, such proportion to be not less than the proportion of the Consideration Shares represented by the shares in PKV sold by the Bondholders, at the same price and on the same terms as are offered to the Bondholders provided that:

(i) the consideration paid to PIL and the Company for the Remaining PKV Shares and the Remaining Loans as the case may be must be settled in cash; and

(ii) the consideration of each of the Remaining PKV Shares and respective portion of the Remaining Loans should be no lower than 80% of the PKV Unit Price of HK$180,000 (i.e. no lower than HK$144,000) for each share of PKV and the relevant portion of the Remaining Loans.

The Transaction and the Remaining PKV Disposal are not inter-conditional on each other.

Further announcement will be made by the Company in accordance with the requirements under the Listing Rules upon the occurrence of the Remaining PKV Disposal.

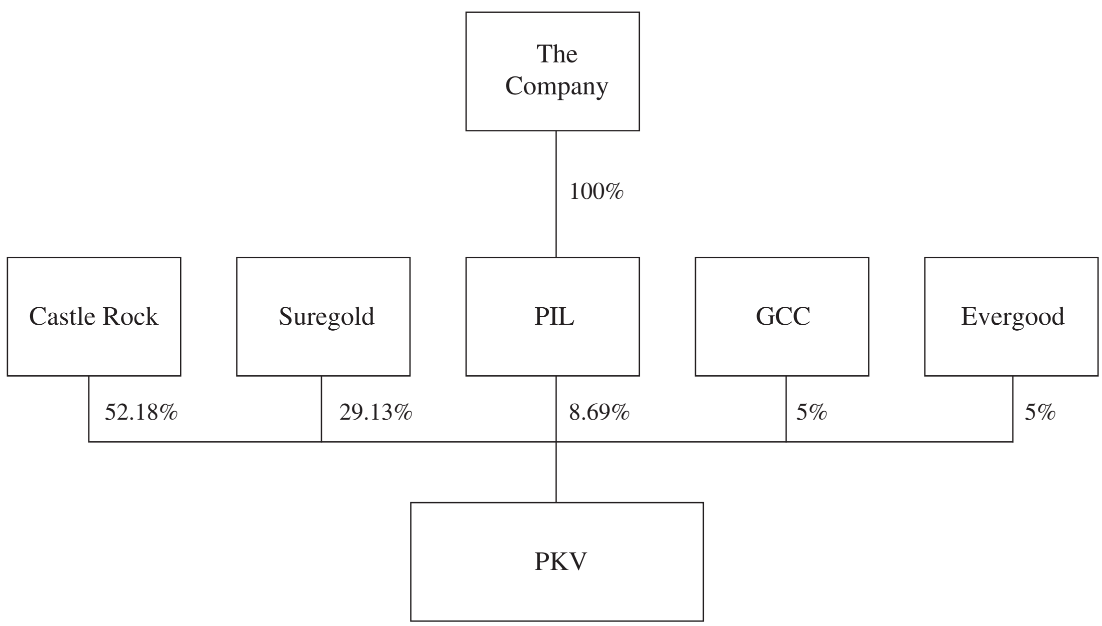
INFORMATION ON PKV

PKV became a subsidiary of the Company in August 2007 upon completion of the 2007 Agreement, pursuant to which the Company acquired an 86.31% interest in PKV, bringing its total interest to 95% of the issued share capital of PKV. PKV is engaged principally in property investment and development in Macau, with its principal asset being the Property. PKV has not carried out any business or trading in each of the two years ended 31 December 2006 and 2007. Accordingly, no sale or turnover was recorded for each of the aforesaid years. Based on the audited financial results of PKV as at 31 July 2008, prepared in accordance with Hong Kong Financial Reporting Standards, PKV had a net liability of approximately MOP$0.56 million (approximately HK$0.55 million). Included in the audited balance sheet as at 31 July 2008 are, among other things, the Property at a book value of approximately MOP$288.35 million (approximately HK$279.95 million), and amounts due to shareholders of PKV of a total of approximately MOP$270.02 million (approximately HK$262.16 million), of which approximately MOP$90,494,405.39 (approximately HK$87.86 million) is due to PIL, approximately MOP$10,566,838.55 (approximately HK$10.26 million) is due to Evergood, approximately MOP$110,275,527.16 (approximately HK$107.06 million) is due to Pebble Rise, and approximately MOP$58,684,551.75 (approximately HK$56.98 million) is due to the Company. The cost of the Property was principally financed by loans advanced by its shareholders. The Property is the principal asset of PKV, other than bank and cash balances.

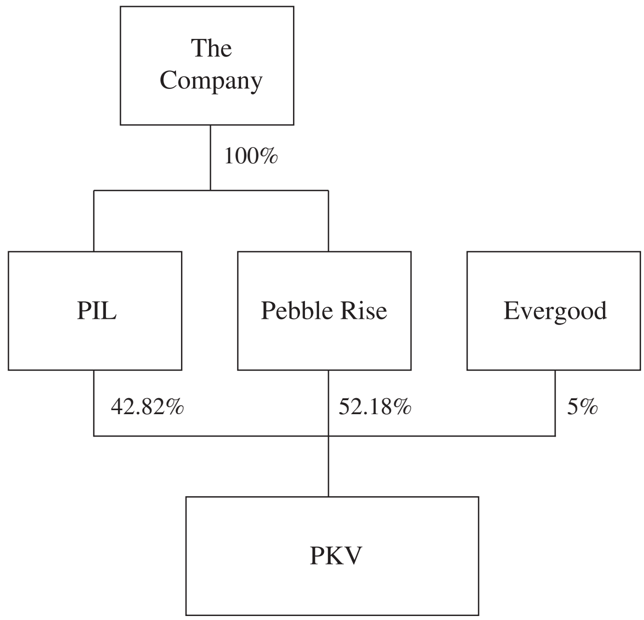
PKV was incorporated in Macau on 15 May 1993. The Property is located at Lote 9 in Zona A, Baia da Praia Grande, Macau. It has a site area of approximately 3,449 sq.m. As at 31 July 2008, the carrying value of the Property as recorded by the Group amounted to approximately HK$1,863.8 million whereas the market value of the Property in its existing state as a residential development site was HK$1,608 million, based on the valuation report on the Property set out in Appendix III of this circular. The difference in value of approximately HK$238.8 million is mainly due to the premium upon acquisition of PKV in August 2007 by the Group which was accounted for as property under development of the Group. Though there is currently some piling structure erected on the site, due to the residential development plan, the Property is considered to be pending development. In view of the accounting treatment, the Property was classified as property under development since construction costs comprising the land fill costs, site foundation costs and professional fees such as property design costs, architect fees were incurred in relation to the Property. Moreover, as stated in the valuation report on the Property set out in Appendix III of this circular, the Building Alignment Plan dated 13 May 2006 issued by DSSOPT of the Macau Government expired on 12 May 2007, and a Stop Notice was issued by DSSOPT of the Macau Government on 25 April 2008 to stop the construction work in respect of the approved residential development for the Property. The Board is of the view that the aforesaid will not have any material impact on the Transaction since Suregold and Castle Rock are aware of the status of the Property (including the expiry of the Building Alignment Plan and the issue of the Stop Notice). Upon Completion, PKV will cease to be a subsidiary of the Company and PKV's accounts will no longer be consolidated into the Group's accounts. It is expected that the Company's interest in the Remaining PKV Shares will be accounted for as an "available-for-sale investment" after Completion.

Set out below is the shareholding structure of PKV (i) immediately before the completion of the acquisition by the Company pursuant to the 2007 Agreement as extracted from the Company's circular dated 10 August 2007; (ii) after the completion of the acquisition under the 2007 Agreement and immediately before completion of the Transaction; and (iii) immediately after completion of the Transaction assuming there is no other change in the issued share capital and shareholding structure from the Latest Practicable Date:

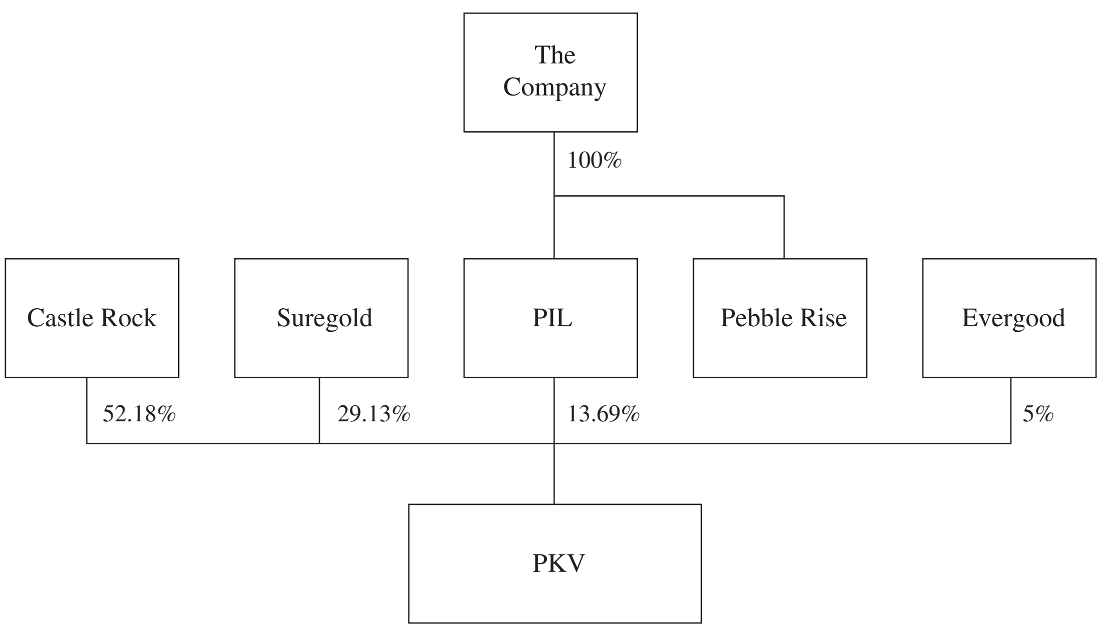
i) Immediately before completion of the acquisition under the 2007 Agreement



ii) After completion of the acquisition under 2007 Agreement and immediately before completion of the Transaction



iii) Immediately after completion of the Transaction



Financial information

Set out below is relevant financial information of PKV as extracted from the audited financial statements of PKV or consolidated financial statements of the Group for the respective years / period, where appropriate, prepared in accordance with the Hong Kong Financial Reporting Standards:

	Year ended 31 December		Seven months ended 31 July
	2006	**2007**	**2008**
	MOP$	*MOP$*	*MOP$*
	(audited)	(audited)	(audited)
Revenue	–	–	–
Net loss before taxation	28,300	513,959	936,141
Net loss after taxation	28,300	513,959	936,141

	Year ended 31 December		Seven months ended 31 July
	2006	**2007**	**2008**
	MOP$	*MOP$*	*MOP$*
	(audited)	(audited)	(audited)
Net assets/(liabilities)	886,040	372,081	(564,116)
Total assets	257,463,643	313,707,683	334,900,380

PKV recorded a net liability of approximately MOP$0.56 million (approximately HK$0.55 million) as at 31 July 2008, due to an increase in the other payables and accruals for the period. The major component of the liabilities of PKV is the amounts due to shareholders in a total sum of approximately MOP$270.02 million (approximately HK$262.16 million), details of which are set out in the paragraph headed "Information on PKV" above.

Upon Completion, the Company will retain a 13.69% interest in PKV and PKV will cease to be a subsidiary of the Company but become a subsidiary of Castle Rock. Therefore, the outstanding indebtedness owing by PKV to the Group (representing approximately MOP$37,409,688.80 which comprises MOP$28,932,003.97 owing to PIL and MOP$8,477,684.83 owing to the Company) will constitute financial assistance to PKV and a connected transaction for the Company under Chapter 14A of the Listing Rules and therefore, will be subject to the approval by the Independent Shareholders at the EGM.

BACKGROUND OF AND REASONS FOR THE AGREEMENT

On 26 June 2007, the Company, PIL and Pebble Rise entered into the 2007 Agreement with Castle Rock, Suregold and GCC pursuant to which, amongst other things, PIL and Pebble Rise conditionally agreed to purchase and Castle Rock, Suregold and GCC agreed to sell an aggregate of 86.31% of the issued share capital of PKV and all the debts (amounting to approximately MOP$182.37 million in aggregate) owed by PKV to Castle Rock, Suregold and GCC at completion of the 2007 Agreement, for a total consideration of HK$1,553,580,000. Such acquisition under the 2007 Agreement constituted a very substantial acquisition for the Company under the Listing Rules. Details of the 2007 Agreement were set out in the circular dated 10 August 2007 of the Company to the Shareholders. Completion of the 2007 Agreement took place in August 2007, upon which the Company satisfied payment of the consideration for the said acquisition in the manner as agreed in the 2007 Agreement as follows:

(i) as to HK$524,340,000 by the issue of Suregold Convertible Bond to Suregold for the acquisition of 2,913 shares in the share capital of PKV and shareholder's loan in the sum of MOP$61,562,401.42 owing by PKV to Suregold;

(ii) as to HK$939,240,000 by the issue of the Castle Rock Convertible Bond to Castle Rock for the acquisition of 5,218 shares in the share capital of PKV and shareholder's loan in the sum of MOP$110,275,527.16 owing by PKV to Castle Rock; and

(iii) as to HK$90,000,000 by the allotment and issue of GCC Consideration Shares for the acquisition of 500 shares in the share capital of PKV and shareholder's loan in the sum of MOP$10,566,838.56.

The Convertible Bonds to be redeemed under the Transaction are the Castle Rock Convertible Bond and Suregold Convertible Bond issued to Castle Rock and Suregold respectively by the Company at completion of the 2007 Agreement.

At the time of the Convertible Bonds were issued, the Board anticipated that the Bondholders would exercise all or part of the conversion rights attached to the Convertible Bonds given that the then initial conversion price was at a discount to the then market price per Share. Further, as stated in the Company's circular dated 10 August 2007, the outlook for the Macau economy at that time was very strong, backed by double digit economic growth and billions of dollars of foreign investment, and it was intended that the Property would be developed into a luxury residential apartments with club house and carpark facilities. In the event that the Bondholders did not exercise the rights attached to the Convertible Bonds, the Company planned to meet its repayment obligation under the Convertible Bonds by applying the net proceeds from sale of the luxury residential apartments to be developed on the Property.

However, during 2008, two significant factors have emerged which have negatively impacted on the growth picture of Macau. Firstly, the subprime mortgage crisis originating from the United States of America (the "US") has spread to Asia causing a squeeze in liquidity in the banking system and financial markets and drop in stock markets. Such financial crisis has intensified over the last several months and has caused the collapse or near collapse of major corporations, particularly financial institutions, leading to a turmoil in the financial markets worldwide. The Hang Seng Index fell from around 21,000 on 1 September 2008 to around 12,000 on the Latest Practicable Date and further falls may be possible. Secondly, both the PRC and the local Macau government authorities have introduced a series of measures which have affected Macau's economic growth. In April 2008, the Macau government announced that no new gaming licences and casino development plans, including applications for additional gaming tables in existing casinos, would be granted or approved. Moreover, in May and July 2008, the Guangdong provincial government tightened its Individual Traveller Scheme to further limit the number of people from the PRC permitted to travel to Macau. Meanwhile, weekend direct-flight services between selected cities in the PRC and Taiwan also commenced in early July 2008. In August and September 2008, the Macau government imposed certain entry restrictions on visitors from the PRC by reducing the number of days they are permitted to stay in Macau and under the new policy, PRC residents who hold entry-exit permits for travelling to and from Macau and Hong Kong, will no longer be able to enter Macau from Hong Kong. The visa restrictions could significantly reduce patronage and ultimately gambling revenue in Macau. Moreover, according to the recent news, the Las Vegas-based casino operator, Las Vegas Sands Corp. has decided to suspend all construction in Macau to conserve cash. All of these negative events have led to the view that the continued development of the Property in Macau is not favorable and the Company may need to look for other sources of funding for the repayment of the Convertible Bonds.

The market price of the Shares has decreased substantially, from above HK$2.0 at the time of the entering into of the 2007 Agreement and at the time of issue of the Convertible Bonds to HK$0.15 as at the date of the Agreement. Based on a conversion price of HK$1.8 per Share, it is unlikely that the Bondholders would exercise the conversion rights attached to the Convertible Bonds and as a result of which the Group would have to redeem in full the Convertible Bonds at maturity. At present, the Board is not able to assess how long the financial crisis will last and whether the austerity measures imposed on Macau's economic development will be further tightened. Against the recent adverse conditions of the global financial markets, the Board is of the view that it is necessary to improve the financial position of the Group by decreasing its liabilities. To this end, the Board has agreed to the Transaction with Suregold and Castle Rock. The Board considers that the Transaction would provide the Company a rare opportunity to cancel a major portion of its convertible bonds, which represented approximately 86.4% of its total liabilities as at 31 December 2007, without incurring actual cash outflow save for the professional expenses in relation to the Agreement, and at the same time, allow the Company to dispose of a property under development at a reasonable price, taking into consideration the current market sentiment. Furthermore, as a result of the cancellation of a major portion of the convertible bonds, the deemed interest expenses which may be recorded by the Company would be substantially decreased and thus would improve the results of the Group.

The Directors consider that the terms and conditions of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that Agreement is in the interests of the Company and the Shareholders as a whole.

The members of the Independent Board Committee, after taking into account the advice of CIMB, consider that the terms and conditions of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

At present, the business of the Group comprises three main business segments: property investment and development, cosmetics and beauty and the provision of financial and corporate communications services. Following Completion, the Group will continue to look for other opportunities to diversify its business. In addition, the Company intends to focus its resources on the development of its core business, being the cosmetics and beauty business. As stated in the Company's interim report for the six months ended 30 June 2008, the cosmetics and beauty business is making progress both in developing new sources of revenue and in consolidating the existing CMM branded product line. The spa business unit has been working on a major project which is expected to launch this year. The cosmetics business unit has been improving the efficiency and quality of its operations as well as achieving a stream of new product launches. It is expected that these efforts will be rewarded with increased competitiveness over an expanded product range in the medium term and therefore improve the financial results of the Group.

FINANCIAL EFFECTS OF THE AGREEMENT

The Group's financial information for each of the three years ended 31 December 2005, 2006 and 2007, and the seven months ended 31 July 2008 is set out in the accountants' report in Appendix I to this circular. Ernst & Young, the Company's auditors since 2006, have expressed a qualified opinion in their accountants' report (the "E&Y Qualified Opinion") arising from scope limitation on the Group's results for the year ended 2005 as Ernst & Young was unable to obtain sufficient reliable evidence pursuant to Auditing Guideline 3.340 "Prospectuses and the reporting accountant" to satisfy themselves as to the loss of Goldigit Limited and its subsidiaries which had been disposed of by the Group in January 2008, the relevant details and reason of which have been set out in the accountants' report in Appendix I to this circular. The financial information in the accountants' report was compiled from the audited financial statements for the each of the three years ended 31 December 2005, 2006 and 2007 and the seven months ended 31 July 2008. The Group's results for the year ended 31 December 2005 were audited by the then Company's auditors, Deloitte Touche Tohmatsu, whose audit opinion was not qualified. The Directors are of the view that the E&Y Qualified Opinion does not have any material impact on the financial position of the Group.

As illustrated in the unaudited pro forma financial information on the Remaining Group set out in Appendix II to this circular, it is expected that the Company would record a loss on disposal of its interest in PKV of approximately HK$155.7 million as a result of the Transaction, before expenses, which is calculated as the difference between the fair value of 81.31% interest in PKV of approximately HK$1,141.6 million and the carrying value of 81.31% interest in PKV of approximately HK$1,297.3 million as at 31 July 2008 but without taking into account the implication of any fair value adjustment, if any, to the value of the Convertible Bonds on the date of Completion as may be required in accordance with the HK GAAP, or the fair value of the Property on the date of Completion. With reference to approximately HK$5.5 million of the professional expenses incurred in relation to the 2007 Agreement, the estimated professional expenses incurred in relation to the Agreement and the Remaining PKV Disposal are approximately HK$4.0 million and HK$1.3 million respectively. On the other hand, the Company will record a gain on early redemption of the Convertible Bonds of approximately HK$93.0 million calculated as the difference between the book value of approximately HK$1.13 billion and principal amount of approximately HK$1.04 billion of the Convertible Bonds. The difference between the fair value and carrying value of the equity component of convertible bonds of approximately HK$77.4 million as at 31 July 2008 would be credited to accumulated losses. Based on the aforesaid and in particular, before taking into account the implication of any fair value adjustment (if any) to the value of the Convertible Bonds and the Property on the date of Completion, the estimated net impact of the Transaction on the results of the Group would be a loss of approximately $62.7 million before expenses incurred in relation to the Agreement and the estimated net impact of the Transaction on the reserves of the Group would be a credit of approximately HK$14.7 million. Given the above, Directors are of the view that such impact on the loss for the period is acceptable given the reasons as set out in the paragraph headed "Background of and Reasons for the Agreement" above. Moreover, it is estimated that as a result of completion of the Transaction, including the Convertible Bonds Redemption, the consolidated net assets of the Company would decrease principally due to the drop in the equity portion of the Convertible Bonds. The total assets of the Group would decrease by approximately HK$1,654.0 million mainly due to the decrease in properties under development as a result of the Transaction. The total liabilities of the Group would decrease by approximately HK$1,202.1 million mainly due to the cancellation of the Convertible Bonds as a result of the Transaction. As PKV has not made any contribution to the turnover of the Group after it became a member of the Group on 28 August 2007, it is expected that Completion will not have any material effect on the turnover of the Group. No cash flow will be involved in the completion of the Transaction save for the payment of the fees and other expenses relating to the Agreement since the Convertible Bonds Redemption is to be settled by way of the transfer of the Consideration Shares and the assignment of the Loans. The possible gain or loss arising from the Remaining PKV Disposal is subject to a number of unforeseeable factors including the then carrying value of the Remaining PKV Shares and Remaining Loans and the consideration which will be determined by the potential purchaser (who is to be an Independent Third Party) and Castle Rock or Suregold on an arm's length basis in the future. As such, the possible gain or loss which may arise from the Remaining PKV Disposal cannot be determined as at the date hereof.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon Completion and assuming no exercise of the conversion rights attaching to the Warrants and the 2005 Bonds; and (iii) upon Completion and assuming full exercise of the conversion rights attaching to the Warrants and the 2005 Bonds:

	As at the Latest Practicable Date		**Upon completion of the Transaction and assuming no exercise of the conversion rights attaching to the Warrants and the 2005 Bonds**		**Upon completion of the Transaction and assuming full exercise of the conversion rights attaching to the Warrants and the 2005 Bonds** *(Note 4)*	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Substantial Shareholders						
Orben *(Note 1)*	96,847,200	19.9	96,847,200	19.9	96,847,200	17.4
Ambleside *(Note 2)*	71,499,000	14.7	71,499,000	14.7	71,499,000	12.8
Sigma Gain	65,037,280	13.4	65,037,280	13.4	65,037,280	11.7
GCC	50,000,000	10.3	50,000,000	10.3	50,000,000	9.0
Others						
Holder of the Warrants *(Notes 3 and 4)*	–	–	–	–	53,526,800	9.6
Holder of the 2005 Bonds *(Note 4)*	–	–	–	–	18,798,378	3.4
Other public shareholders	202,446,714	41.7	202,446,714	41.7	202,446,714	36.3
Total	**485,830,194**	**100.0**	**485,830,194**	**100.0**	**558,155,372**	**100.0**

Notes:

1. "Orben" refers to Orben Inc. (formerly known as i-cf Inc.), which at the Latest Practicable Date directly owned 10,147,200 Shares and indirectly owned 86,700,000 Shares through Addendis SMC Inc. ("Addendis") (formerly known as Suiko Enterprises Co., Ltd.). Addendis is wholly owned by Orben and therefore Orben is deemed to have an interest in an aggregate of 96,847,200 Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Orben was also interested in approximately 9.82% of the issued share capital of Castle Rock as at the Latest Practicable Date.

2. At the Latest Praticable Date, Ms. Cheng Ho Ming owned 70% of the issued share capital of Ambleside Associates Limited ("Ambleside") and Peakjoy Global Limited owned the remaining 30% of the issued share capital of Ambleside. Ms. Cheng Ho Ming wholly-owned all the beneficial interest in Peakjoy Global Limited. Ms. Cheng Ho Ming is therefore deemed to have an interest in 71,499,000 Shares.

3. LCF II was the holder of the Warrants and a substantial shareholder of Suregold, holding an approximately 43.8% interest in Suregold.

4. The dilution effect upon exercise of the 2005 Bonds and Warrants shown in the table is for illustration purposes only. As referred to in the circular of the Company dated 10 August 2007, none of the holders of the Warrants and 2005 Bonds would become a substantial shareholder upon full exercise of the conversion rights attaching thereto. Accordingly, each of them is treated as a public Shareholder.

GENERAL

The Convertible Bonds Redemption is made pursuant to the terms and conditions of the Convertible Bonds and constitutes an exempt share repurchase by the Company under the Repurchase Code.

The Transaction and the Remaining PKV Disposal constitute a very substantial disposal for the Company under the Listing Rules. Moreover, given Castle Rock is 79.97% beneficially owned by Sigma Gain which is a substantial shareholder of the Company holding 65,037,280 Shares (representing approximately 13.39% of the issued share capital of the Company) as at the Latest Practicable Date, Castle Rock is a connected person of the Company. The Transaction and the Remaining PKV Disposal therefore also constitute connected transactions for the Company under the Listing Rules. In addition, upon Completion, since the Company will retain a 13.69% interest in PKV and PKV will cease to be a subsidiary of the Company but become a subsidiary of Castle Rock, the outstanding indebtedness owing by PKV to the Group (representing approximately MOP$37,409,688.80) will constitute financial assistance to PKV and a connected transaction for the Company under Chapter 14A of the Listing Rules.

Due to its interest in Castle Rock, Sigma Gain and its associates will abstain from voting in respect of the resolution to be proposed at the EGM to approve the Agreement and the transactions (including the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance) contemplated thereunder. Moreover, given Mr. Huang is a director of the Company, PKV, Suregold and Castle Rock and he is also the son-in-law of Ms. Cheng Ho Ming who is the beneficial owner of the entire issued share capital of Ambleside (which is a substantial shareholder of the Company holding 71,499,000 Shares, representing approximately 14.72% of the issued share capital of the Company, as at the Latest Practicable Date), Ambleside and its associates will abstain from voting in respect of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder. Orben, being another substantial shareholder of the Company having a beneficial interest of 96,847,200 Shares, representing approximately 19.93% of the issued share capital of the Company as at the Latest Practicable Date, and its associates will abstain from voting in respect of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder in consideration of its approximately 9.82% interest in Castle Rock. In summary, Sigma Gain, Ambleside, Orben and their respective associates, holding a total of 233,383,480 Shares, representing approximately 48.04% of the issued share capital of the Company as at the Latest Practicable Date will abstain from voting in respect of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder. In the event that Mr. Huang, Mr. J. James Chen, Suregold, LCF or LCF II hold any Shares on the date of the EGM, they will also be required to abstain from voting in respect of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

EGM

The EGM will be held at Suite 3604-05, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Wednesday, 10 December 2008 at 10:00 a.m., notice of which is set out on pages 164 to 166 to this circular, to consider and, if thought fit, approve the ordinary resolution(s) to approve the Agreement and the transactions contemplate thereunder. The votes to be taken at the EGM in relation to the Agreement will be taken by poll, the results of which will be announced after the EGM.

A form of proxy for use at the EGM accompanies this circular. Whether or not you will be able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited at Shops Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to article 66 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

(i) the chairman of the meeting; or

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

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

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

RECOMMENDATION

The Directors consider that the terms of the Agreement and the transactions contemplated thereunder (including the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance) are fair and reasonable so far as the Independent Shareholders are concerned and that the Agreement is in the interests of the Company and Shareholders as a whole. Therefore, the Directors recommend that the Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on pages 26 and 27 of this circular. Your attention is also drawn to the letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Agreement set out on pages 28 to 41 in this circular. The Independent Board Committee, having taken into account the advice of CIMB, considers that the terms of the Agreement and the transactions contemplated thereunder (including the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee therefore recommends that the Independent Shareholders vote in favour of the ordinary resolution to approve the transactions contemplated under the Agreement at the EGM.

ADDITIONAL INFORMATION

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

For and on behalf of the Board
Macau Investment Holdings Limited
Brad Huang
Chairman

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)

24 November 2008

To the Independent Shareholders

Dear Sir or Madam,

(1) Redemption of the Convertible Bonds entailing a very substantial disposal of 81.31% interest in Sociedade de Investimento Imobiliário Pun Keng Van SA; and (2) Connected transactions

We refer to the circular of the Company dated 24 November 2008 (the "Circular"), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

CIMB has been appointed as the independent financial adviser to advise us and you regarding the terms of the Agreement and the transactions contemplated thereunder. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out in its letter on pages 28 to 41 of the Circular. Your attention is also drawn to the letter from the Board as set out on pages 7 to 25 of the Circular and the additional information set out in the appendices to the Circular.

* *For identification purposes only*

Having considered the terms of the Agreement, the principal factors and reasons considered by, and the advice of CIMB as set out in its letter of advice, we consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Sun Juyi	**Ms. Hin Yat Ha**	**Ms. Chiu Ching, Katie**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders in connection with the Transaction, which has been prepared for the purpose of incorporation in this circular.

CIMB-GK Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

24 November 2008

To the Independent Board Committee and the Independent Shareholders of
Macau Investment Holdings Limited

Dear Sirs,

(1) Redemption of the Convertible Bonds entailing a very substantial disposal of 81.31% interest in Sociedade de Investimento Imboliliario Pun Keng Van SA; and (2) Connected transactions

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance, details of which are set out in the Letter from the Board contained in the circular of the Company dated 24 November 2008 to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 31 October 2008, the Company and two of its wholly-owned subsidiaries, PIL and Pebble Rise, entered into the Agreement with Suregold and Castle Rock whereby the Company, PIL and Pebble Rise conditionally agreed to early redeem the Convertible Bonds which shall be settled by the transfer of the Consideration Shares and the assignment of the Loans to Suregold and Castle Rock, and Suregold and Castle Rock conditionally agreed to transfer to the Company the Convertible Bonds for cancellation in consideration for the Consideration Shares and the Loans at Completion.

Given that, as at the Latest Practicable Date, Castle Rock is 79.97% beneficially owned by Sigma Gain which is a substantial shareholder of the Company, Castle Rock is a connected person of the Company. The Transaction and the Remaining PKV Disposal therefore constitute connected transactions for the Company under Chapter 14A of the Listing Rules. In addition, upon Completion, as PKV will become an associate of Castle Rock, who is a connected person of the Company, the Remaining Loans owing by PKV to the Group will constitute financial assistance to PKV and a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, each of the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance is subject to approval by the Independent Shareholders on a vote taken by way of poll at the EGM. The Transaction and the Remaining PKV Disposal also constitute a very substantial disposal for the Company under the Listing Rules.

The Board currently comprises three executive Directors and three independent non-executive Directors. The Independent Board Committee comprising Mr. Sun Juyi, Ms. Hin Yat Ha and Ms. Chiu Ching, Katie, all of whom are independent non-executive Directors and have no direct or indirect interest or involvement in the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance, has been established to advise the Independent Shareholders on the terms of the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance.

Our role, as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance are fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information and facts supplied to us and representations expressed by the Directors and/or management of the Group and have assumed that all such information and facts and any representations made to us or contained in the Circular were true, accurate and complete at the time they were made and continue to be so at the date of the Circular and during the period up to the date of the EGM. We have been advised by the Directors and/or the management of the Group that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and representations made to us and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

We consider we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs of the Group.

FACTORS CONSIDERED

In arriving at our opinion regarding the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance, we have considered the following principal factors and reasons:

I. Background

(A) The Agreement

As stated in the Letter from the Board, after taking into account the downturn of the Macau economy, the subprime mortgage crisis originating from the United States of America which has spread to Asia causing a squeeze in liquidity in the banking system and financial markets, drop in global stock markets, and according to the latest news that the Las Vegas-based casino operator, Las Vegas Sands Corp. ("**Las Vegas Sands**") has decided to suspend all construction in Macau to conserve cash, the Directors are of the view that the continued development of the Property in Macau is not favourable and the Company may need to look for other sources of funding for the repayment of the Convertible Bonds. On 31 October 2008, the Company and two of its wholly-owned subsidiaries, PIL and Pebble Rise, entered into the Agreement with Suregold and Castle Rock whereby the Company, PIL and Pebble Rise conditionally agreed to early redeem the Convertible Bonds which shall be settled by the transfer of the Consideration Shares and the assignment of the Loans to Suregold and Castle Rock, and Suregold and Castle Rock conditionally agreed to transfer to the Company the Convertible Bonds for cancellation in consideration for the Consideration Shares and the Loans at Completion.

As stated in the Letter from the Board, PKV became a subsidiary of the Company in August 2007 upon completion of the 2007 Agreement, pursuant to which the Company acquired an 86.31% interest in PKV, bringing its total interest to 95% of the issued share capital of PKV. For details of the 2007 Agreement, please refer to the section headed "Background of and Reasons for the Agreement" to the Letter from the Board of the Circular.

Upon Completion, PKV will cease to be a subsidiary of the Company and the Company will, through PIL, hold 13.69% shareholding interest in PKV and the outstanding indebtedness owing by PKV to the Group will amount to approximately MOP$37.4 million.

(B) The Group

As noted from the Letter from the Board, the business of the Group comprises three main business segments: property investment and development, cosmetics and beauty, and the provision of financial and corporate communications services. Following Completion, save for the 13.69% shareholding interest in PKV, the Group will cease to have any business interests in property investment.

With reference to the Company's annual report for the year ended 31 December 2007, the Group's property investment and development business has recorded no revenue for the two years ended 31 December 2006 and 2007. Revenue from the Group's cosmetic and beauty business accounted for approximately 90% of the total revenue of the Group for the year ended 31 December 2007 with the provision of financial and corporate communications services accounting for the remaining 10%.

We also note from the interim report for the interim period ended 30 June 2008 that the Group's cosmetic business is making progress in developing new sources of revenue, and revenue from the Group's cosmetic and beauty business for the interim period was approximately HK$66.4 million, representing approximately 95% of the total revenue of the Group for the period and an increase of approximately 246% as compared to that of the corresponding period in 2007.

(C) PKV

As stated in the Letter from the Board, PKV was incorporated in Macau on 15 May 1993 and is currently a 95%-owned subsidiary of the Company. PKV is engaged principally in property investment and development in Macau, with its principal asset being the Property. As the Property is still in the development stage, PKV has not recorded any turnover for the two years ended 31 December 2007.

Set out below is a summary of the relevant financial information of PKV as extracted from the audited financial statements of PKV or consolidated financial statements of the Group for the respective years/period, where appropriate, as prepared under Hong Kong Financial Reporting Standards:

	Year ended 31 December		**Seven months ended 31 July**
	2006	**2007**	**2008**
	MOP$	*MOP$*	*MOP$*
	(audited)	**(audited)**	**(audited)**
Revenue	–	–	–
Net loss before taxation	28,300	513,959	936,141
Net loss after taxation	28,300	513,959	936,141

	As at 31 December		**As at 31 July**
	2006	**2007**	**2008**
	MOP$	*MOP$*	*MOP$*
	(audited)	**(audited)**	**(audited)**
Net assets/(liabilities)	886,040	372,081	(564,116)
Total assets	257,463,643	313,707,683	334,900,380

Based on the audited financial results of PKV, prepared in accordance with the Hong Kong Financial Reporting Standards, as at 31 July 2008, PKV had a net liability of approximately MOP$0.56 million (approximately HK$0.55 million). Included in the audited assets as at 31 July 2008 are, among other things, the Property at book value of approximately MOP$288.35 million (approximately HK$279.95 million), and amounts due to shareholders of PKV of a total of approximately MOP$270.02 million (approximately HK$262.16 million), of which approximately MOP$90.49 million (approximately HK$87.86 million) is due to PIL, approximately MOP$10.57 million (approximately HK$10.26 million) is due to Evergood, approximately MOP$110.28 million (approximately HK$107.06 million) is due to Pebble Rise, and approximately MOP$58.68 million (approximately HK$56.98 million) is due to the Company. The cost of the Property in the accounts of PKV is principally financed by loans advanced by its shareholders. The Property is the principal asset of PKV, other than bank and cash balances.

Upon Completion, PKV will cease to be a subsidiary of the Company and PKV's accounts will no longer be consolidated into the Group's accounts. It is expected that the Company's interest in the Remaining PKV Shares will be accounted for as an "available-for-sale investment" after Completion.

(D) The Property

The Property is located at Lote 9 in Zona A, Baia da Praia Grande, Macau. It has a site area of 3,449 sq.m. Based on the property valuation report of Savills Valuation and Professional Services Limited, as set out in Appendix III to this circular, the market value of the Property in its existing state as a residential development site was estimated at HK$1,608.00 million as at 31 July 2008. Though there is currently some piling structure erected on the site, as stated in the valuation report on the Property set out in Appendix III to this circular, the Building Alignment Plan dated 13 May 2006 issued by DSSOPT of the Macau Government expired on 12 May 2007, and a Stop Notice was issued by DSSOPT of the Macau Government on 25 April 2008 to stop the construction work in respect of the approved residential development for the Property. The development period of the project is currently estimated to be approximately three years.

We have discussed with the management of PKV and we understand that the Property was originally assigned for "commercial" use only. Before the Company became the shareholder of PKV, PKV obtained the preliminary approval from the Macau government to change the usage of the Property to "residential" on 22 November 2004. As advised by the Company, PKV can only sell the residential apartments to be developed over the Property upon the gazette of the change in usage of the Property by the Macau government (the "Gazette"). However, as at the Latest Practicable Date, the Gazette has not been made and the Company currently has no firm timeline as to when the Gazette will be made.

II. Reasons for the Transaction

In arriving at our opinion regarding reasons for entering into the Transaction, we have considered the following principal factors and reasons:

(A) Current down trend of the Macau residential property market

1. Overview of Macau

Macau is one of the two special administrative regions ("SAR") of the PRC. Its economy is based largely on tourism, much of it geared toward gambling. The gaming, tourism and hospitality industry is estimated to contribute more than 50% of Macau's gross domestic product ("GDP"), and 70% of Macau government's revenue.

In April 2008, the Macau government adopted several macro-control measures – including suspending the issuance of new gaming licences as well as halting approval for applications for new casino projects and additional gaming tables – in an attempt to curb the burgeoning growth of the gaming sector. These measures, coupled with the recent announcement by Las Vegas Sands in respect of the suspension of all construction in Macau, have attracted attention from all sectors of society, and are raising concerns that Macau's economy will be adversely affected.

Apart from the restrictions on the gaming business, the PRC government has also introduced two measures to slow the growth of the PRC visitors to Macau. From 1 June 2008, Guangdong province started tightening visa applications for PRC nationals to Macau from twice a month to once a month. From 1 July 2008, Guangdong province further tightened the rule to once every two months. The visa limits could hurt growth in Mainland visitors, which accounted for approximately 59% of the total visitors to Macau in 2007.

Meanwhile, weekend direct-flight services between some selected cities of the PRC and Taiwan also commenced in early July 2008. According to information provided by the Macau travel authority, after allowing direct flights between selected cities of China and Taiwan, the number of Taiwanese passengers passing through Macau will drop over 30%. As recent statistics published by Statistics and Census Service of Macau SAR, in September 2008, visitor arrivals in Macau from Taiwan have dropped 18.1% to 103,478 from 126,274 in the corresponding period in 2007; and the total number of visitor arrivals for the past 9 months in 2008 has dropped 6.5% as compared to that of the corresponding period in 2007.

Macau's GDP has grown significantly over the past 5 years, with a cumulative average growth rate of over 20% from 2003 to 2007, and a notable growth of 33.2% in 2007. However, the level of growth is not likely to be maintained given the recent financial market turmoil. Based on a research report in respect of the Macau property market for second quarter of 2008 published by a property appraiser and agent in Hong Kong, Macau's GDP growth rate would probably end up to 18% to 20% for the whole year 2008 due to the mist of current financial market instability, which represents an approximate 40% drop as compared to the GDP growth rate of approximately 33.2% of last year. According to statistics published by Statistics and Census Service of Macau SAR, the GDP growth rate of Macau for second quarter of 2008 was 4.1%, representing a drop of over 50% to that of the corresponding period in 2007. For the first half of 2008, GDP grew at approximately 26.4%, representing a decline of approximately 26.9% to that of the corresponding period in 2007.

2. Macau's property market

As noted from information available in the public domain, the executive vice president of Real Estate Association of Macau has stated that with the weakening global and Macau economy, Macau's property market has entered into an adjustment period. Property prices will drop by 12% to 15% in the second half of 2008. This adjustment seems to coincide with that on the PRC, and there will be increased pressure on owners and landlords to slash prices.

Based on a research report in respect of the Macau property market for second quarter of 2008 published by a Hong Kong property appraiser and agent, it was stated that some less financially sound landlords have already slashed prices by 10% in response to altering market direction. The report also stated that according to stamp duty records, for the first five months of 2008, there were 7,673 residential property transactions with sales volume of MOP18.6 billion, representing a sharp descent of 34.3% in sales transactions and a drop of approximately 16.6% in value as compared to that of the same period in 2007. It was estimated that the Macau residential real estate market should see further 6% to 8% price cut in the second half of 2008, and 10% to 15% off for the full year 2008.

We also note from information available in the public domain that banks in Macau are tightening lending standards from 70% to 80% down to 50% to 75% of the purchase price and such tightening measures will inevitably apply further downward pressure to the Macau property market.

Having considered the above, we concur with the Directors' view that the trend of Macau property market is uncertain.

(B) Difficulties in obtaining sufficient capital for the development of the Property

Based on our discussion with the management of the Company, we understand that the estimated outstanding gross development cost of the Property is approximately HK$1.10 billion. Based on the Company's current unrestricted cash and bank balance on hand, which amounted to approximately HK$140 million as at 30 June 2008, the Company's internal resources alone is insufficient to fund the development of the Property. Given the current liquidity squeeze in the banking system and financial markets as a result of the current global financial crisis, the management are of the view that it will be difficult for the Company to obtain sufficient capital for the development of the Property.

Taking into account that the Company may have difficulties in obtaining sufficient capital for the development of the Property as a result of the current global credit squeeze, we concur with the Directors' view that the continued development of the Property may not be favourable.

(C) Alternative source of funding for meeting its Convertible Bond obligation

As stated in the Company's circular dated 10 August 2007 in relation to the 2007 Agreement, the Directors considered the outlook for the Macau economy at that time was very strong, backed by continuous double digit economic growth and billions of dollars of foreign investment, and the strong performance of the stock market, with very positive growth prospects. Under the Company's original plan, the Convertible Bonds will be either (a) cancelled by the exercise of the conversion rights attached to the Convertible Bonds, i.e. at a conversion price of HK$1.8 per Share (representing a discount of approximately 33% to the closing price of HK$2.70 at the time of the entering into of the 2007 Agreement); or (b) if such conversion rights are not exercised by the Bondholders when the Convertible Bonds expire in August 2012, repaid by applying the net proceeds from sale of the luxury residential apartments to be developed on the Property.

However, due to the worldwide financial turmoil, the market condition has been substantially changed as compared to that of in 2007. The market price of the Shares has decreased substantially from HK$2.70, at the time of the entering into of the 2007 Agreement and at the time of issue of the Convertible Bonds, to HK$0.15 as at the date of the Agreement. Based on a conversion price of HK$1.80 per Share, it is unlikely that the Bondholders would exercise the conversion rights attached to the Convertible Bonds and thus it is expected that the Group may have to redeem the Convertible Bonds by cash at maturity.

In addition, as the Company do not have a firm timeline as to when the Gazette can be made and that the Company may have difficulties in obtaining sufficient capital for the development of the Property, it is likely that there will be a delay in the development timetable. Given the above and the fact that the development period of the project is approximately three years, it is uncertain whether the Group can generate enough net proceeds from sale of the luxury residential apartments to be developed on the Property to repay the Convertible Bonds when they mature in August 2012. Given the above uncertainties, the Board is of the view that it is necessary to improve the financial position of the Group by decreasing its liabilities exposure. The Board considers that the Transaction would provide the Company an opportunity to cancel the Convertible Bonds, without incurring actual cash outflow save for the professional expenses in relation to the Agreement.

Having considered the above, we concur with the Directors that the cancellation of the Convertible Bonds pursuant to the Transaction, which do not incur actual cash payments, serves to remove the Company's repayment risk in respect of the Convertible Bonds and is in the interest of the Company and the Shareholders as a whole.

Our View

Taking into account the above factors, we are of the view that Transaction is in the interest of the Company and the Shareholders as a whole.

III. The Consideration

Overview

We note from the Letter from the Board that the sum payable by the Company on redemption of the Convertible Bonds shall be HK$1,463,580,000 which shall be settled by the transfer of the Consideration Shares and the assignment of the Loans.

As stated in the Letter from the Board, the Consideration was determined between the Company and the Bondholders after arm's length negotiations having taken into account (i) the outstanding principal amount of the Convertible Bonds as at the date of the Agreement; (ii) the form of consideration received by the Bondholders from the Company when the Group acquired PKV from the Bondholders in August 2007, details of which were contained in the Company's circular dated 10 August 2007 and, as more particularly described in the paragraph headed "The 2007 Agreement" in the Letter from the Board; (iii) the carrying value of the Consideration Shares of approximately HK$1,094.65 million as at 31 July 2008 (being 81.31% of the net assets value of PKV as at 31 July 2008 and adjusted by the fair value of the Property upon completion of the 2007 Agreement) and the Loans of approximately MOP$222.19 million (equivalent to HK$215.72 million) as at the date of the Agreement; (iv) the MIH Loan of approximately HK$ MOP$50.35 million, which was invested by the Company after completion of the 2007 Agreement; (v) the valuation of 100% of the Property as at 31 July 2008 of HK$1,608 million by Savills Valuation and Professional Services Limited ("Savills"), an independent firm of professional valuers, (the text of their valuation report is set out in Appendix III to the Circular); and (vi) the prevailing market conditions including the property market in Macau and the recent adverse conditions of the global financial markets. Pursuant to the 2007 Agreement, the consideration as agreed between the parties for the Company to acquire 86.31% of the issued share capital of PKV and the relevant shareholders' loans was HK$1,553.58 million (the "2007 Consideration") which was satisfied as to HK$90 million by way of issue of the GCC Consideration Shares and as to HK$1,463.58 million by way of issue of the Convertible Bonds.

Asset Value to be disposed of

Taking into account the valuation of the Property as at 31 July 2008 of approximately HK$1,608 million as estimated by Savills, the carrying value of the Consideration Shares as at 31 July 2008 (being 81.31% of the net assets value of PKV as at 31 July 2008 and adjusted by the fair value of the Property as at 31 July 2008) shall be approximately HK$1,141.48 million (the "**PKV Carrying Value**").

We have discussed with Savills in respect of the valuation of the Property and we understand that in the valuation of the Property, Savills has adopted the comparison method of valuation in the valuation of the Property. In particular, Savills has taken into account transacted residential comparables, transacted site comparables, the estimated gross outstanding development cost, the estimated gross development value, and the total development period of the project. Based on our discussion with Sallis, we understand that the comparison method of valuation is one of the most commonly used valuation method in the valuation of the market value of property under development.

Based on the above, the asset value to be disposed of shall be approximately HK$1,595.97 million, which comprises (i) the PKV Carrying Value of approximately HK$1,141.48 million, (ii) the Loans of approximately MOP$222.19 million (equivalent to approximately HK$ 215.72 million) as at the date of the Agreement, and (iii) the premium recorded by the Group upon completion of the 2007 Agreement in August 2007 (the "**Premium**") of approximately HK$238.77 million.

As advised by the management of the Company, the Premium was recorded as a result of the fact that the consideration paid by Company for the 86.31% of the issued share capital of PKV pursuant to the 2007 Agreement, at which time the market sentiment in Macau was substantially better then the current situation, exceeded the then fair value of the assets. Taking into account the prevailing property market sentiment in Macau, the global financial crisis, and the fact that the Premium is not substantiated based on the recent valuation of the Property, we are of the view that it is not meaningful to include the Premium, an intangible asset, in the analysis.

Accordingly, we have taken out the Premium, the intangible asset, from the analysis and the assest value to be disposed of is approximately HK$1,357.20 million (the "**Tangible Asset Value**"), being the sum of the PKV Carrying Value and the amount of the Loans.

Our Analysis

In assessing the fairness of the Consideration, we have compared (a) the principal amount of the Convertible Bonds of HK$1,463.58 million, that is the amount to be repaid by the Group when the Convertible Bonds mature in August 2012, with (b) the Tangible Asset Value of approximately HK$1,357.20 million. We note that the principal amount of the Convertible Bonds exceeds the Tangible Asset Value by approximately HK$106.38 million.

Our View

Having considered the above, in particular the fact that the face value of the Convertible Bonds exceeds the Tangible Asset Value by approximately HK$106.38 million, we concur with the Directors' view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

IV. Remaining PKV Disposal

Pursuant to the Agreement, if Suregold and/or Castle Rock whether jointly or individually, at any time during a period of twelve months after the Completion Date, propose to sell the shares in PKV to an Independent Third Party, the Bondholder(s) proposing the sale shall be obliged to call on PIL and the Company to sell, and PIL and the Company shall be obliged to sell to such Independent Third Party a proportion of the Remaining PKV Shares and of the Remaining Loan, such proportion to be not less than the proportion of the Consideration Shares represented by the shares in PKV sold by the Bondholders, at the same price and on the same terms as are offered to the Bondholders provided that:

(i) the consideration paid to PIL and the Company for the Remaining PKV Shares and the Remaining Loan as the case may be must be settled in cash; and

(ii) the consideration of each of the Remaining PKV Shares and respective portion of the Remaining Loan should be no lower than 80% of the PKV Unit Price which is no lower than HK$144,000 for each share of PKV.

As noted in the Letter from the Board, the PKV Unit Price is determined between the Company, PIL, Pebble Rise, Castle Rock and Suregold after arm's length negotiation with reference to the consideration for the acquisition by PIL and Pebble Rise of 8,631 shares in PKV and the relevant shareholders' loan of PKV under the 2007 Agreement. Under the 2007 Agreement, the total consideration for 8,631 shares in PKV and the relevant shareholders' loan was HK$1,553,580,000, each share of PKV and the relevant shareholders' loan was equivalent to HK$180,000. Accordingly, the PKV Unit Price is determined as HK$180,000.

Our View

Upon Completion, the Company will only hold 13.69% of the issued share capital of PKV, and the Company will have no control on PKV. Given that the Remaining PKV Disposal provides an opportunity for the Company to sell the Remaining PKV Shares and of the Remaining Loan at the same price and on the same terms as are offered to the Bondholders, and such sale of the Remaining PKV Shares and of the Remaining Loan must be settled in cash at a value of no less than 80% of the PKV Unit Price, we are of the view that the terms of the Remaining PKV Disposal are fair and reasonable so far as the Independent Shareholders are concerned.

V. MIH Financial Assistance

As stated in the Letter from the Board, upon Completion, the Company will retain 13.69% interest in PKV and PKV will cease to be a subsidiary of the Company. Therefore, the Remaining Loans (representing approximately MOP$37.41 million which comprises approximately MOP$28.93 million due to PIL and approximately MOP$8.48 million due to the Company) will constitute financial assistance to PKV and a connected transaction for the Company under Chapter 14A of the Listing Rules and therefore, will be subject to the approval by the Independent Shareholders at the EGM.

As discussed with the management of the Company, we understand that the Remaining Loans represent the pro-rata share, being 13.69%, of the total outstanding indebtedness owing by PKV to the Group as at 31 July 2008. The MIH Financial Assistance will not involve any further cash outflow from the Group.

In addition, if Suregold and/or Castle Rock whether jointly or individually, at any time during a period of twelve months after the Completion Date, propose to sell the shares in PKV to an Independent Third Party, the Group can dispose of the Remaining Loans, together with the Remaining PKV Shares, under the terms of the Remaining PKV Disposal.

Our View

Taking into account that the MIH Financial Assistance represents the pro-rata share of the total outstanding indebtedness owing by PKV to the Group as at 31 July 2008, and that the MIH Financial Assistance will not involve any additional cash outflow from the Group, we are of the view that the terms of the MIH Financial Assistance are fair and reasonable so far as the Independent Shareholders are concerned.

VI. Financial Effects

(A) Earnings

As noted from Appendix II of the Circular, upon Completion, it is expected that the Company would record a loss on disposal of its interest in PKV of approximately HK$155.7 million as a result of the Transaction, before expenses, which is calculated as the difference between the fair value of 81.31% interest in PKV of approximately HK$1,141.6 million and the carrying value of 81.31% interest in PKV of approximately HK$1,297.3 million as at 31 July 2008 (which has taken into account the fair value adjustment on the Property recorded upon completion of the 2007 Agreement and the premium recorded by the Group at the time of acquisition of the Consideration Shares in the amount of approximately HK$238.77 million); but without taking into account the implication of any fair value adjustment, if any, to the value of the Convertible Bonds on the date of Completion as may be required in accordance with the HK GAAP, or the fair value of the Property on the date of Completion. With reference to approximately HK$5.5 million of the professional expenses incurred in relation to the 2007 Agreement, the estimated professional expenses incurred in relation to the Agreement and the Remaining PKV Disposal are approximately HK$4.0 million and HK$1.3 million respectively.

On the other hand, the Company will record a gain on early redemption of the Convertible Bonds of approximately HK$93.0 million calculated as the difference between the book value of approximately HK$1.13 billion and principal amount of approximately HK$1.04 billion of the Convertible Bonds. The difference between the fair value and carrying value of the equity component of convertible bonds of approximately HK$77.4 million as at 31 July 2008 would be credited to accumulated losses.

Based on the aforesaid and in particular, before taking into account the implication of any fair value adjustment (if any) to the value of the Convertible Bonds and the Property on the date of Completion, the estimated net impact of the Transaction on the results of the Group would be a loss of approximately $62.7 million before expenses incurred in relation to the Agreement and the estimated net impact of the Transaction on the reserves of the Group would be a credit of approximately HK$14.7 million.

(B) Net asset value

As noted from Appendix II of the Circular, upon Completion, the consolidated net assets of the Company would decrease principally due to the drop in the equity portion of the Convertible Bonds. The total assets of the Group would decrease by approximately HK$1,654.0 million mainly due to the decrease in properties under development as a result of the transaction. The total liabilities of the Group would decrease by approximately HK$1,202.1 million mainly due to the cancellation of the Convertible Bonds as a result of the Transaction.

(C) Working capital

As the Consideration will be fully settled by the transfer of the Consideration Shares and the assignment of the Loans, it is expected that there will be no material adverse change to the working capital position of the Group after the Completion.

(D) Gearing ratio

With reference to the unaudited pro forma statement as set out in Appendix II of the Circular, upon Completion, the gross gearing ratio of the Remaining Group before disposal of remaining interest will be approximately 0.02 and representing a sharp decline to the gearing ratio of approximately 1.15 as at 31 July 2008.

Our Views

While upon Completion the Group is expected to record a net loss of approximately $62.7 million before expenses, such loss is an "accounting loss" and is non-cash in nature. Based on the unaudited pro forma statement as set out in Appendix II of the Circular, upon Completion, there will be no material change to the working capital position of Group and the gearing ratio of the Remaining Group will be substantially improved.

Taking into consideration of the above and that (i) the face value of the Convertible Bonds exceeds the Tangible Asset Value by approximately HK$106.38 million and (ii) the Transaction will cancel the Convertible Bonds, without incurring any actual cash payments, and remove the Company's repayment risk in respect of the Convertible Bonds, we are of the view that the financial effects as a result of the Transaction are justifiable.

RECOMMENDATION

Having considered the above, we consider the terms of the Transaction, the Remaining PKV Disposal and the MIH Financial Assistance are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise (i) the Independent Board Committee to recommend the Independent Shareholders, and (ii) the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Agreement, and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
CIMB-GK Securities (HK) Limited

Alex Lau	**Heidi Cheng**
Director	*Director*
Head of Corporate Finance	

1. *The following is a text of a report prepared for the sole purpose of inclusion in this circular received from the Independent Reporting Accountants, Ernst & Young, Certified Public Accountants, Hong Kong. Terms defined herein apply to this report only.*

ERNST & YOUNG
安 永

18/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

24 November 2008

The Board of Directors
Macau Investment Holdings Limited
Room 3604-05, One Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Macau Investment Holdings Limited (formerly known as Signal Media and Communications Holdings Limited) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2005, 2006 and 2007, and the seven months ended 31 July 2008 (the "Relevant Periods") and the comparative unaudited financial information of the Group for the seven months ended 31 July 2007 (the "31 July 2007 Financial Information"), prepared on the basis set out in Note 2.1 of Section II below, for inclusion in the circular of the Company dated 24 November 2008 (the "Circular") in connection with a proposed early redemption of convertible bonds in the principal amount of HK$1,463,580,000 which shall entail a proposed very substantial disposal of an 81.31% interest in the issued share capital, together with shareholders' loans of MOP222,190,050 (equivalent to approximately HK$215,718,495), of Sociedade de Investimento Imobiliário Pun Keng Van SA ("Sociedade"), an indirectly-owned subsidiary of the Company, pursuant to an agreement for early redemption of convertible bonds dated 31 October 2008 entered into by the Company, Performing Investments Limited and Pebble Rise Inc. (collectively, the "Sellers") with Suregold Global Limited and Castle Rock Investment Holding Limited (collectively, the "Purchasers"). Sociedade is incorporated in the Macau SAR and is principally engaged in property investment and development in Macau. Both Performing Investments Limited and Pebble Rise Inc. are wholly-owned subsidiaries of the Company incorporated in the British Virgin Islands (the "BVI"). The Purchasers are both incorporated in the BVI.

The Company was incorporated in the Cayman Islands with limited liability, and is engaged in investment holding. During the Relevant Periods, the Group was principally engaged in the development and distribution of solvent pesticides, property development and investment, manufacture and trading of cosmetic and related products, provision of beauty technical and training services, and provision of public relation services. The development and distribution of solvent pesticides operation was discontinued during the year ended 31 December 2006. As at the date of this report, the Company had direct and indirect interests in the principal subsidiaries set out in Note 4 of Section II below.

The Group has adopted 31 December as its financial year end date for statutory reporting purposes.

The summaries of the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for each of the Relevant Periods, and the consolidated balance sheets of the Group and the balance sheets of the Company as at 31 December 2005, 2006 and 2007 and 31 July 2008 together with the notes thereto (the "Financial Information") have been prepared based on the audited financial statements of the Group and the Company.

The audited financial statements of the Group for the year ended 31 December 2005 were audited by Deloitte Touche Tohmatsu, and those for the years ended 31 December 2006 and 2007 were audited by us in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information was prepared by directors of the Company 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 HKICPA, after making adjustments as necessary to reclassify the audited financial statements of the Group in accordance with the basis set out in Note 2.1 of Section II below. The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion solely to you.

Procedures Performed in Respect of the Relevant Periods

For the purpose of this report, except as described in the Basis for Qualified Opinion below, we have examined the audited consolidated financial statements of the Group and the Company for each of the Relevant Periods in accordance with HKSAs issued by the HKICPA. We have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Basis for Qualified Opinion – Scope Limitation

As further explained in note 28, the Group disposed of a 100% equity interest in Goldigit Limited and its subsidiaries (collectively, the "Goldigit Group") on 14 January 2008. The directors have represented to us that they were unable to obtain the books and records of the Goldigit Group following its disposal. We did not perform an audit on the results of the Goldigit Group for the year ended 31 December 2005, as we were initially appointed as auditors of the Group subsequent to 31 December 2005. Due to the lack of available books and records and the lack of other satisfactory audit procedures that we could adopt, we were unable to obtain sufficient reliable evidence to satisfy ourselves as to the completeness, the appropriateness of classification of the account balances in the income statement and the respective disclosures in relation to the Goldigit Group's loss of HK$15,992,000 which has been included in the Financial Information for the year ended 31 December 2005.

Any adjustments that might have been found to be necessary in respect of the above for the year ended 31 December 2005 would have had a consequential impact on the Group's loss for the year ended 31 December 2005 and on its classification and the related disclosures in the Financial Information.

Procedures Performed in Respect of the Seven Months Ended 31 July 2007

For the purpose of this report, we have also performed a review of the 31 July 2007 Financial Information, for which the directors of the Company are responsible, in accordance with the Hong Kong Standard On Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope and provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the 31 July 2007 Financial Information.

Qualified Opinion in Respect of the Relevant Periods Arising from Scope Limitation

In our opinion, except for the effects of any adjustments to the Group's results for the year ended 31 December 2005, if any, that might have been found to be necessary had we been able to satisfy ourselves as to the loss of the Goldigit Group for the year ended 31 December 2005, the Financial Information together with the notes thereto gives, for the purpose of this report, a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005, 2006, 2007 and as at 31 July 2008, and of the results and cash flows of the Group for each of the Relevant Periods.

Review Conclusion in Respect of the Seven Months Ended 31 July 2007

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the 31 July 2007 Financial Information does not give a true and fair view of the financial performance and cash flows of the Group for the seven months ended 31 July 2007 in accordance with HKFRSs.

1. FINANCIAL INFORMATION

A. CONSOLIDATED INCOME STATEMENTS

		Year ended 31 December			Seven months ended 31 July	
		2005	2006	2007	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
CONTINUING OPERATIONS						
REVENUE	6	–	5,392	103,304	32,875	81,284
Cost of sales		–	(3,962)	(38,337)	(13,120)	(27,221)
Gross profit		–	1,430	64,967	19,755	54,063
Other income	6	3,489	8,526	7,312	3,913	2,337
Selling and distribution costs		–	–	(34,568)	(11,087)	(31,642)
Administrative costs		(10,511)	(40,375)	(72,432)	(37,986)	(55,800)
Other operating costs		–	–	(885)	(34)	(492)
Cost associated with equity-settled share options	37	(8,018)	(245)	(11,941)	(9,181)	(4,401)
Impairment of items of property, plant and equipment	14	–	–	(25,004)	–	–
Loss recognised on the remeasurement to fair value of prepaid land lease payments	16	–	–	(9,607)	–	–
Decrease in fair value of investment properties	15	(500)	(3,145)	(8,195)	–	–
Impairment of goodwill	18	–	–	(46,636)	(46,636)	(45,606)
Impairment of intangible assets	19	–	–	–	–	(34,000)
Convertible bonds interest costs	32	–	(2,795)	(26,258)	(1,739)	(42,860)
Other finance costs	7	–	(22)	(973)	(370)	(578)
Share of profit of an associate		–	–	–	–	190
LOSS BEFORE TAX	8	(15,540)	(36,626)	(164,220)	(83,365)	(158,789)
Tax	10	(200)	(184)	(2,815)	785	(2,041)
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		(15,740)	(36,810)	(167,035)	(82,580)	(160,830)
DISCONTINUED OPERATION						
Loss for the year from a discontinued operation	12	(16,739)	(2,784)	–	–	–
LOSS FOR THE YEAR/PERIOD		(32,479)	(39,594)	(167,035)	(82,580)	(160,830)

		Year ended 31 December			Seven months ended 31 July	
		2005	2006	2007	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Attributable to:						
Equity holders of the Company	11	(32,479)	(39,594)	(167,019)	(82,580)	(160,730)
Minority interests		–	–	(16)	–	(100)
		(32,479)	(39,594)	(167,035)	(82,580)	(160,830)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13					
Basic:						
For loss for the year/period		HK$0.19	HK$0.16	HK$0.46	HK$0.28	HK$0.33
For loss from continuing operations		Hk$0.09	HK$0.15	HK$0.46	HK$0.28	HK$0.33
Diluted:						
For loss for the year/period		N/A	N/A	N/A	N/A	N/A
For loss from continuing operations		N/A	N/A	N/A	N/A	N/A

B. CONSOLIDATED BALANCE SHEETS

		31 December			31 July
		2005	2006	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	14	29,067	27,795	39,381	43,581
Investment properties	15	46,107	45,905	–	–
Prepaid land lease payments	16	9,450	9,378	7,285	6,472
Properties under development	17	–	–	1,818,098	1,863,815
Goodwill	18	–	19,493	51,906	6,300
Intangible assets	19	–	–	99,906	98,538
Available-for-sale investments	21	–	212,140	113,691	113,666
Interests in an associate	22	–	–	–	2,490
Deferred tax assets	35	–	61	61	816
Long term deposits	24	–	–	1,298	1,070
Pledged deposits	27	7,000	7,000	–	–
Total non-current assets		91,624	321,772	2,131,626	2,136,748
CURRENT ASSETS					
Inventories	23	–	–	25,634	31,744
Trade receivables	24	–	1,370	13,379	13,321
Prepayments, deposits and other receivables	24	2,969	47,037	55,378	20,686
Loan and receivable	25	–	11,672	–	–
Amounts due from related companies	26	–	–	594	2,661
Tax recoverable		188	494	–	–
Pledged deposits	27	–	–	7,549	7,645
Restricted bank balances	27	–	–	42,537	43,022
Cash and cash equivalents	27	180,081	111,507	172,217	133,828
		183,238	172,080	317,288	252,907
Assets of a disposal group classified as held for sale	28	–	–	43,385	–
Total current assets		183,238	172,080	360,673	252,907
CURRENT LIABILITIES					
Trade payables	29	–	1,229	11,895	11,596
Other payables and accruals	29	3,671	8,084	76,076	92,976
Interest-bearing bank borrowings	30	–	189	14,155	14,382
Amounts due to related companies	26	–	–	540	742
Tax payable		400	600	2,253	901
Convertible bonds	32	–	–	47,820	49,844

		31 December			31 July
		2005	**2006**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Finance lease payables	33	–	–	495	261
Amount due to a minority shareholder of a subsidiary	34	–	–	10,259	10,259
		4,071	10,102	163,493	180,961
Liabilities directly associated with the assets classified as held for sale	28	–	–	6,416	–
Total current liabilities		4,071	10,102	169,909	180,961
NET CURRENT ASSETS		179,167	161,978	190,764	71,946
TOTAL ASSETS LESS CURRENT LIABILITIES		270,791	483,750	2,322,390	2,208,694
NON-CURRENT LIABILITIES					
Provision for long service payments	31	–	–	656	425
Convertible bonds	32	42,043	44,838	1,091,515	1,132,351
Finance lease payables	33	–	–	21	28
Deferred tax liabilities	35	–	–	1,944	1,822
Total non-current liabilities		42,043	44,838	1,094,136	1,134,626
Net assets		228,748	438,912	1,228,254	1,074,068
EQUITY					
Equity attributable to equity holders of the Company					
Issued capital	36	84,993	134,365	242,915	242,915
Equity component of convertible bonds	32	8,957	8,957	404,298	404,298
Reserves	38(a)	134,798	295,590	513,694	359,608
		228,748	438,912	1,160,907	1,006,821
Minority interests		–	–	67,347	67,247
Total equity		228,748	438,912	1,228,254	1,074,068

C. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to equity holders of the Company												
		Issued capital HK$'000 (note 36)	Share premium account HK$'000 (note 36)	Equity component of convertible bonds HK$'000 (note 32)	Warrant reserve HK$'000	Share option reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Reserve funds HK$'000 (note 38(a))	Contributed surplus HK$'000 (note 38(a))	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2005		84,993	72,657	–	–	–	–	7,321	73	(36)	79,244	244,252	–	244,252
Loss for the year		–	–	–	–	–	–	–	–	–	(32,479)	(32,479)	–	(32,479)
Total income and expense for the year		–	–	–	–	–	–	–	–	–	(32,479)	(32,479)	–	(32,479)
Issue of convertible bonds	32	–	–	8,957	–	–	–	–	–	–	–	8,957	–	8,957
Equity-settled share option arrangements	37	–	–	–	–	8,018	–	–	–	–	–	8,018	–	8,018
At 31 December 2005 and 1 January 2006		84,993	72,657	8,957	–	8,018	–	7,321	73	(36)	46,765	228,748	–	228,748
Changes in fair value of available-for-sale investments		–	–	–	–	–	264	–	–	–	–	264	–	264
Exchange realignment		–	–	–	–	–	–	–	–	5,466	–	5,466	–	5,466
Total income and expense recognised directly in equity		–	–	–	–	–	264	–	–	5,466	–	5,730	–	5,730
Loss for the year		–	–	–	–	–	–	–	–	–	(39,594)	(39,594)	–	(39,594)
Total income and expense for the year		–	–	–	–	–	264	–	–	5,466	(39,594)	(33,864)	–	(33,864)
Issue of shares	36	49,372	148,771	–	–	–	–	–	–	–	–	198,143	–	198,143
Equity-settled warrant arrangements	36	–	–	–	45,640	–	–	–	–	–	–	45,640	–	45,640
Equity-settled share option arrangements	37	–	–	–	–	245	–	–	–	–	–	245	–	245
Transfer of share option reserve upon cancellation of unexercised options		–	–	–	–	(2,432)	–	–	–	–	2,432	–	–	–
At 31 December 2006 and 1 January 2007		134,365	221,428*	8,957	45,640*	5,831*	264*	7,321*	73*	5,430*	9,603*	438,912	–	438,912
Changes in fair value of available-for-sale investments		–	–	–	–	–	1,551	–	–	–	–	1,551	–	1,551
Exchange realignment		–	–	–	–	–	–	–	–	6,543	–	6,543	–	6,543
Total income and expense recognised directly in equity		–	–	–	–	–	1,551	–	–	6,543	–	8,094	–	8,094
Loss for the year		–	–	–	–	–	–	–	–	–	(167,019)	(167,019)	(16)	(167,035)
Total income and expense for the year		–	–	–	–	–	1,551	–	–	6,543	(167,019)	(158,925)	(16)	(158,941)
Issue of shares	36	108,550	369,030	–	–	–	–	–	–	–	–	477,580	–	477,580
Share issue expenses	36	–	(3,942)	–	–	–	–	–	–	–	–	(3,942)	–	(3,942)
Issue of convertible bonds	32	–	–	395,341	–	–	–	–	–	–	–	395,341	–	395,341
Acquisition of a subsidiary	40	–	–	–	–	–	–	–	–	–	–	–	67,363	67,363
Equity-settled share option arrangements	37	–	–	–	–	11,941	–	–	–	–	–	11,941	–	11,941
Transfer of share option reserve upon cancellation of unexercised options		–	–	–	–	(4,595)	–	–	–	–	4,595	–	–	–
At 31 December 2007		242,915	586,516*	404,298	45,640*	13,177*	1,815*	7,321*	73*	11,973*	(152,821)*	1,160,907	67,347	1,228,254

		Attributable to equity holders of the Company												
	Notes	Issued capital HK$'000 (note 36)	Share premium account HK$'000 (note 36)	Equity component of convertible bonds HK$'000 (note 32)	Warrant reserve HK$'000	Share option reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Reserve funds HK$'000 (note 38(a))	Contributed surplus HK$'000 (note 38(a))	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2008		242,915	586,516	404,298	45,640	13,177	1,815	7,321	73	11,973	(152,821)	1,160,907	67,347	1,228,254
Changes in fair value of available-for-sale investments		–	–	–	–	–	(25)	–	–	–	–	(25)	–	(25)
Exchange realignment		–	–	–	–	–	–	–	–	2,268	–	2,268	–	2,268
Total income and expense recognised directly in equity		–	–	–	–	–	(25)	–	–	2,268	–	2,243	–	2,243
Loss for the period		–	–	–	–	–	–	–	–	–	(160,730)	(160,730)	(100)	(160,830)
Total income and expense for the period		–	–	–	–	–	(25)	–	–	2,268	(160,730)	(158,487)	(100)	(158,587)
Equity-settled share option arrangements	37	–	–	–	–	4,401	–	–	–	–	–	4,401	–	4,401
At 31 July 2008		242,915	586,516*	404,298	45,640*	17,578*	1,790*	7,321*	73*	14,241*	(313,551)*	1,006,821	67,247	1,074,068
At 1 January 2007		134,365	221,428	8,957	45,640	5,831	264	7,321	73	5,430	9,603	438,912	–	438,912
Changes in fair value of available-for-sale investments (Unaudited)		–	–	–	–	–	738	–	–	–	–	738	–	738
Exchange realignment (Unaudited)		–	–	–	–	–	–	–	–	(93)	–	(93)	–	(93)
Total income and expense recognised directly in equity (Unaudited)		–	–	–	–	–	738	–	–	(93)	–	645	–	645
Loss for the period (Unaudited)		–	–	–	–	–	–	–	–	–	(82,580)	(82,580)	–	(82,580)
Total income and expense for the period (Unaudited)		–	–	–	–	–	738	–	–	(93)	(82,580)	(81,935)	–	(81,935)
Issue of shares (Unaudited)		33,500	113,900	–	–	–	–	–	–	–	–	147,400	–	147,400
Equity-settled share option arrangements (Unaudited)		–	–	–	–	9,181	–	–	–	–	–	9,181	–	9,181
Transfer of share option reserve upon cancellation of unexercised options (Unaudited)		–	–	–	–	(2,432)	–	–	–	–	2,432	–	–	–
At 31 July 2007 (Unaudited)		167,865	335,328	8,957	45,640	12,580	1,002	7,321	73	5,337	(70,545)	513,558	–	513,558

* These reserve accounts comprise the consolidated reserves of HK$134,798,000, HK$295,590,000, HK$513,694,000 and HK$359,608,000 as at 31 December 2005, 2006 and 2007 and 31 July 2008, respectively in the consolidated balance sheets.

D. CONSOLIDATED CASH FLOW STATEMENTS

	Notes	Year ended 31 December 2005 HK$'000	Year ended 31 December 2006 HK$'000	Year ended 31 December 2007 HK$'000	Seven months ended 31 July 2007 HK$'000 (Unaudited)	Seven months ended 31 July 2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax:						
From continuing operations		(15,540)	(36,626)	(164,220)	(83,365)	(158,789)
From a discontinued operation	12	(16,739)	(2,584)	–	–	–
Adjustments for:						
Convertible bonds interest costs	32	–	2,795	26,258	1,739	42,860
Other finance costs	7	–	22	973	370	578
Bank interest income	6	(2,737)	(7,167)	(3,666)	(1,883)	(739)
Write-back of provision for long service payment	8	–	–	–	–	(231)
Share of profit of an associate		–	–	–	–	(190)
Depreciation	8	3,662	2,735	8,010	2,222	5,513
Write-off of inventories	8	–	–	2,334	–	278
Provision/(write-back of provision) for inventories	8	–	–	1,185	(165)	1,078
Loss on disposal of items of property, plant and equipment	8	–	–	158	34	525
Decrease in fair value of investment properties	15	500	3,145	8,195	–	–
Recognition of prepaid land lease payments	8	590	658	1,139	496	405
Amortisation of intangible assets	8	940	–	–	–	2,567
Impairment of goodwill	18	–	–	46,636	46,636	45,606
Impairment of items of property, plant and equipment	8	3,364	1,584	25,004	–	–
Impairment of intangible assets	8	2,115	–	–	–	34,000
Loss recognised on the remeasurement to fair value of prepaid land lease payments	16	–	–	9,607	–	–
Provision (write-back of provision) for impairment of trade receivables	8	–	–	727	–	(560)
Write-off of trade receivables	8	–	1,000	–	–	–
Provision for impairment of prepayments, deposits and other receivables	8	–	–	–	–	527
Cost associated with equity-settled share options	37	8,018	245	11,941	9,181	4,401
		(15,827)	(34,193)	(25,719)	(24,735)	(22,171)
Decrease/(increase) in inventories		70	–	(3,504)	(133)	(6,473)
Decrease/(increase) in trade receivables		–	(1,833)	(5,263)	1,513	1,109
Decrease/(increase) in prepayments, deposits and other receivables		(1,271)	(9,566)	(30,922)	(714)	9,111
Increase in restricted bank balances		–	–	(918)	–	(485)
Increase/(decrease) in trade payables		–	630	365	(1,628)	(717)
Increase/(decrease) in other payables and accruals		(397)	4,027	(12,026)	11,176	(4,602)
Decrease/(increase) in balances with related companies		–	–	(54)	468	(1,871)
Cash used in operations		(17,425)	(40,935)	(78,041)	(14,053)	(26,099)
Interest paid		–	(22)	(946)	(358)	(560)
Interest element of finance lease rental payments		–	–	(27)	(12)	(18)

		Year ended 31 December			Seven months ended 31 July	
		2005	2006	2007	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong profits tax paid		–	(1,146)	(46)	–	–
Overseas taxes paid		–	–	(3,850)	(2,371)	(4,347)
Net cash outflow from operating activities		(17,425)	(42,103)	(82,910)	(16,794)	(31,024)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		2,737	7,167	3,666	1,883	739
Purchases of items of property, plant and equipment		(89)	(1,159)	(4,527)	(1,957)	(5,401)
Proceeds from disposals of items of property, plant and equipment		–	–	–	–	214
Purchases of available-for-sale investments		–	(200,466)	–	–	–
Purchase of a convertible debenture	25	–	(11,672)	–	–	–
Interests in an associate		–	–	–	–	(2,300)
Additions of properties under development	17	–	–	(7,244)	–	–
Acquisition of subsidiaries	39, 40	–	(12,370)	(19,976)	(19,987)	(757)
Disposal of subsidiaries	41	–	–	–	–	(2,147)
Increase in pledged deposits		(7,000)	–	(549)	(420)	(96)
Net cash outflow from investing activities		(4,352)	(218,500)	(28,630)	(20,481)	(9,748)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	36	–	191,800	180,180	–	–
Proceeds from issue of convertible bonds		51,000	–	–	–	–
Share issue expenses	36	–	–	(3,942)	–	–
Repayment of bank loans		–	–	(5,674)	(3,000)	–
Capital element of finance lease rental payments		–	–	(462)	(212)	(320)
Net cash inflow/(outflow) from financing activities		51,000	191,800	170,102	(3,212)	(320)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,223	(68,803)	58,562	(40,487)	(41,092)
Cash and cash equivalents at beginning of year/period		150,858	180,081	111,318	111,318	170,735
Effect of foreign exchange rate changes, net		–	40	855	257	792
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		180,081	111,318	170,735	71,088	130,435
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	27	4,197	13,294	122,231	24,974	81,454
Non-pledged time deposits with original maturity of less than three months when acquired	27	175,884	98,213	49,986	49,314	52,374
Bank overdrafts	30	–	(189)	(3,629)	(3,200)	(3,393)
Cash and bank balances attributable to assets of a disposal group classified as held for sale	28	–	–	2,147	–	–
		180,081	111,318	170,735	71,088	130,435

E. BALANCE SHEETS OF THE COMPANY

		31 December			31 July
		2005	2006	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	14	88	833	711	635
Interests in subsidiaries	20	37,670	309,204	2,101,922	2,052,581
Available-for-sale investments	21	–	730	2,281	2,256
Total non-current assets		37,758	310,767	2,104,914	2,055,472
CURRENT ASSETS					
Prepayments, deposits and other receivables		244	10,701	12,185	17
Interests in subsidiaries classified as held for sale	20	–	–	46,555	–
Loan and receivable	25	–	11,672	–	–
Cash and cash equivalents	27	177,946	106,880	147,305	125,701
Total current assets		178,190	129,253	206,045	125,718
CURRENT LIABILITIES					
Other payables and accruals		953	3,169	1,864	4,638
Amounts due to subsidiaries classified as held for sale	20	–	–	17,472	–
Convertible bonds	32	–	–	47,820	49,844
Total current liabilities		953	3,169	67,156	54,482
NET CURRENT ASSETS		177,237	126,084	138,889	71,236
TOTAL ASSETS LESS CURRENT LIABILITIES		214,995	436,851	2,243,803	2,126,708
NON-CURRENT LIABILITIES					
Convertible bonds	32	42,043	44,838	1,091,515	1,132,351
Net assets		172,952	392,013	1,152,288	994,357
EQUITY					
Issued capital	36	84,993	134,365	242,915	242,915
Equity component of convertible bonds	32	8,957	8,957	404,298	404,298
Reserves	38(b)	79,002	248,691	505,075	347,144
Total equity		172,952	392,013	1,152,288	994,357

2. NOTES TO THE FINANCIAL INFORMATION

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 Suites 3604-05, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

During the Relevant Periods, the Company was involved in investment holding and the Group was involved in development and distribution of solvent pesticides (discontinued during the year ended 31 December 2006 – note 12), property development and investment, manufacture and trading of cosmetic and related products, provision of beauty technical and training services, provision of public relation services and provision of advertising services.

2.1 BASIS OF PREPARATION

The Financial Information has 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. It has been prepared under the historical cost convention, except for investment properties and certain equity 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 as further explained in note 2.4. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the Relevant Periods has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of an outside shareholder not held by the Group in the results and net assets of the Company's subsidiary.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised HKFRSs which are generally effective for accounting periods beginning on or after 1 January 2005, 1 January 2006, 1 January 2007 and 1 January 2008. For the purposes of preparing and presenting the Financial Information, the Group has early adopted all those new and revised HKFRSs throughout the Relevant Periods.

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

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

HKAS 1 (Revised)	Presentation of Financial Statement [1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statementst[5]
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 Amendments	Share-based Payment: Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[5]
HKFRS 8	Operating Segment [1]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[2]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2008
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for annual periods beginning on or after 1 July 2009

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 the HKAS 1 (Revised) and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and its financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of an associate is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in an associate are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of an associate, is included as part of the Group's interests in an associate.

Goodwill

Goodwill arising on the acquisition of subsidiaries and associate represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of an associate, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Brand name

Brand name with indefinite useful life is tested for impairment annually at the cash-generating unit level and is not amortised. The useful life of brandname is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Knowhow and licences

Purchased knowhow and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Operating rights

Purchased operating rights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 8 years.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "a disposal group held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	20 years or over the prepaid land lease term, if shorter
Leasehold improvements	20%
Plant and machinery	10%
Furniture and fixtures	20%
Motor vehicles	10%
Office equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties under development

Properties under development are stated at cost less any accumulated impairment losses. Cost comprises prepaid land lease payments, building costs and any other direct costs attributable to the development of the properties. Borrowing costs, professional fees, and other related expenses incurred during the construction or development phase of the property are capitalised as part of the costs of that property.

Once the construction or development of these properties is completed, these properties are reclassified to the appropriate asset categories.

Disposal group held for sale

Disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such disposal group and its sale must be highly probable.

Disposal group (other than investment properties and financial assets) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties, goodwill and a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in another category. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as “Other income” in accordance with the policies set out for “Revenue recognition” below. Losses arising from the impairment of such investments are recognised in the income statement as “Impairment losses on available-for-sale financial assets” and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing bank borrowings)

Financial liabilities including trade and other payables, amounts due to related companies and a minority shareholder of a subsidiary, and interest-bearing bank borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour, sub-contracting charges and, where applicable, an appropriate proportion of production overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with interests in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with interests in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the services have been rendered;

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial assets.

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model and a binomial model, further details of which are given in note 37 to the Financial Information. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Other share-based payment transactions

The Company issues warrants and share options for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Participants receive remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments of the Company.

The cost of equity-settled transactions with the warrant and share option subscribers is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using an appropriate pricing model further detailed in notes 36 to the Financial Information. In valuing equity-settled transactions upon the date of grant, no account is taken for any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant warrant and share option subscribers become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative amount recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effects of outstanding warrants and share options are reflected as additional share dilution in the computation of earnings per share.

Foreign currencies

The Financial Information is presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date, and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year/period.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(f) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of available-for-sale investments

The Group classifies certain investments as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement. At 31 December 2006, 2007 and 31 July 2008, no impairment losses have been recognised for available-for-sale investments. The carrying amount of available-for-sale investments were HK$212,140,000, HK$113,691,000 and HK$113,666,000 as at 31 December 2006, 2007 and 31 July 2008, respectively.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill arising from acquisition of subsidiaries as at 31 December 2006, 2007 and 31 July 2008 were HK$19,493,000, HK$51,906,000 and HK$6,300,000. Further details are included in note 18 to the Financial Information.

The carrying amount of goodwill arising from the acquisition of an associate includedas part of the Group's interests in an associate at 31 July 2008 was HK$1,256,000. Further details are included in note 22 to the Financial Information.

(iii) Impairment of non-financial assets other than goodwill

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangible assets with indefinite life are tested for impairment annually and at other times when such indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions of intangible assets with indefinite life, are given in note 19 to the Financial Information.

(iv) Share-based payment transactions

The cost of equity-settled transactions is subject to the limitations of the Black-Scholes option pricing model and the binomial model and the uncertainty in estimates used by management in the assumptions as disclosed in notes 36 and 37, respectively. The Black-Scholes option pricing model and the binomial model are modified for the early exercise of warrants and share options, respectively, in limited open exercise periods. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the lives of warrants and share options, and other relevant parameters of the models change, there would be material changes in the amount of equity-settled transactions recognised in the Financial Information.

4. PARTICULARS OF THE SUBSIDIARIES AND ASSOCIATES

During the Relevant Periods, the Company had direct and indirect interests in the following subsidiaries, all of which are private companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place of incorporation/ registration and principal operations	Nominal value of issued ordinary share/registered paid-up capital	Percentage of equity interests attributable to the Company 31 December 2005	2006	2007	31 July 2008	Principal activities
Add Talent Investments Limited ("Add Talent")	British Virgin Islands ("BVI")	US$1	–	–	–	100	Investment holding
Bension International Limited	BVI	US$1	–	–	100	100	Investment holding
Beauty Connect Holdings Limited	Hong Kong	HK$10,000	–	–	60	60	Investment holding
The Beauty Collection International Group Limited	BVI	US$100	–	–	–	75	Investment holding
Carissa Bay Inc.	BVI	US$1	–	100	100	100	Investment holding
Cheng Ming Ming's Beauty World Limited	Hong Kong	HK$2,001,000	–	–	100	100	Investment and property holding
Cidesco International School Limited	Hong Kong	HK$2	–	–	100	100	Operation of esthetic school
CMM International Group Limited ("CMM")	BVI	US$1	–	–	100	100	Investment holding
Direct Offer Limited	BVI	US$1	100	100	100	100	Investment holding
Fujian Goldigit Fine Chemical Industry Co., Ltd.*# *(note)*	People's Republic of China ("PRC")/ Mainland China	HK$3,000,000	100	100	100	–	Development and distribution of solvent pesticides
Fuzhou Development Zone Goldigit Fine Chemical Industry Co., Ltd.*# *(note)*	PRC/ Mainland China	HK$10,000,000	100	100	100	–	Property holding
Fuzhou WOFE Economics Consultants Co., Ltd.*#	PRC/ Mainland China	HK$1,500,000	–	–	–	100	Investment holding
Goldigit Limited ("Goldigit") *(note)*	BVI	US$10,000	100	100	100	–	Investment holding

Name	Place of incorporation/ registration and principal operations	Nominal value of issued ordinary share/registered paid-up capital	Percentage of equity interests attributable to the Company 31 December 2005	2006	2007	31 July 2008	Principal activities
Jovian Financial Communications Limited (“Jovian”)	Hong Kong	HK$10,000	–	100	100	100	Provision of financial public relation services
Kasper Holding Limited	BVI	US$1	–	–	100	100	Investment holding
M.D. Cliniceuticals Company Limited	Hong Kong	US$50,000	–	–	–	100	Trading of cosmetic products
Master Tailor Investments Limited *(note)*	BVI	US$1	100	100	100	–	Investment holding
Meilkind Development Limited	Hong Kong	HK$10,000	–	–	100	100	Trading of cosmetic products
Monita Group Limited	Hong Kong	HK$1,002	–	–	100	100	Trading of cosmetic and related products, holding of trademark, and provision for hair, esthetic and tutoring services
Monita Trademark Limited	BVI	US$2	–	–	100	100	Holding of trademarks
Noble Star Consultants Limited	BVI	US$1	–	100	100	100	Investment holding
Pebble Rise Inc.	BVI	US$1	–	–	100	100	Investment holding
Performing Investments Limited (“Performing Investments”)	BVI/ Macau	US$1	–	–	100	100	Investment holding
Profit Now Investments Limited	Hong Kong	HK$1	100	100	100	100	Inactive
Quanzhou Quangang Fine Chemical Co., Ltd.*#	PRC/ Mainland China	US$1,000,000	100	100	100	–	Inactive
Richpro Group Limited	BVI	US$1	100	100	100	100	Investment holding

Name	Place of incorporation/ registration and principal operations	Nominal value of issued ordinary share/registered paid-up capital	Percentage of equity interests attributable to the Company 31 December 2005	2006	2007	31 July 2008	Principal activities
Signalmedia Networks Hong Kong Limited	Hong Kong	HK$1	100	100	100	100	Inactive
Shanghai Cheng Ming Ming Cosmetic. Product Ltd.*	PRC/ Mainland China	US$1,200,000	–	–	100	100	Provision of consultancy and technical services and manufacture of cosmetic related products
Shanghai Cheng Ming Ming Industrial Ltd.	PRC/ Mainland China	RMB3,000,000	–	–	100	100	Trading of cosmetic products
Spring New Development Limited *(note)*	BVI	US$1	100	100	100	–	Investment holding
Sociedade de Investimento Imobiliário Pun Keng Van SA ("Sociedade")#	Macau	MOP1,000,000	–	–	95	95	Property development
Winning Elite Investments Limited ("Winning Elite")	BVI/ Macau	US$1	–	100	100	100	Investment holding
上海蒙妮坦職業培訓學校* #	PRC/ Mainland China	RMB1,000,000	–	–	100	100	Operation of esthetic school
上海鄭明明美容美髮有限公司#	PRC/ Mainland China	US$200,000	–	–	100	100	Provision of consultancy services and esthetic services
福建省廣源廣告有限公司#	PRC/ Mainland China	RMB1,000,000	–	–	–	100	Provision of advertising services

Particulars of the associate are as follows:

Name	Particular of issued shares held	Place of incorporation/ registration and operations	Percentage of ownership interests attributable to the Group 31 December 2005	2006	2007	31 July 2008	Principal activity
The Skin Workshop Limited#	Ordinary share HK$1 each	Hong Kong	–	–	–	42	Trading of cosmetic products

* These subsidiaries are registered as wholly-foreign-owned enterprises under the PRC law.

\# Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

Note: On 14 January 2008, the Company disposed of a 100% equity interests in Goldigit and its subsidiaries to an independent third party. Further details of the disposal are set out in note 28 and note 41 to the Financial Information.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(i) Continuing operations:

(a) the property investment and development segment;

(b) the manufacture and trading of cosmetic and related products, and provision of beauty technical and tutoring services (the "Cosmetic and beauty") segment;

(c) the financial public relation services segment;

(d) advertising services segment; and

(e) the others segment comprises, principally, the Group's other corporate income and expense items.

(ii) Discontinued operation – the development and distribution of solvent pesticides segment which was discontinued during the year ended 31 December 2006.

Intersegment sales and transfers are transacted with reference to the selling price of sales made to third parties.

Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the Relevant Periods and the seven months ended 31 July 2007.

Group

	Continuing operations						Discontinued operation	
	Property investment and development	Cosmetic and beauty	Financial public relation services	Others	Eliminations	Total	Development and distribution of solvent pesticides	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2005								
Segment revenue:								
Sales to external customers	–	–	–	–	–	–	3,120	3,120
Intersegment sales	–	–	–	–	–	–	–	–
Other income	1,000	–	–	–	–	1,000	–	1,000
Total	1,000	–	–	–	–	1,000	3,120	4,120
Segment results	500	–	–	–	–	500	(16,739)	(16,239)
Interest and other unallocated income						2,489	–	2,489
Unallocated expenses						(18,529)	–	(18,529)
Finance costs						–	–	–
Loss before tax						(15,540)	(16,739)	(32,279)
Tax						(200)	–	(200)
Loss for the year						(15,740)	(16,739)	(32,479)
Assets and liabilities								
Segment assets	46,107	–	–	–	–	46,107	40,002	86,109
Unallocated assets								188,753
Total assets								274,862
Segment liabilities	250	–	–	–	–	250	2,309	2,559
Unallocated liabilities								43,555
Total liabilities								46,114
Other segment information:								
Depreciation	–	–	–	–	–	–	3,662	3,662
Amortisation of intangible assets	–	–	–	–	–	–	940	940
Recognition of prepaid land lease payments	–	–	–	–	–	–	590	590
Impairment of items of property, property and equipment	–	–	–	–	–	–	3,364	3,364
Impairment of intangible assets	–	–	–	–	–	–	2,115	2,115
Decrease in fair value of investment properties	500	–	–	–	–	500	–	500
Capital expenditure	–	–	–	89	–	89	–	89

Group

	Continuing operations						Discontinued operation	
	Property investment and development	Cosmetic and beauty	Financial public relation services	Others	Eliminations	Total	Development and distribution of solvent pesticides	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2006								
Segment revenue:								
Sales to external customers	–	–	5,392	–	–	5,392	–	5,392
Intersegment sales	–	–	2,116	–	(2,116)	–	–	–
Other income	1,000	–	–	–	–	1,000	–	1,000
Total	1,000	–	7,508	–	(2,116)	6,392	–	6,392
Segment results	(2,145)	–	2	–	–	(2,143)	(2,584)	(4,727)
Interest and other unallocated income						7,501	–	7,501
Unallocated expenses						(39,167)	–	(39,167)
Finance costs						(2,817)	–	(2,817)
Loss before tax						(36,626)	(2,584)	(39,210)
Tax						(184)	(200)	(384)
Loss for the year						(36,810)	(2,784)	(39,594)
Assets and liabilities								
Segment assets	45,905	–	22,057	11,659	–	79,621	15	79,636
Unallocated assets								414,216
Total assets								493,852
Segment liabilities	250	–	1,229	–	–	1,479	3,375	4,854
Unallocated liabilities								50,086
Total liabilities								54,940
Other segment information:								
Depreciation	–	–	–	2,735	–	2,735	–	2,735
Recognition of prepaid land lease payments	–	–	–	658	–	658	–	658
Impairment of items of property, property and equipment	–	–	–	–	–	–	1,584	1,584
Write-off of trade receivables	–	–	–	–	–	–	1,000	1,000
Decrease in fair value of investment properties	3,145	–	–	–	–	3,145	–	3,145
Capital expenditure	–	–	256	903	–	1,159	–	1,159

Group

	Continuing operations						Discontinued operation	
	Property investment and development	Cosmetic and beauty	Financial public relation services	Others	Eliminations	Total	Development and distribution of solvent pesticides	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2007								
Segment revenue:								
Sales to external customers	–	92,951	10,353	–	–	103,304	–	103,304
Intersegment sales	–	–	1,749	–	(1,749)	–	–	–
Other income	1,252	2,222	6	–	–	3,480	–	3,480
Total	1,252	95,173	12,108	–	(1,749)	106,784	–	106,784
Segment results	(41,924)	(41,355)	(2,536)	–	(1,749)	(87,564)	–	(87,564)
Interest and other unallocated income						3,832	–	3,832
Unallocated expenses						(53,257)	–	(53,257)
Finance costs						(27,231)	–	(27,231)
Loss before tax						(164,220)	–	(164,220)
Tax						(2,815)	–	(2,815)
Loss for the year						(167,035)	–	(167,035)
Assets and liabilities								
Segment assets	1,883,505	236,897	18,886	1,216	–	2,140,504	–	2,140,504
Unallocated assets								351,795
Total assets								2,492,299
Segment liabilities	48,647	42,033	2,240	–	–	92,920	–	92,920
Unallocated liabilities								1,171,125
Total liabilities								1,264,045
Other segment information:								
Depreciation	–	5,395	114	2,501	–	8,010	–	8,010
Recognition of prepaid land lease payments	–	462	–	677	–	1,139	–	1,139
Impairment of items of property, property and equipment	25,004	–	–	–	–	25,004	–	25,004
Provision for impairment of trade receivables	–	–	727	–	–	727	–	727
Loss recognised on the remeasurement to fair value of prepaid land lease payments	9,607	–	–	–	–	9,607	–	9,607
Impairment of goodwill	–	44,443	2,193	–	–	46,636	–	46,636
Decrease in fair value of investment properties	8,195	–	–	–	–	8,195	–	8,195
Capital expenditure	7,244	4,880	63	78	–	12,265	–	12,265

Group

	Continuing operations						
	Property investment and development	**Cosmetic and beauty**	**Financial public relation services**	**Advertising services**	**Others**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Seven months ended 31 July 2008							
Segment revenue:							
Sales to external customers	–	77,013	4,271	–	–	–	81,284
Intersegment sales	–	–	177	–	–	(177)	–
Other income	–	1,591	–	–	–	–	1,591
Total	–	78,604	4,448	–	–	(177)	82,875
Segment results	(910)	(46,180)	(10,884)	(25,299)	–	(177)	(83,450)
Interest and other unallocated income							746
Share of profit of an associate							190
Unallocated expenses							(32,837)
Finance costs							(43,438)
Loss before tax							(158,789)
Tax							(2,041)
Loss for the year							(160,830)
Assets and liabilities							
Segment assets	1,909,012	210,091	10,436	10,595	–	–	2,140,134
Unallocated assets							249,521
Total assets							2,389,655
Segment liabilities	73,796	36,518	1,407	–	–	–	111,721
Unallocated liabilities							1,203,866
Total liabilities							1,315,587
Other segment information:							
Depreciation	–	5,098	69	239	107	–	5,513
Recognition of prepaid land lease payments	–	405	–	–	–	–	405
Write-back of provision for impairment of trade receivables	–	–	(560)	–	–	–	(560)
Impairment of goodwill	–	34,606	11,000	–	–	–	45,606
Impairment of intangible assets	–	9,200	–	24,800	–	–	34,000
Amortisation of intangible assets	–	–	–	2,567	–	–	2,567
Capital expenditure	45,717	5,969	5	–	31	–	51,722

Group

	Continuing operations						Discontinued operation	
	Property investment and development	Cosmetic and beauty	Financial public relation services	Others	Eliminations	Total	Development and distribution of solvent pesticides	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Seven months ended 31 July 2007 (Unaudited)								
Segment revenue:								
Sales to external customers	–	26,890	5,985	–	–	32,875	–	32,875
Intersegment sales	–	–	1,004	–	(1,004)	–	–	–
Other income	583	1,207	3	–	(3)	1,790	–	1,790
Total	583	28,097	6,992	–	(1,007)	34,665	–	34,665
Segment results	(1,426)	(49,057)	(1,679)	–	(1,007)	(53,169)	–	(53,169)
Interest and other unallocated income						1,883	–	1,883
Unallocated expenses						(29,970)	–	(29,970)
Finance costs						(2,109)	–	(2,109)
Loss before tax						(83,365)	–	(83,365)
Tax						785	–	785
Loss for the year						(82,580)	–	(82,580)
Assets and liabilities								
Segment assets	45,905	233,566	21,609	–	–	301,080	–	301,080
Unallocated assets								334,043
Total assets								635,123
Segment liabilities	5,801	48,794	1,517	–	–	56,112	–	56,112
Unallocated liabilities								63,455
Total liabilities								119,567
Other segment information:								
Depreciation	–	967	58	1,197	–	2,222	–	2,222
Recognition of prepaid land lease payments	–	173	–	323	–	496	–	496
Impairment of goodwill	–	44,443	2,193	–	–	46,636	–	46,636
Capital expenditure	–	1,922	–	35	–	1,957	–	1,957

Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the Relevant Periods.

Group

	Year ended 31 December			Seven months ended 31 July	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Segment revenue					
Sales to external customers					
Continuing operations					
Hong Kong	–	5,392	29,817	13,173	23,118
Mainland China	–	–	73,487	19,702	58,166
	–	5,392	103,304	32,875	81,284
Discontinued operation					
Mainland China	3,120	–	–	–	–
	3,120	5,392	103,304	32,875	81,284
Other segment information:					
Segment assets					
Continuing operations					
Hong Kong	234,860	448,700	505,625	512,991	377,350
Macau	–	–	1,846,878	–	1,909,012
Mainland China	40,002	45,152	139,796	122,132	103,293
	274,862	493,852	2,492,299	635,123	2,389,655
Capital expenditure					
Hong Kong	89	1,159	815	1,039	1,494
Macau	–	–	7,244	–	45,717
Mainland China	–	–	4,206	918	4,511
	89	1,159	12,265	1,957	51,722

6. 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:

		Group				
					Seven months ended	
		Year ended 31 December			31 July	
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)		
Revenue						
Sales of goods		–	–	77,967	20,988	62,886
Rendering of services		–	5,392	25,337	11,887	18,398
Attributable to continuing operations reported in the consolidated income statements		–	5,392	103,304	32,875	81,284
Sales of goods attributable to a discontinued operation	12	3,120	–	–	–	–
		3,120	5,392	103,304	32,875	81,284
Other income						
Bank interest income		2,483	7,167	3,666	1,883	739
Management fee income		–	–	271	99	265
Rental income		1,000	1,000	1,252	823	–
Consultancy fee income		–	–	829	399	1,050
Others		6	359	1,294	709	283
Attributable to continuing operations reported in the consolidated income statements		3,489	8,526	7,312	3,913	2,337
Bank interest income attributable to a discontinued operation	12	254	–	–	–	–
		3,743	8,526	7,312	3,913	2,337

7. OTHER FINANCE COSTS

	Group				
				Seven months ended	
	Year ended 31 December			31 July	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest on bank loans and overdrafts wholly repayable within five years	–	22	946	358	560
Interest on finance leases	–	–	27	12	18
Attributable to continuing operations reported in the consolidated income statements	–	22	973	370	578

8. LOSS BEFORE TAX

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

	Year ended 31 December			Seven months ended 31 July	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cost of inventories sold#	4,771	–	23,358	7,683	17,220
Cost of services provided	–	3,962	11,460	5,602	8,645
Depreciation# – *note 14*	3,662	2,735	8,010	2,222	5,513
Recognition of prepaid land lease payments# – *note 16*	590	658	67,390	496	116,344
Less: Capitalised in properties under development – *note 17*	–	–	(66,251)	–	(115,939)
	590	658	1,139	496	405
Amortisation of intangible assets# – *note 19*	940	–	–	–	2,567
Minimum lease payments under operating leases in respect of buildings	191	2,511	9,817	4,381	9,585
Auditors' remuneration	850	1,060	2,650	1,681	1,546
Employee benefits expense (excluding directors' remuneration – *note 9(a)):*					
Wages, salaries and allowances#	3,385	6,498	21,922	10,119	18,717
Equity-settled share option expense@	–	245	1,341	1,341	–
Pension scheme contributions*	114	95	942	412	997
	3,499	6,838	24,205	11,872	19,714
Expense incurred for equity-settled share options issued to business consultants@	6,216	–	8,210	5,450	2,934
Provision/(write-back of provision) for impairment of trade receivables***	–	–	727	–	(560)
Write-off of trade receivables#	–	1,000	–	–	–
Provision for impairment of prepayments, deposits and other receivables***	–	–	–	–	527
Provision/(write-back of provision) for inventories**	–	–	1,185	(165)	1,078
Write-off of inventories**	–	–	2,334	–	278
Impairment of items of property, plant and equipment – *note 14*#	3,364	1,584	25,004	–	–
Loss on disposal of items of property, plant and equipment***	–	–	158	34	525
Impairment of intangible assets – *note 19*#	2,115	–	–	–	34,000
Write-back of provision for long service payment – *note 31*	–	–	–	–	(231)
Foreign exchange differences, net	–	–	(71)	(43)	(130)
Net rental income	(586)	(586)	(1,052)	(823)	–

The 2005 and 2006 disclosures presented in this note include those amounts charged in respect of the discontinued operation, further details of which are set out in note 12 to the Financial Information.

* The Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years as at 31 December 2005, 2006 and 2007 and 31 July 2007 and 2008.

** These items were included in "Cost of sales" on the face of the consolidated income statements.

*** These items were included in "Other operating costs" on the face of the consolidated income statements.

@ These items were included in "Costs associated with equity-settled share options" on the face of the consolidated income statements.

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Directors' remuneration

Directors' remuneration for the Relevant Periods and the seven months ended 31 July 2007, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group				
	Year ended 31 December			Seven months ended 31 July	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Fees	300	300	450	242	254
Other emoluments:					
Salaries and allowances	2,432	3,166	2,379	875	1,330
Employee share option benefits	1,802	–	2,390	2,390	1,467
Pension scheme contributions	12	14	12	7	7
	4,246	3,180	4,781	3,272	2,804
	4,546	3,480	5,231	3,514	3,058

During the Relevant Periods and the seven months ended 31 July 2007, certain directors were granted share options under the share option scheme of the Company, in respect of their services to the Group. Further details are set out in note 37 to the Financial Information. The fair value of such options which is being recognised in the income statements over the vesting period, was determined as at the date of grant, and the amount included in the Financial Information is included in the above directors' remuneration disclosures.

The remuneration of executive and non-executive directors for the Relevant Periods and the seven months ended 31 July 2007 is set out below:

Year ended 31 December 2005	Fees HK$'000	Salaries and allowances HK$'000	Employee share option benefits HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:					
Isao Matsushima *(note (i))*	–	909	901	–	1,810
Akinobu Kataoka *(note (ii))*	–	288	–	–	288
Cai Wei Min *(note (iii))*	–	243	–	3	246
Chen Lawrence *(note (iv))*	–	63	–	–	63
Kiyohisa Nanri *(note (v))*	–	–	–	–	–
Edmund Kwok King Yan *(note (vi))*	–	217	901	–	1,118
Lao Seng Peng *(note (iii))*	–	243	–	5	248
Masashi Ono *(note (vii))*	–	39	–	–	39
Oe Tadayuki *(note (ii))*	–	39	–	–	39
Osamu Nakano *(note (v))*	–	–	–	–	–
Ryutaro Okada *(note (viii))*	–	–	–	–	–
Sosuke Kawanishi *(note (v))*	–	–	–	–	–
Wong Kin Ping *(note (iii))*	–	168	–	4	172
Yeh Tung Ming *(note (iii))*	–	223	–	–	223
	–	2,432	1,802	12	4,246
Independent non-executive directors:					
Chan Sai Kuai *(note (iii))*	50	–	–	–	50
Chiu Ching Katie *(note (vii))*	50	–	–	–	50
Hin Yat Ha *(note (vii))*	50	–	–	–	50
Jiang Ming Le *(note (iii))*	50	–	–	–	50
Sun Juyi	100	–	–	–	100
	300	–	–	–	300
	300	2,432	1,802	12	4,546

Notes:

(i) appointed on 25 July 2005
(ii) appointed on 9 June 2005 and resigned on 2 November 2005
(iii) resigned on 1 July 2005
(iv) appointed on 9 June 2005 and resigned on 25 July 2005
(v) appointed on 4 October 2005
(vi) appointed on 11 November 2005
(vii) appointed on 9 June 2005
(viii) appointed on 2 December 2005

Year ended 31 December 2006	Fees *HK$'000*	Salaries and allowances *HK$'000*	Employee share option benefits *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
Executive directors:					
Isao Matsushima *(note (i))*	–	1,516	–	–	1,516
Edmund Kwok King Yan	–	1,650	–	14	1,664
Osamu Nakano *(note (ii))*	–	–	–	–	–
Sosuke Kawanishi *(note (iii))*	–	–	–	–	–
Ryutaro Okada *(note (iii))*	–	–	–	–	–
Kiyohisa Nanri *(note (iv))*	–	–	–	–	–
	–	3,166	–	14	3,180
Independent non-executive directors:					
Sun Juyi	100	–	–	–	100
Chiu Ching Katie	100	–	–	–	100
Hin Yat Ha	100	–	–	–	100
	300	–	–	–	300
	300	3,166	–	14	3,480

Notes:

(i) resigned on 31 August 2006
(ii) resigned on 9 October 2006
(iii) resigned on 2 June 2006
(iv) resigned on 18 April 2006

Year ended 31 December 2007	Fees *HK$'000*	Salaries and allowances *HK$'000*	Employee share option benefits *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
Executive director:					
Edmund Kwok King Yan	–	2,379	2,390	12	4,781
Non-executive director:					
Cheng Ho Ming (appointed on 30 April 2007)	100	–	–	–	100
Independent non-executive directors:					
Sun Juyi	150	–	–	–	150
Chiu Ching Katie	100	–	–	–	100
Hin Yat Ha	100	–	–	–	100
	350	–	–	–	350
	450	2,379	2,390	12	5,231

Seven months ended 31 July 2008	Fees *HK$'000*	Salaries and allowances *HK$'000*	Employee share option benefits *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
Executive director:					
Edmund Kwok King Yan	–	1,330	1,467	7	2,804
Non-executive directors:					
Cheng Ho Ming (resigned on 28 May 2008)	50	–	–	–	50
Brad Huang (appointed on 23 June 2008)	–	–	–	–	–
Chen Jacob James (appointed on 23 June 2008)	–	–	–	–	–
	50	–	–	–	50
Independent non-executive directors:					
Sun Juyi	88	–	–	–	88
Chiu Ching Katie	58	–	–	–	58
Hin Yat Ha	58	–	–	–	58
	204	–	–	–	204
	254	1,330	1,467	7	3,058

Seven months ended 31 July 2007 (Unaudited)	Fees *HK$'000*	Salaries and allowances *HK$'000*	Employee share option benefits *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
Executive director:					
Edmund Kwok King Yan	–	875	2,390	7	3,272
Non-executive director:					
Cheng Ho Ming (appointed on 30 April 2007)	38	–	–	–	38
Independent non-executive directors:					
Sun Juyi	88	–	–	–	88
Chiu Ching Katie	58	–	–	–	58
Hin Yat Ha	58	–	–	–	58
	204	–	–	–	204
	242	875	2,390	7	3,514

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the seven months ended 31 July 2007.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the seven months ended 31 July 2007.

(b) Five highest paid employees' remuneration

The five highest paid employees during the years ended 31 December 2005, 2006, 2007 and the seven months ended 31 July 2007 and 2008 included four, two, two, two and one directors respectively, details of whose remuneration are set out in (a) above. Details of the remuneration of the remaining one, three, three, three and four non-director, highest paid employees for the years ended 31 December 2005, 2006, 2007 and the seven months ended 31 July 2007 and 2008 are as follows:

	Year ended 31 December			Seven months ended 31 July	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries and allowances	660	2,078	2,519	1,087	1,836
Employee share option benefits	–	–	542	542	–
Pension scheme contributions	12	25	26	24	27
	672	2,103	3,087	1,653	1,863

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Seven months ended 31 July	
	2005	**2006**	**2007**	**2007**	**2008**
				(Unaudited)	
Nil to HK$1,000,000	1	3	1	3	4
HK$1,000,001 to HK$1,500,000	–	–	2	–	–
	1	3	3	3	4

During the years ended 31 December 2006 and 2007 and the seven months ended 31 July 2007, share options were granted to one, two and two non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 37 to the Financial Information. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the Financial Information for the year/period is included in the above non-director, highest paid employees's remuneration disclosures.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods and 16.5% for the seven months ended 31 July 2007. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	Year ended 31 December			Seven months ended 31 July	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Group					
Current:					
– Hong Kong	–	(16)	109	141	–
– Mainland China	200	200	2,845	–	1,867
Underprovision/(overprovision) in prior years:					
– Mainland China	–	200	–	(874)	1,051
Deferred *(note 35)*	–	–	(139)	(52)	(877)
Total tax charge/(credit) for the year	200	384	2,815	(785)	2,041
Represented by:					
Tax charge attributable to a discontinued operation *(note 12)*	–	(200)	–	–	–
Tax charge/(credit) attributable to continuing operations reported in the consolidated income statements	200	184	2,815	(785)	2,041

A reconciliation of the tax charge/(credit) applicable to loss before tax using the statutory rates for the regions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, is as follows:

Year ended 31 December 2005

Group

	Hong Kong	**Macau**	**Mainland China**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax (including loss from a discontinued operation)	(16,034)	–	(16,245)	(32,279)
Tax at the statutory tax rate	(2,805)	–	(5,361)	(8,166)
Income not subject to tax	(357)	–	–	(357)
Expenses not deductible for tax	1,728	–	1,973	3,701
Temporary differences not recognised	1,434	–	3,588	5,022
Tax charge at the Group's effective rate	–	–	200	200

Year ended 31 December 2006

Group

	Hong Kong	**Macau**	**Mainland China**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax (including loss from a discontinued operation)	(29,651)	–	(9,559)	(39,210)
Tax at the statutory tax rate	(5,189)	–	(3,155)	(8,344)
Adjustments in respect of current tax of previous periods	–	–	200	200
Income not subject to tax	(1,293)	–	–	(1,293)
Expenses not deductible for tax	6,466	–	3,355	9,821
Tax charge/(credit) at the Group's effective rate	(16)	–	400	384

Year ended 31 December 2007

Group

	Hong Kong	**Macau**	**Mainland China**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax	(116,933)	(318)	(46,969)	(164,220)
Tax at the statutory tax rate	(20,463)	(21)	(15,500)	(35,984)
Income not subject to tax	(615)	(18)	(131)	(764)
Expenses not deductible for tax	21,738	39	18,337	40,114
Tax losses utilised from previous periods	(773)	–	–	(773)
Tax losses not recognised	222	–	–	222
Tax charge at the Group's effective rate	109	–	2,706	2,815

Seven months ended 31 July 2008

Group

	Hong Kong	**Macau**	**Mainland China**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax	(124,949)	(910)	(32,930)	(158,789)
Tax at the statutory tax rate	(20,616)	(127)	(8,233)	(28,976)
Adjustments in respect of current tax of previous periods	–	–	1,051	1,051
Income not subject to tax	(217)	(18)	–	(235)
Expenses not deductible for tax	21,513	145	9,223	30,881
Tax losses utilised from previous periods	(680)	–	–	(680)
Tax charge at the Group's effective rate	–	–	2,041	2,041

Seven months ended 31 July 2007 (Unaudited)

Group

	Hong Kong	**Macau**	**Mainland China**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax	(33,826)	–	(49,539)	(83,365)
Tax at the statutory tax rate	(5,920)	–	(16,348)	(22,268)
Adjustments in respect of current tax of previous periods	–	–	(874)	(874)
Income not subject to tax	(336)	–	(193)	(529)
Expenses not deductible for tax	6,611	–	16,489	23,100
Tax losses utilised from previous periods	(214)	–	–	(214)
Tax charge at the Group's effective rate	141	–	(926)	(785)

11. LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company for the years ended 31 December 2005, 2006, 2007 and the seven months ended 31 July 2007 and 2008 include loss of HK$15,442,000, HK$25,231,000, HK$122,196,000, HK$76,377,000 and HK$162,307,000, respectively, which have been dealt with in the Financial Information of the Company (note 38(b)).

12. DISCONTINUED OPERATION

During the year ended 31 December 2006, the Group ceased the business of the development and distribution of solvent pesticides as the Group was set to focus on its financial public relation service and property investment businesses.

The consolidated operating results associated with the development and distribution of solvent pesticide operation for the years ended 31 December 2005 and 2006 are presented below:

	2005	**2006**
	HK$'000	*HK$'000*
Revenue	3,120	–
Cost of sales	(4,771)	–
Other income	254	–
Selling and distribution costs	(5,023)	–
Administrative expenses	(4,840)	–
Write-off of trade receivables	–	(1,000)
Impairment of items of property, plant and equipment	(3,364)	(1,584)
Impairment of intangible assets	(2,115)	–
Loss before tax from the discontinued operation	(16,739)	(2,584)
Tax	–	(200)
Loss for the year from the discontinued operation	(16,739)	(2,784)

The net cash flows of the discontinued operation for the years ended 31 December 2005 and 2006 are as follows:

	2005	2006
	HK$'000	*HK$'000*
Net cash inflow/(outflow) arising from operating activities	(11,852)	131

	2005	2006
Loss per share:		
Basic, from the discontinued operation	HK$0.10	HK$0.01
Diluted, from the discontinued operation	N/A	N/A

The calculations of basic loss per share amounts from the discontinued operation are based on:

	2005	2006
Loss attributable to ordinary equity holders of the Company from the discontinued operation	HK$16,739,000	HK$2,784,000
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	169,986,000	244,767,529

Diluted loss per share amounts for the years ended 31 December 2005 and 2006 have not been disclosed, as warrants, share options and convertible bonds outstanding during the years ended 31 December 2005 and 2006 had an anti-dilutive effect on the basic loss per share for the respective years.

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

The calculation of basic loss per share amounts 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 Relevant Periods and the seven months ended 31 July 2007. The weighted average number of shares in 2005 and 2006 is adjusted to reflect the changes in the number of ordinary shares as a result of share consolidation of the Company's ordinary shares on 15 October 2007 (note 36(f)).

Diluted loss per share amounts for the Relevant Periods and the seven months ended 31 July 2007 have not been disclosed, as warrants, share options and convertible bonds outstanding during the Relevant Periods and the seven months ended 31 July 2007 had an anti-dilutive effect on the basic loss per share for each of these years/periods.

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

	Year ended 31 December			Seven months ended 31 July	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Loss					
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation:					
From continuing operations	15,740	36,810	167,019	82,580	160,730
From a discontinued operation	16,739	2,784	–	–	–
	32,479	39,594	167,019	82,580	160,730

	Number of shares 2005	2006	2007	Seven months ended 31 July 2007 (Unaudited)	2008
Shares					
Weighted average number of ordinary shares in issue during the year/period used in the basic loss per share calculation	169,986,000	244,767,529	364,380,880	297,489,629	485,830,194

14 PROPERTY, PLANT AND EQUIPMENT

Group

	Notes	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
Cost:								
At 1 January 2005		29,647	2,262	18,473	191	371	93	51,037
Additions		–	–	–	–	–	89	89
At 31 December 2005 and 1 January 2006		29,647	2,262	18,473	191	371	182	51,126
Additions		–	110	–	846	–	203	1,159
Acquisition of a subsidiary	39(a)	–	26	–	–	–	31	57
Exchange realignment		1,892	145	1,181	11	24	–	3,253
At 31 December 2006 and 1 January 2007		31,539	2,543	19,654	1,048	395	416	55,595
Additions		–	126	1,020	3,502	24	349	5,021
Disposals		–	(16)	(227)	(5)	(249)	(169)	(666)
Acquisition of subsidiaries	39(b)	19,000	3,251	5,902	7,433	730	1,656	37,972
Transferred to assets of a disposal group classified as held for sale		(33,199)	(2,533)	(20,687)	(204)	(416)	(68)	(57,107)
Exchange realignment		3,115	129	2,064	69	224	137	5,738
At 31 December 2007 and 1 January 2008		20,455	3,500	7,726	11,843	708	2,321	46,553
Additions		–	970	392	3,662	246	735	6,005
Disposals		–	(979)	(2)	(8)	(185)	(14)	(1,188)
Acquisition of a subsidiary	39(c)	–	–	–	17	323	2,596	2,936
Exchange realignment		740	–	243	731	63	106	1,883
At 31 July 2008		21,195	3,491	8,359	16,245	1,155	5,744	56,189

Group

	Notes	Buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
Accumulated depreciation and impairment:								
At 1 January 2005		2,110	804	11,773	152	127	67	15,033
Provided during the year	8	1,265	452	1,846	36	37	26	3,662
Impairment during the year		–	–	3,364	–	–	–	3,364
At 31 December 2005 and 1 January 2006		3,375	1,256	16,983	188	164	93	22,059
Provided during the year	8	1,972	534	–	126	40	63	2,735
Impairment during the year		–	–	1,584	–	–	–	1,584
Exchange realignment		234	80	1,087	11	10	–	1,422
At 31 December 2006 and 1 January 2007		5,581	1,870	19,654	325	214	156	27,800
Provided during the year	8	2,937	1,170	1,143	1,935	108	717	8,010
Impairment during the year	28(a)	25,004	–	–	–	–	–	25,004
Disposals		–	(10)	(204)	(3)	(224)	(67)	(508)
Transferred to assets of a disposal group classified as held for sale		(32,509)	(2,421)	(20,687)	(204)	(267)	(68)	(56,156)
Exchange realignment		766	96	1,694	204	180	82	3,022
At 31 December 2007 and 1 January 2008		1,779	705	1,600	2,257	11	820	7,172
Provided during the period	8	848	394	904	2,401	88	878	5,513
Disposals		–	(414)	(2)	(4)	(24)	(5)	(449)
Exchange realignment		77	–	101	87	5	102	372
At 31 July 2008		2,704	685	2,603	4,741	80	1,795	12,608
Net book value:								
At 31 December 2005		26,272	1,006	1,490	3	207	89	29,067
At 31 December 2006		25,958	673	–	723	181	260	27,795
At 31 December 2007		18,676	2,795	6,126	9,586	697	1,501	39,381
At 31 July 2008		18,491	2,806	5,756	11,504	1,075	3,949	43,581

Company

	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Total *HK$'000*
Cost:			
At 1 January 2005	6	23	29
Additions	–	89	89
At 31 December 2005 and 1 January 2006	6	112	118
Additions	747	151	898
At 31 December 2006 and 1 January 2007	753	263	1,016
Additions	19	60	79
At 31 December 2007 and 1 January 2008	772	323	1,095
Additions	–	31	31
At 31 July 2008	772	354	1,126
Accumulated depreciation:			
At 1 January 2005	4	15	19
Provided during the year	1	10	11
At 31 December 2005 and 1 January 2006	5	25	30
Provided during the year	112	41	153
At 31 December 2006 and 1 January 2007	117	66	183
Provided during the year	151	50	201
At 31 December 2007 and 1 January 2008	268	116	384
Provided during the period	77	30	107
At 31 July 2008	345	146	491
Net book value:			
At 31 December 2005	1	87	88
At 31 December 2006	636	197	833
At 31 December 2007	504	207	711
At 31 July 2008	427	208	635

The net book values of the Group's fixed assets held under finance leases included (i) in the total amount of plant and machinery at 31 December 2005, 2006 and 2007 and 31 July 2008 amounted to nil, nil, HK$930,000 and HK$856,000, respectively; and (ii) in the total amount of office equipment at 31 December 2005, 2006 and 2007 and 31 July 2008 amounted to nil, nil, nil and HK$91,000, respectively.

At 31 December 2005, 2006 and 2007 and 31 July 2008, the Group's buildings with net book values of approximately nil, nil, HK$18,676,000 and HK$18,491,000, respectively, were pledged to secure general banking facilities granted to the Group (note 30(b)).

15. INVESTMENT PROPERTIES

		Group			
		31 December			31 July
		2005	2006	2007	2008
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at beginning of year/period		46,607	46,107	45,905	–
Net loss from fair value adjustments		(500)	(3,145)	(8,195)	–
Transferred to assets of a disposal group classified as held for sale	28(b)	–	–	(40,005)	–
Exchange realignment		–	2,943	2,295	–
Carrying amount at end of year/period		46,107	45,905	–	–

As at 31 December 2005 and 2006, the investment properties were situated in Mainland China, and were held under medium lease terms.

The Group's investment properties located in Mainland China were revalued on 31 December 2005 and 2006 by Greater China Appraisal Limited, independent professionally qualified valuers, at HK$46,107,000 and HK$45,905,000, on an open market, existing use basis.

During the years ended 31 December 2005 and 2006, the investment properties were leased to a third party under an operating lease, further details of which are included in note 43(a) to the Financial Information.

16. PREPAID LAND LEASE PAYMENTS

		Group			
		31 December			31 July
		2005	2006	2007	2008
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at beginning of year/period		10,630	10,040	10,022	7,506
Amortisation recognised during the year/period	8	(590)	(658)	(1,139)	(405)
Loss recognised on the remeasurement to fair value	28(a)	–	–	(9,607)	–
Transferred to assets of a disposal group classified as held for sale	28(a)	–	–	(265)	–
Acquisition of subsidiaries	39(b)	–	–	7,900	–
Exchange realignment		–	640	595	66
Carrying amount at end of year/period		10,040	10,022	7,506	7,167
Current portion included in prepayments, deposits and other receivables		(590)	(644)	(221)	(695)
Non-current portion		9,450	9,378	7,285	6,472

The leasehold land is held under medium term leases and is situated in Mainland China.

At 31 December 2005, 2006 and 2007 and 31 July 2008, the Group's prepaid land lease payments with net book values of nil, nil, HK$7,506,000 and HK$7,167,000, respectively, were pledged to secure general banking facilities granted to the Group (note 30(b)).

17 PROPERTIES UNDER DEVELOPMENT

		Group			
		31 December			31 July
		2005	2006	2007	2008
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at beginning of year/period		–	–	–	1,818,098
Acquisition of a subsidiary	40	–	–	1,810,854	–
Additions		–	–	7,244	45,717
Carrying amount at end of year/period		–	–	1,818,098	1,863,815

Included in properties under development were prepaid land lease payments, the movements of which during the Relevant Periods are as follows:

		Group			
		31 December			31 July
		2005	2006	2007	2008
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at beginning of year/period		–	–	–	1,722,515
Acquisition of a subsidiary		–	–	1,788,766	–
Recognised during the year/period	8	–	–	(66,251)	(115,939)
Carrying amount at end of year/period		–	–	1,722,515	1,606,576

The Group's properties under development as at 31 December 2007 and 31 July 2008 are situated in Macau and are held under a lease term of 25 years commencing on 30 July 1991. The lease is renewable for successive periods of 10 years up to 19 December 2049 and in accordance with the relevant laws in force in Macau at the time of renewals.

18. GOODWILL

		Group			
		31 December			31 July
		2005	2006	2007	2008
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at beginning of year/period		–	–	19,493	51,906
Acquisition of subsidiaries	39(a),(b)	–	19,493	79,049	–
Impairment during the year/period		–	–	(46,636)	(45,606)
Carrying amount at end of year/period		–	19,493	51,906	6,300
At end of year/period:					
Cost		–	19,493	98,542	98,542
Accumulated impairment		–	–	(46,636)	(92,242)
Net carrying amount		–	19,493	51,906	6,300

Details of impairment testing of goodwill are disclosed in note 19.

19. INTANGIBLE ASSETS

Group

	Notes	Brand name HK$'000	Operating rights HK$'000	Licence HK$'000	Knowhow HK$'000	Total HK$'000
Cost:						
At 1 January 2005, 31 December 2005 and 1 January 2006		–	–	1,880	7,520	9,400
Write-off		–	–	(1,880)	(7,520)	(9,400)
At 31 December 2006 and 1 January 2007		–	–	–	–	–
Acquisition of subsidiaries	39(b)	99,906	–	–	–	99,906
At 31 December 2007 and 1 January 2008		99,906	–	–	–	99,906
Acquisition of subsidiaries	39(c)	–	35,199	–	–	35,199
At 31 July 2008		99,906	35,199	–	–	135,105
Amortisation and impairment:						
At 1 January 2005		–	–	1,316	5,029	6,345
Amortisation provided during the year	8	–	–	188	752	940
Impairment during the year	8	–	–	376	1,739	2,115
At 31 December 2005 and 1 January 2006		–	–	1,880	7,520	9,400
Write-off		–	–	(1,880)	(7,520)	(9,400)
At 31 December 2006, 1 January 2007, 31 December 2007 and 1 January 2008		–	–	–	–	–
Amortisation provided during the period	8	–	2,567	–	–	2,567
Impairment during the period	8	9,200	24,800	–	–	34,000
At 31 July 2008		9,200	27,367	–	–	36,567
Net carrying amount:						
At 31 December 2005		–	–	–	–	–
At 31 December 2006		–	–	–	–	–
At 31 December 2007		99,906	–	–	–	99,906
At 31 July 2008		90,706	7,832	–	–	98,538

Brand name

The brand name as at 31 December 2007 and 31 July 2008 represents rights for the use of the brand name "CMM" arising from the acquisition of CMM International Group Limited as detailed in note 39(b).

Operating rights

The operating rights as at 31 July 2008 represents the exclusive rights to operate 25 billboards on a highway in Mainland China arising from the acquisition of Add Talent Investments Limited and its subsidiaries (collectively referred to as the "Add Talent Group") on 14 January 2008 as detailed in note 39(c).

Impairment testing of goodwill and brand name with indefinite useful life

Goodwill and brand name acquired through business combinations set out in notes 18 and 19, respectively, have been allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Financial public relation service cash-generating unit; and
- Cosmetic and beauty cash-generating unit;

The carrying amounts of goodwill and brand name allocated to each of the cash-generating units are as follows:

	Financial public relation service				Cosmetic and beauty				Total			
	31 December			31 July	31 December			31 July	31 December			31 July
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount of goodwill	–	19,493	17,300	6,300	–	–	34,606	–	–	19,493	51,906	6,300
Carrying amount of brand name with indefinite useful life	–	–	–	–	–	–	99,906	90,706	–	–	99,906	90,706
	–	19,493	17,300	6,300	–	–	134,512	90,706	–	19,493	151,812	97,006

Financial public relation service cash-generating unit

The recoverable amount of the financial public relation service cash-generating unit has been determined based on a value in use calculation using cash flow projections covering a five-year period approved by senior management of the Group. The discount rates applied to the cash flow projections for the years ended 31 December 2006, 2007 and the seven months ended 31 July 2008 are approximately 4%, 14% and 19%, respectively.

Cosmetic and beauty cash-generating unit

The recoverable amount of the cosmetic and beauty cash-generating unit has also been determined based on a value in use calculation using cash flow projections covering a period of five years, which are based on financial budget approved by senior management of the Group. The discount rates applied to the cash flow projections for the year ended 31 December 2007 and the seven months ended 31 July 2008 is approximately 21% and 18%, respectively.

Key assumptions were used in the value in use calculation of the financial public relation service and the cosmetic and beauty cash-generating units for the years ended 31 December 2006, 2007 and the seven months ended 31 July 2008. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and brand name with indefinite useful lives:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins was referenced to the historical gross margins.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Impairment loss of goodwill attributable to the financial public relation services cash-generating unit

Impairment losses of HK$2,193,000 and HK$11,000,000 during the year ended 31 December 2007 and the seven months ended 31 July 2008, respectively, have been recognised in the consolidated income statements for goodwill attributable to this cash-generating unit as a result of changes in estimates of future cash flows in response to the financial market changes.

Impairment loss of goodwill and brand name attributable to the cosmetic and beauty cash-generating unit

During the year ended 31 December 2007 and the seven months ended 31 July 2008, an impairment loss of HK$44,443,000 and HK$34,606,000, respectively, have been recognised for goodwill. An impairment loss of HK$9,200,000 has been recognised for brand name attributable to the Group's cosmetic and beauty cash-generating unit for the seven months ended 31 July 2008.

As detailed in note 39(b), part of the consideration for the acquisition of CMM International Group Limited is to be satisfied by the issue and allotment of 67 million of the Company's ordinary shares (the "Consideration Shares"). As a result of the increase in the quoted share price of the Company's shares during the period from the announcement date to the completion date of the acquisition, the fair values of the Consideration Shares were increased by approximately HK$44 million. Such increase, being part of fair values of the total consideration paid by the Group, contributed to goodwill arising from the acquisition. The impairment loss of HK$44,443,000 during the year ended 31 December 2007 mainly represented the increase in fair values of the Consideration Shares.

In view of the Group's cosmetic and beauty business continues to be in a loss position, an additional impairment provision of HK$34,606,000 and HK$9,200,000 has been made on goodwill and brandname, respectively, during the seven months ended 31 July 2008.

Impairment testing of the operating rights with definite useful life

The carrying amount of the operating rights is as follows:

		31 December		**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount of operating rights	–	–	–	7,832

The development of the billboard sector has slowed down and there is no indication for significant improvement in the foreseeable future, an impairment provision of HK$24,800,000 has been charged to the consolidated income statement for the seven months ended 31 July 2008 based on a value in use calculation using cash flow projections over the remaining useful life of the operating rights granted. The discount rate applied to cash flow projections is 16%.

Key assumptions were used in the value in use calculation of the operating rights for the seven months ended 31 July 2008.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins was referenced to the historical gross margins.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

20. INTERESTS IN SUBSIDIARIES, AND INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE

(a) Interests in subsidiaries

	Company			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	28,475	47,616	19,141	19,141
Amounts due from subsidiaries	26,680	279,067	2,135,408	2,178,440
Amounts due to subsidiaries	(17,485)	(17,479)	–	–
Impairment #	–	–	(52,627)	(145,000)
	37,670	309,204	2,101,922	2,052,581

An impairment was recognised during the year ended 31 December 2007 and the seven months ended 31 July 2008 due to prolonged loss making condition of these subsidiaries.

As at 31 December 2005, 2006 and 2007 and 31 July 2008, the above impairment included impairment provisions of nil, nil, HK$52,627,000 and HK$125,930,000 for amounts due from subsidiaries.

Movements in the provision for impairment of amounts due from subsidiaries is as follows:

	Company			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period	–	–	–	52,627
Impairment loss recognised	–	–	52,627	73,303
At end of year/period	–	–	52,627	125,930

(b) Interests in subsidiaries and amounts due to subsidiaries classified as held for sale

	Company			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	–	–	28,475	–
Amounts due from subsidiaries	–	–	18,080	–
	–	–	46,555	–
Amounts due to subsidiaries	–	–	17,472	–

As at 31 December 2007, such interests in subsidiaries and amounts due to subsidiaries were held for sale in the coming twelve months. These balances are classified as current assets and liabilities accordingly.

The balances with subsidiaries are unsecured and interest-free except for amounts of HK$55,500,000 as at 31 December 2007 and 31 July 2008 due from Sociedade, which were interest-bearing at 3% per annum, and have no fixed terms of repayment. The carrying amounts of the amounts due from/to subsidiaries approximate their fair values.

21. AVAILABLE-FOR-SALE INVESTMENTS

		Group			
		31 December			31 July
		2005	**2006**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Listed equity investments in Hong Kong, at fair value	(a)	–	730	2,281	2,256
Unlisted equity investments, at cost	(b)	–	211,410	111,410	111,410
		–	212,140	113,691	113,666

		Company			
		31 December			31 July
		2005	**2006**	**2007**	**2008**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Listed equity investments in Hong Kong, at fair value	(a)	–	730	2,281	2,256

Notes:

(a) During the years ended 31 December 2006 and 2007 and the seven months ended 31 July 2008, the gross gain/(loss) of the Group's available-for-sale investments recognised directly in equity amounted to HK$264,000, HK$1,551,000 and (HK$25,000), respectively. The fair values of listed equity investments are based on quoted market prices as at 31 December 2006, 2007 and 31 July 2008.

(b) Unlisted equity investments consisted of investments in equity interests which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 31 December 2006, 2007 and 31 July 2008, unlisted equity investments with aggregate carrying amount of HK$211,410,000, HK$111,410,000 and HK$111,410,000, respectively, were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future. Further details of the unlisted equity investments are set out below.

Investment in Sociedade

On 26 May 2006, Performing Investments, a wholly-owned subsidiary of the Group, acquired an 8.69% equity interest in Sociedade, a limited liability company incorporated in Macau on 15 May 1993, for a consideration of HK$100,000,000. Sociedade is principally engaged in property investment and development business. The principal asset held by Sociedade was a piece of bare land located at Baia de Praia Grande (Nam Van Lakes District), Macau for residential development purpose. On 28 August 2007, the Group acquired an additional 86.31% equity interest in Sociedade subsequent to which it became a 95%-owned subsidiary of the Group. Further details are disclosed in note 40 to the Financial Information.

Investment in the Partnership

On 9 September 2006, Winning Elite, a wholly-owned subsidiary of the Group, subscribed 6.4% of the expected total capitalisation of US$200 million (equivalent to approximately HK$1,560 million) in LCF Macau Co-Investor L.P. ("LCF Macau Co"), a limited partnership formed on 16 June 2006 under the Partnership Act 1996 of the BVI (the "Partnership"), at a consideration of HK$100 million. As at 31 December 2006 and 2007, and 31 July 2008, the total capitalisation of LCF Macau Co amounted to US$41.8 million (equivalent to approximately HK$326.0 million), US$48.6 million (equivalent to approximately HK$375.9 million) and US$48.6 million (equivalent to approximately HK$379.2 million) of which the Group holds 30.7%, 26.6% and 26.6% interests, respectively.

The Partnership has a term of 10 years from the date of its formation. The subscription was completed on 11 September 2006. The Partnership is principally engaged in property investment business. The principal asset held by the Partnership as at 31 December 2006, 2007 and 31 July 2008 was a 3.85%, 4.61% and 4.61% equity interest in Baia da Nossa Senhora da Esperanca Real Estate Development Company Limited, a limited liability company incorporated in Macau, which has an interest in a piece of land situated at Baia de Nossa Senhora da Esperanca, Macau.

The Partnership comprises a general partner and eleven limited partners, including Winning Elite, as at 31 July 2008. The general partner of the Partnership shall have the sole right to determine whether from time to time profits of the Partnership shall be distributed in cash or shall be left within the Partnership, in which event the capital account of all partners shall be increased. The limited partners cannot make any investment and operating decisions of the Partnership and shall be entitled to receive a share of the annual net profits equivalent to their share in the capitalisation of the Partnership. Limited partners may not withdraw from the Partnership prior to the termination of the Partnership. Interests in the Partnership may be assigned only with the written consent of the general partner, which consent may be withheld at its sole discretion.

22. INTERESTS IN AN ASSOCIATE

	Group			
	31 December			**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	–	–	–	1,234
Goodwill arising on acquisition	–	–	–	1,256
	–	–	–	2,490

The following table illustrates the summarised financial information of the Group's associate extracted from its management account:

	31 July
	2008
	HK$'000
Assets	3,513
Liabilities	574
Revenue	2,198
Profit	452

23. INVENTORIES

	Group			
	31 December			**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	–	–	7,600	10,513
Work in progress	–	–	234	569
Finished goods	–	–	17,800	20,662
	–	–	25,634	31,744

24. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross trade receivables	–	1,537	14,713	14,112
Impairment	–	(167)	(1,334)	(791)
Net trade receivables	–	1,370	13,379	13,321
Prepayments, deposits and other receivables				
Current portion	2,969	47,037	55,378	20,686
Non-current portion	–	–	1,298	1,070
	2,969	47,037	56,676	21,756
	2,969	48,407	70,055	35,077

Trade receivables

The Group has different trading terms with its customers for different businesses.

For services rendered, no credit term is granted to customers, except for certain well-established customers where the Group allows trading terms on credit. Invoices are normally payable within 30 days of issuance. Each customer has a maximum credit limit.

For the sale of goods, the Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one month to three months.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing and the carrying amounts of trade receivables approximate their fair values.

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

	Group			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current to 3 months	–	828	13,236	11,284
4 to 6 months	–	81	143	1,012
7 to 12 months	–	442	–	1,025
Over 1 year	–	19	–	–
	–	1,370	13,379	13,321

Movements in provision for impairment of trade receivables are as follows:

		Group			
		31 December			31 July
		2005	**2006**	**2007**	**2008**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period		–	–	167	1,334
Impairment losses recognised/(written-back)	8	–	–	727	(560)
Acquisition of subsidiaries		–	167	607	–
Amount written off as uncollectible		–	–	(167)	–
Exchange realignment		–	–	–	17
At end of year/period		–	167	1,334	791

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$167,000, HK$1,334,000 and HK$791,000 with carrying amounts of HK$167,000, HK$1,443,000 and HK$791,000 for the years ended 31 December 2006, 2007 and seven months ended 31 July 2008, respectively. The individually impaired trade receivables relate to customers that were in default or delinquency in interest or principal payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables at each of the balance sheet dates that are not considered to be impaired is as follows:

	Group			
	31 December			31 July
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	–	544	11,648	7,772
1 to 3 months past due	–	284	1,731	3,512
4 to 6 months past due	–	542	–	1,012
7 to 12 months past due	–	–	–	1,025
	–	1,370	13,379	13,321

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Prepayments, deposits and other receivables

None of these assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

25. LOAN AND RECEIVABLE

	Group and Company			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted convertible debenture, at amortised cost	–	11,672	–	–

On 12 December 2006, the Company subscribed for an unlisted zero-coupon convertible debenture (the "Debenture") issued by an unlisted company incorporated in the BVI with limited liability (the "Issuer") at the face value of US$1,500,000 (equivalent to approximately HK$11,672,000) with a maturity date of 11 June 2007. The Debenture was convertible at the option of the Group into preference shares of the Issuer at a price of US$36.0 per share, subject to adjustment, on or before 11 June 2007. The preference shares of the Issuer shall rank prior to the ordinary shares of the Issuer and the preference shareholders are entitled to receive dividends declared by the Issuer and have the same voting rights as the ordinary shareholders. If not converted, the Debenture was redeemable at its face value on 11 June 2007. On 5 June 2007, the maturity date was extended to 11 December 2007. The Debenture expired on 11 December 2007 and the balance was reclassified as prepayments, deposits and other receivables as at 31 December 2007. The balance was settled subsequent to 31 December 2007.

As at 31 December 2006, the Debenture was stated at cost which approximates its fair value. The fair value to the conversion right at 31 December 2006 was considered minimal.

26. AMOUNTS DUE FROM/TO RELATED COMPANIES

Particulars of amounts due from related companies, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Group

	31 December 2007	Maximum amount outstanding during the year	1 January 2007
	HK$'000	*HK$'000*	*HK$'000*
Monita Hair and Beauty College Limited	43	176	–
Chen's Industrial Company Limited	64	67	–
上海巨景生物科技有限公司	387	946	–
上海巨科國際貿易有限公司	64	1,142	–
CICA Association Limited	36	63	–
	594		–

Group

	31 July 2008 HK$'000	Maximum amount outstanding during the period HK$'000	1 January 2008 HK$'000
Monita Hair and Beauty College Limited	–	43	43
Chen's Industrial Company Limited	120	120	64
上海巨景生物科技有限公司	639	639	387
上海市徐匯區鄭皓明商行	1,102	1,169	–
上海巨科國際貿易有限公司	537	537	64
CICA Association Limited	73	73	36
Jovian Corporate Communications Limited	190	–	–
	2,661		594

As at 31 December 2007 and 31 July 2008, the above related companies were companies in which one of the Group's directors or their close family members had controlling beneficial interests.

The balances with related companies are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate their fair values.

27. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED BANK BALANCES

		Group			
		31 December			31 July
		2005	2006	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances		4,197	13,294	122,231	81,454
Time deposits		182,884	105,213	100,072	103,041
		187,081	118,507	222,303	184,495
Less: Pledged time deposits for a bank guarantee	(a)	(7,000)	(7,000)	(7,549)	(7,645)
Restricted bank balances	(b)	–	–	(42,537)	(43,022)
Cash and cash equivalents	(c)	180,081	111,507	172,217	133,828

		Company			
		31 December			31 July
		2005	2006	2007	2008
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances		2,062	8,967	97,319	73,327
Time deposits		175,884	97,913	49,986	52,374
Cash and cash equivalents	(c)	177,946	106,880	147,305	125,701

Notes:

(a) The balance represented a pledged bank deposit made to a bank for guarantee granted by the bank to the landlord of one of the Group's rental premises in Hong Kong. The term of the lease is from 3 January 2006 to 31 December 2008 and accordingly, the pledged time deposit was classified as current as at 31 December 2007 and 31 July 2008.

(b) As detailed in note 40, restricted bank balance with a carrying amount of HK$41,619,000 was acquired upon acquisition of Sociedade on 28 August 2007. As at 31 December 2007 and 31 July 2008, the balance represented an aggregate amount of HK$40,000,000 plus interest placed by the former owners of Sociedade for future payment of the land premium by Sociedade, if any. The balance is unsecured. After payment of the land premium, if any, as determined by and settled with the Macau government, the remaining amount, together with the interest thereon, shall be refunded to the former owners.

(c) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances, pledged time deposits and restricted bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents, the pledged deposits and restricted bank balances approximate their fair values.

(d) At 31 December 2005, 2006, 2007 and 31 July 2008, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,928,000, HK$1,401,000, HK$18,140,000 and HK$4,646,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

28. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 11 December 2007, the Company entered into an agreement with an independent third party, to dispose of a 100% equity interest in Goldigit and its subsidiaries (collectively, the "Goldigit Group") in exchange for advertising operation in Mainland China with a fair value of approximately HK$36,969,000. The principal activity of the Goldigit Group as at 31 December 2007 was property investment. As at 31 December 2007, the assets and liabilities of the Goldigit Group were classified as a disposal group held for sale.

The major classes of assets and liabilities classified as held for sale as at 31 December are as follows:

		Group			
		31 December			31 July
		2005	**2006**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Property, plant and equipment	(a)	–	–	951	–
Prepaid land lease payments	(a)	–	–	265	–
Investment properties	(b)	–	–	40,005	–
Prepayments, deposits and other receivables		–	–	17	–
Cash and bank balances		–	–	2,147	–
Assets of a disposal group classified as held for sale		–	–	43,385	–
Liabilities					
Other payables and accruals		–	–	(5,616)	–
Tax payable		–	–	(800)	–
Liabilities directly associated with the assets classified as held for sale		–	–	(6,416)	–
Net assets directly associated with the disposal group		–	–	36,969	–

Notes:

(a) The carrying amount of items of property, plant and equipment and prepaid land lease payments in the disposal group held for sale were below their fair values less costs to sell, an impairment loss of HK$25,004,000 (note 14) for property, plant and equipment and loss on remeasurement to fair value of HK$9,607,000 (note 16) for prepaid land lease payments were recognised during the year ended 31 December 2007 before transfer to assets of a disposal group classified as held for sale.

(b) As at 31 December 2007, the investment properties were situated in Mainland China and are held under medium term leases.

The Group's investment properties were revalued on 31 December 2007 by Greater China Appraisal Limited, independent professional qualified valuers, at HK$40,005,000 on an open market, existing use basis.

The disposal of the Goldigit Group was completed on 14 January 2008. Particulars of the disposal are set out in note 41 to the Financial Information.

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	Group			
		31 December		**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current to 3 months	–	1,032	9,777	8,101
4 to 6 months	–	10	175	1,430
7 to 12 months	–	12	864	740
Over 1 year	–	175	1,079	1,325
	–	1,229	11,895	11,596
Other payables and accruals	3,671	8,084	76,076	92,976
	3,671	9,313	87,971	104,572

The trade payables are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the Group's trade payables approximate their fair values.

Included in other payables and accruals as at 31 December 2005, 2006 and 2007 and 31 July 2008 were amounts of nil, nil, HK$42,537,000 and HK$43,171,000 received from the former owners of Sociedade for settlement of the land premium, if any (note 27(b)).

30. INTEREST-BEARING BANK BORROWINGS

Group

	Effective interest rate *(%)*	**Maturity**	**31 December 2006** *HK$'000*
Current			
Bank overdrafts-unsecured	6	On demand	189
			189

	Effective interest rate *(%)*	Maturity	31 December 2007 *HK$'000*
Current			
Bank overdrafts-secured	6	On demand	3,629
Bank loans-secured	6.73	2008	10,526
			14,155

Group

	Effective interest rate *(%)*	Maturity	31 July 2008 *HK$'000*
Current			
Bank overdrafts-unsecured	6	On demand	3,393
Bank loans – secured	7.47	2008	10,989
			14,382

Notes:

(a) The Group's overdraft facilities amounted to HK$800,000, HK$5,300,000 and HK$4,500,000, of which HK$189,000, HK$3,629,000 and HK$3,393,000 were utilised as at 31 December 2006, 2007 and 31 July 2008, respectively.

As at 31 December 2007, an amount of HK$3,629,000 was secured by the pledge of properties of a related company of the Group and a personal guarantee executed by a non-executive director of the Company to the extent of HK$2,000,000.

As at 31 July 2008, an amount of HK$3,393,000 was utilised under the corporate guarantees executed by the Company and another group company to the extent of HK$2,500,000 and HK$10,000,000, respectively, and a personal guarantee executed by a director of subsidiaries to the extent of HK$2,000,000.

(b) As at 31 December 2007 and 31 July 2008, the Group's bank loans were secured by mortgages over:

(i) the Group's buildings, which had aggregate carrying values of approximately HK$18,676,000 and HK$18,491,000, respectively (note 14); and

(ii) the Group's prepaid land lease payments, which had aggregate carrying values of approximately HK$7,506,000 and HK$7,167,000, respectively (note 16).

(c) Except for the secured bank loans which are denominated in RMB and at fixed rates, all borrowings are in Hong Kong dollars and at floating rates.

The carrying amounts of the Group's bank borrowings approximate their fair values.

31. PROVISION FOR LONG SERVICE PAYMENTS

		Group			
		31 December			31 July
		2005	2006	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period		–	–	–	656
Write back of provision	8	–	–	–	(231)
Acquisition of a subsidiary	39(a)	–	–	656	–
At end of year/period		–	–	656	425

32. CONVERTIBLE BONDS

2005 Convertible Bonds

On 11 November 2005, the Company issued zero coupon convertible bonds with a nominal value of HK$51,000,000 (the "2005 Convertible Bonds"). The bonds are convertible at the option of the bondholder into ordinary shares of the Company at a price of initially, HK$0.2713 per share (the "First Conversion Price"), subject to adjustment, on or before 10 November 2008 (the "First Maturity Date"). Pursuant to the convertible bond agreement, the bonds are subject to mandatory conversion into ordinary shares of the Company at the First Conversion Price, subject to adjustment, prior to the First Maturity Date if the weighted average of the traded prices of the shares in issue for the 30 days immediately prior to the First Maturity Date represents a price which is equal to or higher than 150% of the First Conversion Price.

If not converted, the 2005 Convertible Bonds are redeemable at the face value of HK$51,000,000 on the First Maturity Date.

2007 Convertible Bonds

On 28 August 2007, the Company issued two zero coupon convertible bonds with a nominal value of HK$1,463,580,000 (the "2007 Convertible Bonds"). The bonds are convertible at the option of the bondholders into ordinary shares of the Company at a price of initially, HK$0.18 per share (the "Second Conversion Price"), subject to adjustment, on or before 27 August 2012 (the "Second Maturity Date"). Pursuant to the convertible bond agreements, the bonds are subject to mandatory conversion into ordinary shares of the Company at the Second Conversion Price, subject to adjustment, prior to the Second Maturity Date if the weighted average of the traded prices of the shares in issue for the 30 days immediately prior to the Second Maturity Date represents a price which is equal to or higher than 150% of the Second Conversion Price.

If not converted, the 2007 Convertible Bonds are redeemable at the face value of HK$1,463,580,000 on the Second Maturity Date.

There was no movement in the number of these convertible bonds during the Relevant Periods since the issuance date. The fair value of the liability component of the 2007 Convertible Bonds and the 2005 Convertible Bonds were estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

As a result of the share consolidation on 15 October 2007 (note 36(f)) and pursuant to the terms of the 2005 Convertible Bonds and 2007 Convertible Bonds, adjustments to the respective conversion price were made.

The table below sets out the conversion prices and the maximum number of shares to be issued upon conversion of the convertible bonds before and after the adjustments immediately upon the share consolidation taking effect:

	Before adjustments		After adjustments	
	Conversion Price *(HK$)*	Maximum number of shares to be issued	Conversion price *(HK$)*	Maximum number of shares to be issued
The 2005 Convertible Bonds	0.2713	187,983,781	2.713	18,798,378
The 2007 Convertible Bonds	0.18	8,131,000,000	1.8	813,100,000

The convertible bonds issued have been split as to the liability and equity components as follows:

	Group and Company			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Nominal value of convertible bonds	51,000	51,000	1,514,580	1,514,580
Equity component				
2005 Convertible Bonds	(8,957)	(8,957)	(8,957)	(8,957)
2007 Convertible Bonds	–	–	(395,341)	(395,341)
	(8,957)	(8,957)	(404,298)	(404,298)
Liability component at the issuance date	42,043	42,043	1,110,282	1,110,282
Interest expense in 2006	–	2,795	2,795	2,795
Interest expense in 2007	–	–	26,258	26,258
Interest expense in 2008	–	–	–	42,860
Liability component at end of year/period	42,043	44,838	1,139,335	1,182,195
Analysed into:				
Current liabilities	–	–	47,820	49,844
Non-current liabilities	42,043	44,838	1,091,515	1,132,351
	42,043	44,838	1,139,335	1,182,195

33. FINANCE LEASE PAYABLES

The Group leases certain of its office equipment and plant and machinery during the Relevant Periods. The leases are classified as finance leases and have remaining lease terms of two years and one year for the year ended 31 December 2007 and the seven months ended 31 July 2008, respectively.

At each of the balance sheet dates, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments				Present value of minimum lease payments			
	31 December			31 July	31 December			31 July
	2005	2006	2007	2008	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:								
Within one year	–	–	521	288	–	–	495	261
In the second year	–	–	22	34	–	–	21	28
Total minimum finance lease payments	–	–	543	322	–	–	516	289
Future finance charges	–	–	(27)	(33)				
Total net finance lease payables	–	–	516	289				
Portion classified as current liabilities	–	–	(495)	(261)				
Non-current portion	–	–	21	28				

34. AMOUNT DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY

The balance is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the balance approximates its fair value.

35. DEFERRED TAX

Movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

Group		Depreciation allowance in excess of related depreciation
	Notes	*HK$'000*
At 1 January 2005, 31 December 2005, 1 January 2006, 31 December 2006 and 1 January 2007		–
Acquisition of subsidiaries	39(b)	2,083
Deferred tax credited to the income statement	10	(139)
At 31 December 2007 and 1 January 2008		1,944
Deferred tax credited to the income statement	10	(122)
At 31 July 2008		1,822

Deferred tax assets

Group	*Notes*	**Depreciation allowance in excess of related depreciation** *HK$'000*	**Provision for inventories and trade receivables** *HK$'000*	**Total** *HK$'000*
At 1 January 2005, 31 December 2005 and 1 January 2006		–	–	–
Acquisition of a subsidiary	39(a)	61	–	61
At 31 December 2006, 1 January 2007 31 December 2007 and 1 January 2008		61	–	61
Deferred tax credited to the income statement	10	–	755	755
At 31 July 2008		61	755	816

The Group has tax losses arising in Hong Kong of nil, nil, HK$12,162,000 and HK$8,041,000 for the years ended 31 December 2005, 2006 and 2007 and the seven months ended 31 July 2008 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 31 December 2005, 2006, 2007 and 31 July 2008, there were no significant unrecognised deferred tax liabilities for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

36. SHARE CAPITAL

		31 December		**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised:				
31 December 2005 and 2006: 10,000,000,000 ordinary shares of HK$0.05 each; 31 December 2007 and 31 July 2008: 5,000,000,000 ordinary shares of HK$0.5 each	500,000	500,000	2,500,000	2,500,000
Issued and fully paid:				
31 December 2005: 1,699,860,000; 31 December 2006: 2,687,301,949 ordinary shares of HK$0.05 each; 31 December 2007 and 31 July 2008: 485,830,194 ordinary shares of HK$0.5 each	84,993	134,365	242,915	242,915

A summary of the transactions during the Relevant Periods with reference to the changes in the Company's issued ordinary share capital is as follows:

	Notes	Number of authorised shares	Number of shares in issue	Issued share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2005, 31 December 2005 and 1 January 2006		10,000,000,000	1,699,860,000	84,993	72,657	157,650
Issue of new shares for subscription	(a)	–	959,000,000	47,950	143,850	191,800
Issue of new shares for acquisition of a subsidiary	(b)	–	28,441,949	1,422	4,921	6,343
		–	987,441,949	49,372	148,771	198,143
At 31 December 2006 and 1 January 2007		10,000,000,000	2,687,301,949	134,365	221,428	355,793
Increase in authorised shares	(c)	40,000,000,000	–	–	–	–
Issue of new shares for subscription	(d)	–	1,001,000,000	50,050	130,130	180,180
Issue of new shares for acquisition of subsidiaries	(e)	–	1,170,000,000	58,500	238,900	297,400
		40,000,000,000	2,171,000,000	108,550	369,030	477,580
Share issue expenses		–	–	–	(3,942)	(3,942)
Share consolidation	(f)	(45,000,000,000)	(4,372,471,755)	–	–	–
At 31 December 2007, 1 January 2008 and 31 July 2008		5,000,000,000	485,830,194	242,915	586,516	829,431

Notes:

(a) Pursuant to the resolution passed on 29 March 2006, 959,000,000 ordinary shares of HK$0.05 each were issued to certain subscribers at a price of HK$0.2 per share for a total cash consideration of HK$191,800,000, giving rise to a share premium of HK$143,850,000. The proceeds were used to settle the consideration for the acquisition of unlisted available-for-sale financial assets, which were detailed in note 21(b) to the Financial Information and as general working capital of the Group.

(b) Upon the completion of the acquisition of Jovian on 12 April 2006, 28,441,949 shares were issued and allotted at HK$0.223 per share, giving rise to a share premium of HK$4,921,000.

(c) Pursuant to an ordinary resolution passed on 10 August 2007, the authorised share capital of the Company was increased from HK$500,000,000 to HK$2,500,000,000 by a creation of 40,000,000,000 additional shares of HK$0.05 each, ranking pari passu in all respects with the existing share capital of the Company.

(d) On 26 June 2007, the Company entered into subscription agreements with certain subscribers pursuant to which the Company agreed to issue and allot 1,001,000,000 new ordinary shares of the Company at a subscription price of HK$0.18 per share. The subscription was completed on 2 October 2007. Gross proceeds of approximately of HK$180,180,000 were brought into the Group, giving rise to a share premium of HK$130,130,000.

(e) (i) On 30 April 2007, 670,000,000 shares at HK$0.22 per share were issued and allotted as consideration for the acquisition of CMM, resulting in a share premium of HK$113,900,000.

(ii) On 28 August 2007, 500,000,000 shares at HK$0.3 per share were issued and allotted for the acquisition of Sociedade, giving rise to a share premium of HK$125,000,000.

(f) Pursuant to a resolution passed in the extraordinary general meeting on 15 October 2007, every ten shares in the issued and unissued ordinary share capital of the Company of HK$0.05 each were consolidated into one consolidated share of HK$0.5 each (the "Share Consolidation").

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 37 to the Financial Information.

Warrants

On 11 September 2006, the Company issued two unlisted warrants, being Series A Warrant and Series B Warrant (collectively, the "Warrants"), for HK$1 per warrant to LCF II Holdings, Limited, a limited liability company incorporated in the BVI (the "Subscriber"). Each warrant entitles the Subscriber to subscribe, subject to conditions as further detailed below being fulfilled, 267,634,000 ordinary shares of the Company of HK$0.05 each at an initial subscription price of HK$0.1999 per share, subject to adjustment, and payable in cash, from the date of issue to 10 September 2009. As a result of the Share Consolidation (note 36(f)), the exercise price of the Warrants was adjusted from HK$0.1999 per share to HK$1.999 per share and the aggregate number of shares subscribed was adjusted from 535,268,000 to 53,527,000.

No Warrants were exercised during the Relevant Periods. The exercise in full of the Warrants as at 31 December 2006, 2007 and 31 July 2008 would, under the present value of the Group, result in the issue 53,527,000 additional shares of the Company, representing approximately 19.9%, 11.0% and 11.0% of the Company's shares in issue as at 31 December 2006, 2007 and 31 July 2008, respectively, and would give rise to additional share capital of HK$26,763,000, HK$26,763,000 and HK$26,763,000 and share premium of HK$80,237,000, HK$80,237,000 and HK$80,237,000, as at 31 December 2006, 2007 and 31 July 2008 respectively.

Series A Warrant

The exercise of the subscription right attaching to the Series A Warrant is conditional upon the Company receiving evidence satisfactory to it showing that the aggregate of the audited profits before tax of businesses acquired by the Group, being introduced by the Subscriber after 11 September 2006 (the "Introduced Businesses"), excluding those Introduced Businesses that are loss-making, for the twelve months ending on the financial year end date of those Introduced Businesses next following the completion date of the relevant acquisition multiplied by the relevant percentage interest acquired by the Group, exceed HK$10 million.

Series B Warrant

The exercise of the subscription right attaching to the Series B Warrant is conditional upon:

i) The average market capitalisation of the Company for the 60 trading days immediately prior to the date which the Subscriber is entitled to exercise the subscription, which is determined as the product of the closing price of the Company's shares and the number of shares issued and outstanding at the close of business, has an average of no less than HK$1 billion; and

ii) The Company, since 11 September 2006, having completed the acquisitions of businesses, assets and/or interests therein at a total consideration of not less than HK$200 million, provided that the opportunities for such acquisitions have been introduced to the Group by the Subscriber.

The fair value of the Warrants granted was estimated as at the date of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	11 September 2006
Dividend yield *(%)*	Nil
Expected volatility *(%)*	82.00
Risk-free interest rate *(%)*	3.90
Expected life of option *(year)*	3.00
Closing share price at date of grant *(HK$)*	0.19

The volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The fair value of the Warrants of HK$45,640,000 has been recognised by the Group as the cost of equity-settled transactions for services provided by the Subscriber.

37. SHARE OPTION SCHEME

On 15 October 2003, the Company adopted a share option scheme (the "Scheme"). The purpose of the Scheme is to provide incentives and rewards to the eligible participants who contribute to the Group, and to enable the Group to recruit and retain high calibre professionals, executives and employees who are instrumental to the growth of the Group. Eligible participants of the Scheme include the directors (including executive directors and non-executive directors), and employees of the Group, consultants or advisers of the Group, suppliers of goods or services to the Group, customers of the Group or business alliance of the Group and shareholders of the Group. The Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from 15 October 2003.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be granted under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the ordinary shares in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Group must not, in aggregate, exceed 10% of the ordinary shares of the Company in issue as at the date of adopting the Scheme, but the Company may seek approval of its shareholders in a general meeting to refresh the 10% limit under the Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted under the Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period up to the date of grant must not exceed 1% of the ordinary shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Share options granted under the Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is also the grantee of the options). In addition, any share options granted to a substantial shareholder or independent non-executive directors of the Company, in excess of 0.1% of the ordinary shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant, are subject to shareholders' approval in a general meeting of the Company.

A share option may be accepted by a participant within 10 days from the date of the offer for grant of the option. The exercise period of the share options granted is determinable by the directors in accordance with the terms of the Scheme, and commences from the date of acceptance of the offer of grant of the share options and ends on a date which is not later than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of the Company, but must not be less than the higher of (i) the closing price of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotation sheets on the date of the offer for grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer of the grant, which must be a business day; and (iii) the nominal value of the ordinary share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the Relevant Periods:

	31 December						31 July	
	2005		2006		2007		2008	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	HK$ per share	*'000*	*HK$ per share*	*'000*	*HK$ per share*	*'000*	*HK$ per share*	*'000*
At beginning of year/period	–	–	0.313	151,287	0.308	108,791	2.441	18,494
Granted during the year/period	0.313	151,287	0.200	3,400	0.238	162,845	1.8	4,503
Cancelled during the year	–	–	0.315	(45,896)	0.313	(86,693)	–	–
Adjustment of the Share Consolidation *(note 36(f))*	–	–	–	–	0.244	(166,449)	–	–
At end of year/period	0.313	151,287	0.308	108,791	2.441	18,494	2.315	22,997

The exercise prices and exercise periods of the share options outstanding as at each balance sheet date are as follows:

31 December 2005

Number of options	Exercise price*	Exercise period
'000	*HK$ per share*	
35,697	0.305	15-11-05 to 14-11-15
115,590	0.315	15-11-05 to 14-11-15
151,287		

31 December 2006

Number of options	Exercise price*	Exercise period
'000	*HK$ per share*	
69,694	0.315	15-11-05 to 14-11-15
35,697	0.305	15-11-05 to 14-11-15
3,400	0.2	28-8-06 to 27-8-15
108,791		

31 December 2007

Number of options#	Exercise price#*	Exercise period
'000	*HK$ per share*	
1,870	3.05	15-11-05 to 14-11-15
340	2.00	28-8-06 to 27-8-15
11,773	2.30	11-7-07 to 11-7-17
1,154	2.80	11-7-07 to 16-8-17
3,357	2.52	27-9-07 to 27-9-17
18,494		

31 July 2008

Number of options#	Exercise price #*	Exercise period
'000	*HK$ per share*	
1,870	3.05	15-11-05 to 14-11-15
340	2.00	28-8-06 to 27-8-15
11,773	2.30	11-7-07 to 11-7-17
1,154	2.80	11-7-07 to 16-8-17
3,357	2.52	27-9-07 to 27-9-17
4,503	1.80	11-1-08 to 11-1-18
22,997		

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

The number of shares to be issued upon exercise of share options under the Scheme and the exercise price prior to the Share Consolidation were adjusted upon the completion of the Share Consolidation on 15 October 2007 (note 36(f)).

The fair values of the share options granted during the years ended 31 December 2005, 2006 and 2007 and the seven months ended 31 July 2007 and 2008 were HK$8,018,000, HK$245,000, HK$11,941,000, HK$9,181,000 (unaudited) and HK$4,401,000, respectively, of which the Group recognised equity-settled share option expenses of HK$8,018,000, HK$245,000, HK$11,941,000, HK$9,181,000 (unaudited) and HK$4,401,000 during the years ended 31 December 2005, 2006 and 2007 and the seven months ended 31 July 2007 and 2008, respectively.

The fair value of equity-settled share options granted during the Relevant Periods was estimated as at the date of grant, using option pricing models, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the models and the option pricing models used for the years ended 31 December 2005, 2006, 2007 and the seven months ended 31 July 2008:

Date of grant	**15 November 2005**	**28 August 2006**	**11 July 2007**	**27 September 2007**	**11 January 2008**
Dividend yield *(%)*	Nil	Nil	Nil	Nil	Nil
Expected volatility *(%)*	38.8	42.47	49.35	50.04	50.04
Risk-free interest rate *(%)*	4.01	4.29	4.76	4.39	3.06
Expected life of option *(year)*	1	9.00	10.01	10.01	10.01
Closing share price at date of grant *(HK$)*	0.31	0.20	2.16	2.55	1.79
Option pricing model used	Black-Scholes	Binomial	Binomial	Binomial	Binomial

As at 31 December 2005, the expected life used in the option pricing model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restitutions and behaviour considerations. As at 31 December 2006 and 2007, and 31 July 2008, the expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 31 December 2005, 2006, 2007 and 31 July 2008, the Company had 151,287,000, 108,791,000, 18,494,000 and 22,997,000 share options outstanding under the Scheme, which represented approximately 8.9%, 4.0%, 3.8% and 4.7% of the Company's shares in issue as at those dates, respectively.

As at 31 July 2008, the exercise in full of the remaining share options would, under the present capital structure of the Company, result in issue of 22,997,000 additional ordinary shares of the Company and additional share capital of approximately of HK$11,498,500 and share premium of approximately HK$42,122,100 (before issue expenses).

38. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the seven months ended 31 July 2007 are presented in the consolidated statements of changes in equity in Section I (C) above.

The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation over the nominal value of the Company's shares issued in exchange therefor.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are registered in the People's Republic of China has been transferred to reserve funds which are restricted as to use.

(b) Company

	Share premium account HK$'000	Equity component of convertible bonds HK$'000	Warrant reserve HK$'000	Share option reserve HK$'000 (note (b))	Available-for-sale investment revaluation reserve HK$'000	Contributed surplus HK$'000 (note (a))	Accumulated losses HK$'000	Total HK$'000
At 1 January 2005	72,657	–	–	–	–	28,470	(14,701)	86,426
Issue of convertible bonds	–	8,957	–	–	–	–	–	8,957
Equity-settled share option arrangements	–	–	–	8,018	–	–	–	8,018
Loss for the year	–	–	–	–	–	–	(15,442)	(15,442)
At 31 December 2005 and 1 January 2006	72,657*	8,957	–*	8,018*	–*	28,470*	(30,143)*	87,959
Changes in fair value of available-for-sale investments	–	–	–	–	264	–	–	264
Equity-settled warrant arrangement	–	–	45,640	–	–	–	–	45,640
Equity-settled share option arrangements	–	–	–	245	–	–	–	245
Transfer of share option reserve upon cancellation of unexercised options	–	–	–	(2,432)	–	–	2,432	–
Issue of shares	148,771	–	–	–	–	–	–	148,771
Loss for the year	–	–	–	–	–	–	(25,231)	(25,231)
At 31 December 2006 and 1 January 2007	221,428*	8,957	45,640*	5,831*	264*	28,470*	(52,942)*	257,648
Changes in fair value of available-for-sale investments	–	–	–	–	1,551	–	–	1,551
Equity-settled share option arrangements	–	–	–	11,941	–	–	–	11,941
Issue of shares	369,030	–	–	–	–	–	–	369,030
Share issue expenses	(3,942)	–	–	–	–	–	–	(3,942)
Issue of convertible bonds	–	395,341	–	–	–	–	–	395,341
Transfer of share option reserve upon cancellation of unexercised options	–	–	–	(4,595)	–	–	4,595	–
Loss for the year	–	–	–	–	–	–	(122,196)	(122,196)
At 31 December 2007 and 1 January 2008	586,516*	404,298	45,640*	13,177*	1,815*	28,470*	(170,543)*	909,373
Changes in fair value of available-for-sale investments	–	–	–	–	(25)	–	–	(25)
Equity-settled share option arrangements	–	–	–	4,401	–	–	–	4,401
Loss for the period	–	–	–	–	–	–	(162,307)	(162,307)
At 31 July 2008	586,516*	404,298	45,640*	17,578*	1,790*	28,470*	(332,850)*	751,442

* As at 31 December 2005, 2006 and 2007 and 31 July 2008, these reserve accounts comprise the reserves of HK$79,002,000, HK$248,691,000, HK$505,075,000 and HK$347,144,000 in the Company's balance sheets, respectively.

Company

	Share premium account HK$'000	Equity component of convertible bonds HK$'000	Warrant reserve HK$'000	Share option reserve HK$'000 (note (b))	Available-for-sale investment revaluation reserve HK$'000	Contributed surplus HK$'000 (note (a))	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	221,428	8,957	45,640	5,831	264	28,470	(52,942)	257,648
Changes in fair value of available-for-sale investments (Unaudited)	–	–	–	–	738	–	–	738
Equity-settled share option arrangements (Unaudited)	–	–	–	9,181	–	–	–	9,181
Issue of shares (Unaudited)	113,900	–	–	–	–	–	–	113,900
Transfer of share option reserve upon cancellation of unexercised options (Unaudited)	–	–	–	(2,432)	–	–	2,432	–
Loss for the period (Unaudited)	–	–	–	–	–	–	(76,377)	(76,377)
At 31 July 2007 (Unaudited)	335,328	8,957	45,640	12,580	1,002	28,470	(126,887)	305,090

Notes:

(a) The Company's contributed surplus represents the difference between the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation referred to in note 38(a) over the nominal value of the Company's shares issued in exchange therefor.

(b) The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the Financial Information. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

39. BUSINESS COMBINATIONS

Business combination during the year ended 31 December 2006

(a) On 12 April 2006, the Group acquired the entire issued share capital of Jovian (the "Jovian Acquisition"). Jovian is engaged in the provision of financial public relation services. The purchase consideration of HK$21,331,000 was satisfied by cash of HK$12,798,000 and by the allotment and issue of 28,441,949 new ordinary shares of the Company at a price of HK$0.3 per share.

The fair values of the acquired identifiable assets and liabilities at the date of the Jovian Acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	**Fair value recognised on acquisition** *HK$'000*	**Carrying amount immediately before the acquisition** *HK$'000*
Property, plant and equipment	14	57	57
Deferred tax assets	35	61	61
Trade receivables		537	537
Prepayments, deposits and other receivables		218	218
Cash and bank balances		590	590
Trade payables		(599)	(599)
Other payables and accruals		(386)	(386)
Bank overdrafts		(162)	(162)
Tax payable		(668)	(668)
		(352)	(352)
Goodwill on acquisition	18	19,493	
		19,141	
Satisfied by:			
Cash		12,798	
Issue of new shares	36(b)	6,343	
		19,141	

An analysis of the net outflow of cash and cash equivalents in respect of the Jovian Acquisition is as follows:

	HK$'000
Cash consideration	(12,798)
Cash and bank balances acquired	590
Bank overdrafts	(162)
Net outflow of cash and cash equivalents in respect of the Jovian Acquisition	(12,370)

Jovian contributed HK$5,392,000 to the Group's turnover and a profit of HK$19,000 to the consolidated loss for the year ended 31 December 2006.

Had the combination taken place at the beginning of the year ended 31 December 2006, the revenue from continuing operations of the Group and the loss of the Group for the year ended 31 December 2006 would have been HK$7,156,000 and HK$36,596,000, respectively.

Business combination during the year ended 31 December 2007

(b) On 30 April 2007, the Group acquired the entire issued share capital of CMM International Group Limited (the "CMM Acquisition"). CMM is engaged in the manufacture and trading of cosmetic related products, and provision of beauty technical and tutoring services. The purchase consideration was satisfied by cash of HK$33,000,000 and the allotment and issue of 670,000,000 new ordinary shares of the Company at a price of HK$0.22 per share (note 36(e)(i)). Further details of the transaction are set out in the Company's circular dated 9 March 2007.

The fair values of the identifiable assets and liabilities at the date of the CMM Acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	**Fair value recognised on acquisition** *HK$'000*	**Carrying amount immediately before the acquisition** *HK$'000*
Property, plant and equipment	14	37,972	36,181
Prepaid land lease payments	16	7,900	1,360
Intangible asset	19	99,906	–
Trade receivables		6,575	6,575
Prepayments, deposits and other receivables		9,890	9,890
Inventories		24,392	24,392
Cash and bank balances		17,444	17,444
Trade payables		(9,849)	(9,849)
Other payables and accruals		(23,550)	(23,550)
Interest-bearing bank borrowings		(15,700)	(15,700)
Bank overdrafts		(2,006)	(2,006)
Tax payable		(3,006)	(3,006)
Finance lease payables		(484)	(484)
Deposit received		(10,000)	(10,000)
Provision for long service payments	31	(656)	(656)
Deferred tax liabilities	35	(2,083)	–
		136,745	30,591
Goodwill on acquisition	18	79,049	
		215,794	
Satisfied by:			
Cash		33,000	
Issue of new shares	36(e)(i)	147,400	
Costs directly attributable to the acquisition		35,394	
		215,794	

An analysis of the net outflow of cash and cash equivalents in respect of the CMM Acquisition is as follows:

	HK$'000
Cash consideration	(33,000)
Cash and bank balances acquired	17,444
Bank overdrafts	(2,006)
Costs directly attributable to the acquisition paid	(2,425)
Net outflow of cash and cash equivalents in respect of the CMM Acquisition	(19,987)

Since its acquisition, CMM contributed HK$92,950,000 and a profit of HK$101,000 to the Group's turnover and to the consolidated loss for the year ended 31 December 2007, respectively.

Had the combination taken place at the beginning of the year ended 31 December 2007, the revenue from continuing operations of the Group and the loss of the Group for the year ended 31 December 2007 would have been HK$142,442,000 and HK$199,627,000, respectively.

Business combination during the seven months ended 31 July 2008

(c) On 14 January 2008, the Group acquired a 100% equity interest in Add Talent Investments Limited ("Add Talent") and a shareholder's loan owed by Add Talent of HK$765,000 from an independent third party at a total consideration of HK$40,765,000. The consideration was satisfied in exchange for the shareholder's loan owed by Goldigit of HK$597,000 and the disposal of a 100% equity interest in Goldigit with fair values of HK$36,969,000 in aggregate, and a cash consideration of HK$765,000. Add Talent and its subsidiaries (the "Add Talent Group") are engaged in the provison of advertising services in Mainland China.

The fair values of the identifiable assets and liabilities at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	**Fair value recognised on acquisition** *HK$'000*	**Carrying amount immediately before the acquisition** *HK$'000*
Intangible asset	19	35,199	–
Property, plant and equipment	14	2,936	2,936
Cash and bank balances		8	8
Other payables and accruals		(409)	(409)
		37,734	2,535
Satisfied by:			
100% equity interest in the Goldigit Group and the shareholder's loan owed by Goldigit		36,969	
Cash		765	
		37,734	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition is as follows:

	HK$'000
Cash consideration paid	(765)
Cash and bank balances acquired	8
Net outflow of cash and cash equivalents in respect of the acquisition of the Add Talent Group	(757)

40. ACQUISITION OF A SUBSIDIARY

On 28 August 2007, the Group acquired an additional 86.31% of the issued share capital of Sociedade (the "Sociedade Acquisition") which then became a 95%-owned subsidiary. In addition, the Group acquired 95% shareholders' loans at a consideration of HK$194,922,000. Sociedade is engaged in property investment and development. The total purchase consideration for equity interest and shareholders' loans was satisfied by issuance of the 2007 Convertible Bonds of HK$1,463,580,000 and issue of 500,000,000 new ordinary shares of the Company at a price of HK$0.3 per share. Further details of the transaction are set out in the Company's circular dated 10 August 2007.

The acquisition costs of identifiable assets and liabilities at the date of the Sociedade Acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	**Acquisition costs** *HK$'000*
Properties under development	17	1,810,854
Trade receivables		367
Restricted bank balances	27(b)	41,619
Cash and bank balances		11
Other payables and accruals		(61,649)
Shareholders' loans		(205,181)
Minority interests		(67,363)
		1,518,658
Reclassification from an available-for-sale investment	21(b)	(100,000)
		1,418,658
Satisfied by:		
Issue of new shares	36(e)(ii)	150,000
Issue of convertible bonds	32	1,463,580
Less: shareholders' loans acquired		(194,922)
		1,418,658

An analysis of the net inflow of cash and cash equivalents in respect of the Sociedade Acquisition is as follows:

	HK$'000
Cash and bank balances acquired	11

41. DISPOSAL OF SUBSIDIARIES

Details of the disposal of the Goldigit Group are included in notes 28 and 39(c) to the Financial Information.

	Note	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	28	951
Prepaid land lease payments	28	265
Investment properties	28	40,005
Prepayments, deposits and other receivables	28	17
Cash and bank balances	28	2,147
Other payables and accruals	28	(5,616)
Tax payable	28	(800)
		36,969
Satisfied by:		
100% equity interest in the Add Talent Group		36,969

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the Goldigit Group is as follows:

	HK$'000
Cash and bank balances disposed of and the net outflow of cash and cash equivalents in respect of the disposal of the Goldigit Group	2,147

Since its acquisition, the Add Talent Group did not generate any revenue and contributed HK$3,148,000 to the consolidated loss for the seven months ended 31 July 2008.

Had the combination been taken place at the beginning of the period, the revenue from continuing operations of the Group and the loss of the Group for the seven months ended would have been nil and HK$3,148,000, respectively.

42. CONTINGENT LIABILITIES

(a) At each of the balance sheet dates, contingent liabilities not provided for in the financial statements were as follows:

	Group			
		31 December		**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank guarantees given to a third party	–	–	–	6,005

	Company			
		31 December		**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees given to a bank in connection with facilities granted to a subsidiary	–	–	–	2,500

As at 31 July 2008, the banking facility granted to a subsidiary subject to guarantee given to the bank by the Company were utilised to the extent of approximately HK$2,307,000.

(b) The Group is currently negotiating with certain contractors on the final construction costs up to 31 July 2008 in relation to properties under development with additional construction costs of HK$8,081,000 at maximum. The directors consider that the amount is not probable to pay with reference to a surveyor progress report as at 31 July 2008 and the on going discussion with contractors.

43. OPERATING LEASE ARRANGEMENTS

(a) As lessor

At 31 December 2005 and 2006, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group			
	31 December			**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	1,000	1,000	–	–
In the second to fifth years, inclusive	1,000	–	–	–
	2,000	1,000	–	–

(b) As lessee

The Group leases certain of its leasehold land and buildings under operating lease arrangements. Leases for leasehold land and buildings are negotiated for terms ranging from one to three years.

At 31 December 2005, 2006, 2007 and 31 July 2008, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group			
	31 December			**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	1,829	2,800	9,756	9,889
In the second to fifth years, inclusive	1,774	3,423	6,314	22,162
	3,603	6,223	16,070	32,051

	Company			
	31 December			**31 July**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	55	–	–	–

44. COMMITMENTS

In addition to the operating lease commitments detailed in note 43(b) above, the Group had the following capital commitments as at 31 December 2005, 2006, 2007 and 31 July 2008:

	Group			
	31 December			31 July
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for properties under development	–	–	858,444	816,053
Authorised, but not contracted for properties under development	–	–	28,705	25,575

45. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

(a) During the year ended 31 December 2007 and the seven months ended 31 July 2008 and 2007, the Group entered into finance lease arrangements in respect of property, plant and equipment with total capital values at the inception of the lease of HK$494,000, HK$93,000 and HK$494,000 (unaudited), respectively.

(b) During the seven months ended 31 July 2008, additions to properties under development included an amount of HK$25,767,000 which was classified as prepayment as at 31 December 2007.

(c) During the seven months ended 31 July 2008, additions to property, plant and equipment included an amount of HK$511,000 which was classified as prepayment as at 31 December 2007.

(d) During the seven months ended 31 July 2008, the Group had payables and accruals in relation to properties under development of HK$19,950,000. The additions to properties under development have no cash flow impact on the Group.

(e) Save as disclosed in notes 36, 37, 39, 40,41 and 45(a)-(d) to the Financial Information, there are no other major non-cash transactions of investing and financing activities during the Relevant Periods and the seven months ended 31 July 2007.

46. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

		Year ended 31 December			Seven months ended 31 July	
		2005	2006	2007	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Purchases of goods from a related company#	(i)	–	–	147	15	–
Rental expenses paid to related companies#	(ii)	–	–	864	324	1,296
Management fee income received from related companies#	(iii)	–	–	264	231	265
Consultancy fee paid to a director	(iv)	–	–	1,000	375	625
Consultancy fee paid to a key management personnel of the Group	(iv)	–	–	–	–	125
Consultancy fee paid to a close family member of a director	(iv)	–	–	1,000	375	625
Consultancy fee paid to a close family member of a key management personnel of the Group	(iv)	–	–	–	–	125
Project management fee paid to a related company*	(iv)	–	–	4,950	3,300	6,600
Performance incentive fee paid to a related company*	(iv)	–	–	12,637	12,637	–
Management fee paid to a related company*	(iv)	–	–	837	–	–
Placement fee paid to a related company*	(iv)	–	–	3,492	3,492	–
Share options granted to close family members of a director	(v)	–	–	2,390	2,390	2,934

The related companies are companies in which a director of the Group, a key management personnel of the Group or their close family members have controlling beneficial interests.

* The related companies were companies of which a close family members of one of the Company's directors or the Group's key management personnel were also directors of these related companies at the time of transactions.

Notes:

(i) Purchases of goods from related companies were made according to the published prices and conditions similar to those offered by suppliers of the Group.

(ii) Rental expenses paid to related companies were made according to the prices and conditions stated in the tenancy agreements that were agreed between the Group and the related companies.

(iii) Management fee income received from related companies was charged for certain administrative services provided by the Group. They were charged based on the actual costs incurred plus an agreed percentage to cover a share of general overheads.

(iv) Consultancy fee, project management fee, management fee, performance incentive fee and placement fee were paid in accordance with contractual terms agreed between the Group and the related companies.

(v) Share options were granted for consultancy services provided to the Group under the share option scheme of the Company based on terms agreed by both parties.

During the seven months ended 31 July 2008, an advance of HK$2.3 million was made to related companies in which the Group's directors or their close family members had controlling beneficial interests. Further details of terms of the advance are disclosed in note 26 of the Financial Information.

During the seven months ended 31 July 2008, the Group leased an office premise at nil consideration from a related company in which one of the key management personnel of the Group has controlling beneficial interest.

(b) Outstanding balances with related parties:

Details of the Group's balances with related companies as at each of the balance sheet dates are disclosed in note 26 to the Financial Information.

(c) Other transactions with related parties:

Details of the guarantees given by a director of the Company and the pledge of properties of a related company in respect of the general bank facilities of the Group are set out in note 30(a) to the Financial Information.

(d) Compensation of key management personnel of the Company:

The key management personnel of the Company are its directors. Further details of their remuneration are disclosed in note 9 to the Financial Information.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2005, 2006, 2007 and 31 July 2008 are as follows:

Group

Financial assets

	31 December 2005		
	Loans and receivables	**Available-for-sale financial assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets included in prepayments, deposits and other receivables	1,449	–	1,449
Pledged deposits	7,000	–	7,000
Cash and cash equivalents	180,081	–	180,081
	188,530	–	188,530

	31 December 2006		
	Loans and receivables	**Available-for-sale financial assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments	–	212,140	212,140
Trade receivables	1,370	–	1,370
Loan and receivable	11,672	–	11,672
Pledged deposits	7,000	–	7,000
Cash and cash equivalents	111,507	–	111,507
	131,549	212,140	343,689

	31 December 2007		
	Loans and receivables	**Available-for-sale financial assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investment	–	113,691	113,691
Trade receivables	13,379	–	13,379
Financial assets included in prepayments, deposits and other receivables	36,999	–	36,999
Amounts due from related companies	594	–	594
Pledged deposits	7,549	–	7,549
Restricted bank balances	42,537	–	42,537
Cash and cash equivalents	172,217	–	172,217
	273,275	113,691	386,966

Group

Financial assets

	31 July 2008		
	Loans and receivables	**Available-for-sale financial assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investment	–	113,666	113,666
Trade receivables	13,321	–	13,321
Amounts due from related companies	2,661	–	2,661
Pledged deposits	7,645	–	7,645
Restricted bank balances	43,022	–	43,022
Cash and cash equivalents	133,828	–	133,828
	200,477	113,666	314,143

Financial liabilities

	Financial liabilities at amortised cost			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	1,229	11,895	11,596
Other payables	3,671	8,084	76,076	92,976
Convertible bonds	42,043	44,838	1,139,335	1,182,195
Interest-bearing bank borrowings	–	189	14,155	14,382
Finance lease payables	–	–	516	289
Amounts due to related companies	–	–	540	742
Amount due to a minority shareholder of a subsidiary	–	–	10,259	10,259
	45,714	54,340	1,252,776	1,312,439

Company

Financial assets

	31 December 2005		
	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Due from subsidiaries	26,680		26,680
Cash and cash equivalents	177,946	–	177,946
	204,626	–	204,626

Company

Financial assets

	31 December 2006		
	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments	–	730	730
Due from subsidiaries	279,067	–	279,067
Loan and receivable	11,672	–	11,672
Cash and cash equivalents	106,880	–	106,880
	397,619	730	398,349

	31 December 2007		
	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments	–	2,281	2,281
Due from subsidiaries	2,135,408	–	2,135,408
Due from subsidiaries classified as held for sale	–	18,080	18,080
Financial assets included in prepayments, deposits and other receivables	11,672	–	11,672
Cash and cash equivalents	147,305	–	147,305
	2,294,385	20,361	2,314,746

	31 July 2008		
	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments	–	2,256	2,256
Due from subsidiaries	2,178,440	–	2,178,440
Cash and cash equivalents	125,701	–	125,701
	2,304,141	2,256	2,306,397

Company

Financial liabilities

	Financial liabilities at amortised cost			
	31 December			31 July
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due to subsidiaries	17,485	17,479	–	–
Due to subsidiaries classified as held for sale	–	–	17,472	–
Convertible bonds	42,043	44,838	1,139,335	1,182,195
Other payables	953	3,169	1,864	3,092
	60,481	65,486	1,158,671	1,185,287

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts, convertible bonds, finance leases, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings and bank deposits with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings and deposits) and the Group's and the Company's equity.

	Group			Company	
	Increase in basis points	**Decrease/ (increase) in loss before tax**	**Increase/ (decrease) in equity**	**Increase in basis points**	**Increase/ (decrease) in equity**
	%	*HK$'000*	*HK$'000*	*%*	*HK$'000*
2005					
Hong Kong dollar	10	62	62	10	62
United States dollar	10	76	76	10	76
2006					
Hong Kong dollar	10	264	264	10	264
United States dollar	10	328	328	10	328
2007					
Hong Kong dollar	10	187	187	10	203
United States dollar	10	104	104	10	104
Renminbi *("RMB")*	10	(104)	(104)	10	–
2008					
Hong Kong dollar	10	58	58	10	58
United States dollar	10	–	–	10	–
Renminbi *("RMB")*	10	(46)	(46)	10	–

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the senior management.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets and other financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 24 to the Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds and finance leases. To manage liquidity risk, the Group periodically monitors their net operating cash flows and maintains an adequate working capital for their daily operations.

The maturity profile of the Group's and the Company's financial liabilities as at 31 December 2005, 2006, 2007 and 31 July 2008, based on the contracted undiscounted payments, was as follows:

Group

	31 December 2005					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Convertible bonds	–	–	–	51,000	–	51,000
Other payables	–	3,671	–	–	–	3,671
	–	3,671	–	51,000	–	54,671

	31 December 2006					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Convertible bonds	–	–	–	51,000	–	51,000
Interest-bearing bank borrowings	189	–	–	–	–	189
Trade payables	–	1,229	–	–	–	1,229
Other payables	–	8,084	–	–	–	8,084
	189	9,313	–	51,000	–	60,502

	31 December 2007					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Convertible bonds	–	–	51,000	1,463,580	–	1,514,580
Finance lease payables	–	–	521	22	–	543
Interest-bearing bank borrowings	3,629	–	10,526	–	–	14,155
Trade payables	–	11,895	–	–	–	11,895
Other payables	–	33,054	43,022	–	–	76,076
Amounts due to related companies	540	–	–	–	–	540
Amount due to a minority shareholder of a subsidiary	10,259	–	–	–	–	10,259
	14,428	44,949	105,069	1,463,602	–	1,628,048

	31 July 2008					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Convertible bonds	–	–	51,000	1,463,580	–	1,514,580
Finance lease payables	–	–	288	34	–	322
Interest-bearing bank borrowings	3,393	–	10,989	–	–	14,382
Trade payables	–	11,596	–	–	–	11,596
Other payables	–	28,085	43,171	–	–	71,256
Amounts due to related companies	742	–	–	–	–	742
Amount due to a minority shareholder of a subsidiary	10,259	–	–	–	–	10,259
	14,394	39,681	105,448	1,463,614	–	1,623,137

Company

	31 December 2005					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to subsidiaries	17,485	–	–	–	–	17,485
Convertible bonds	–	–	–	51,000	–	51,000
Other payables	–	953	–	–	–	953
	17,485	953	–	51,000	–	69,438

	31 December 2006					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to subsidiaries	17,479	–	–	–	–	17,479
Convertible bonds	–	–	–	51,000	–	51,000
Other payables	–	3,169	–	–	–	3,169
	17,479	3,169	–	51,000	–	71,648

	31 December 2007					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to subsidiaries classified as held for sale	17,472	–	–	–	–	17,472
Convertible bonds	–	–	51,000	1,463,580	–	1,514,580
Other payables	–	1,864	–	–	–	1,864
	17,472	1,864	51,000	1,463,580	–	1,533,916

	31 July 2008					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Convertible bonds	–	–	51,000	1,463,580	–	1,514,580
Other payables	–	3,092	–	–	–	3,092
	–	3,092	51,000	1,463,580	–	1,517,672

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (note 21) as at 31 December 2006, 2007 and 31 July 2008. The Group's listed investments are listed on the Hong Kong stock exchange, and are valued at quoted market prices at each of the balance sheet dates.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the respective balance sheet dates, and their respective highest and lowest points during the years ended 31 December 2006, 2007 and the seven months ended 31 July 2008 were as follows:

	31 December 2006	High/low 2006	31 December 2007	High/low 2007	31 July 2008	High/low 2008
Hong Kong – Hang Seng Index	19,964	20,001/ 14,944	27,812	31,638/ 18,664	22,731	27,616/ 21,084

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at each of the balance sheet dates. For the available-for-sale equity investment of the Group, the impact is on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of equity investments *HK$'000*	**Increase/ decrease in equity** *HK$'000*
2006		
Investments listed in:		
Hong Kong – Available-for-sale	730	37
2007		
Investments listed in:		
Hong Kong – Available-for-sale	2,281	114
2008		
Investments listed in:		
Hong Kong – Available-for-sale	2,256	113

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 December 2005, 2006, 2007 and the seven months ended 31 July 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes interest-bearing bank borrowings, amounts due to related companies and a minority shareholder, trade payables, other payables and accruals and finance lease payables, less cash and cash equivalents, and excludes the discontinued operation. Capital includes convertible bonds and equity attributable to equity holders of the Company. The gearing ratios as at the balance sheet dates were as follows:

	Group			
	31 December			31 July
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank borrowings	–	189	14,155	14,382
Finance lease payables	–	–	516	289
Trade payables	–	1,229	11,895	11,596
Other payables and accruals	3,671	8,084	76,076	92,976
Amounts due to related companies	–	–	540	742
Amount due to a minority shareholder of a subsidiary	–	–	10,259	10,259
Net debt	3,671	9,502	113,441	130,244
Convertible bonds, the liability component	42,043	44,838	1,139,335	1,182,195
Equity attributable to equity holders of the Company	228,748	438,912	1,160,907	1,006,821
Total capital	270,791	483,750	2,300,242	2,189,016
Capital and net debt	274,462	493,252	2,413,683	2,319,260
Gearing ratio	1.3%	1.9%	4.7%	5.6%

49. POST BALANCE SHEET EVENTS

On October 2008, the Company, Pebble Rise Inc. ("Pebble Rise") and Performing Investments Limited ("PIL"), both wholly-owned subsidiaries of the Company, entered into an agreement with Castle Rock Investments Holdings Limited ("Castle Rock") and Suregold Global Limited ("Suregold"), pursuant to which Pebble Rise and PIL agree to early redeem the convertible bonds with face values of HK$524,340,000 and HK$939,240,000 issued to Suregold and Castle Rock, respectively (the "Redemption") which will be settled by the disposal of an 86.31% interest in the issued capital of Sociedade (the "Disposal") and assignment of shareholders' loan of approximately HK$215 million in Sociedade. The consideration for the transaction is HK$1,463,580,000. The Disposal constitutes a very substantial disposal under the Listing Rules. Moreover, Castle Rock is beneficially owned by Sigma Gain Co., Ltd., which is a substantial shareholder of the Company and is a connected person of the Company. The Redemption and the Disposal constitute connected transactions under the Listing Rules. The completion of the Redemption and the Disposal is subject to, inter alia, the approval of independent shareholders of the Company at an extraordinary general meeting.

(i) Included in the consolidated income statements of the Group are the following results attributable to Sociedade during the period from 28 August 2007, the date Sociedade became a subsidiary of the Group, to 31 December 2007 and the period from 1 January 2008 to 31 July 2008:

	Period from 28 August 2007 to 31 December 2007	**Seven months ended 31 July 2008**
	HK$'000	*HK$'000*
Other income	52	–
Administrative costs and other operating expenses	(370)	(910)
LOSS BEFORE TAX	318	910
TAX	–	–
LOSS FOR THE PERIOD	318	910

(ii) Included in the consolidated balance sheets of the Group are the assets and liabilities attributable to Sociedade as at 31 December 2007 and as at 31 July 2008:

	31 December 2007	**31 July 2008**
	HK$'000	*HK$'000*
NON-CURRENT ASSET		
Properties under development	233,254	279,949
Total non-current asset	233,254	279,949
CURRENT ASSETS		
Prepayments, deposits and other receivables	25,385	1,033
Restricted bank balances	42,537	43,022
Cash and cash equivalents	3,395	1,142
Total current assets	71,317	45,197
CURRENT LIABILITIES		
Other payables and accruals	43,031	63,538
Amount due to the ultimate holding company	55,997	56,975
Amounts due to the immediate holding companies	194,922	194,922
Amount due to a minority shareholder	10,259	10,259
Total current liabilities	304,209	325,694
NET CURRENT LIABILITIES	(232,892)	(280,497)
Net assets/(liabilities)	362	(548)
EQUITY/(DEFICIENCY IN ASSETS)		
Issued capital	971	971
Accumulated losses	(609)	(1,519)
Total equity/(deficiency in assets)	362	(548)

(iii) Included in the consolidated statements of changes in equity of the Group are the equity attributable to Sociedade during the period from 28 August 2007, the date Sociedade became a subsidiary of the Group, to 31 December 2007 and the seven months ended 31 July 2008:

	Issued capital	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 28 August 2007	971	(291)	680
Loss for the period	–	(318)	(318)
At 31 December 2007 and 1 January 2008	971	(609)	362
Loss for the period	–	(910)	(910)
At 31 July 2008	971	(1,519)	(548)

(iv) Included in the consolidated cash flow statements of the Group are the cash flows attributable to Sociedade during the period from 28 August 2007, the date that Sociedade became a subsidiary of the Group, to 31 December 2007 and the seven months ended 31 July 2008:

	Period from 28 August 2007 to 31 December 2007	**Seven months ended 31 July 2008**
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(318)	(910)
Adjustment for:		
Bank interest income	(52)	–
	(370)	(910)
Increase in prepayments, deposits and other receivables	(25,018)	(1,415)
Increase in restricted bank balances	(918)	(485)
Increase/(decrease) in other payables and accruals	(18,618)	557
Increase in an amount due to the ultimate holding company	55,500	–
Net cash inflow/(outflow) from operating activities	10,576	(2,253)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	52	–
Additions of properties under development	(7,244)	–
Net cash outflow from investing activities	(7,192)	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,384	(2,253)
Cash and cash equivalents at beginning of period	11	3,395
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,395	1,142
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,395	1,142

Notes to the cash flow statements

Major non-cash transactions

(a) During the period from 28 August 2007 to 31 December 2007 and the seven months ended 31 July 2008, additions to properties under development included finance costs of HK$497,000 and HK$978,000, which were classified as an amount due to the ultimate holding company as at 28 August 2007 and 31 December 2007, respectively.

(b) During the seven months ended 31 July 2008, additions to properties under development included an amount of HK$25,767,000 which was classified as prepayment as at 31 December 2007.

(c) During the seven months ended 31 July 2008, the Group had payables and accruals in relation to properties under development of HK$19,950,000. The additions to properties under development have no cash flow impact on Sociedade.

50. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2008.

Yours faithfully,
ERNST & YOUNG
Certified Public Accountants
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS ON REMAINING GROUP

The principal activities of the Remaining Group following completion of the Disposal will comprise three business segments: cosmetics and beauty services; financial public relation services; and advertising services.

For the seven months ended 31 July 2008, the Remaining Group recorded turnover of approximately HK$81.3 million and net loss attributable to the equity holders of the Company of approximately HK$159.9 million. Except for the losses from business segments stated as below, the net loss of the Remaining Group included impairment of goodwill of approximately HK$45.6 million, impairment of intangible assets of HK$34.0 million and unallocated corporate expenses of approximately HK$32.8 million.

Cosmetics and beauty services

For the seven months ended 31 July 2008, the cosmetics and beauty services segment contributed revenue and net loss to the Remaining Group of approximately HK$77.0 and HK$4.4 million, respectively.

The market for cosmetics and beauty services was increasingly competitive, and consequently has created pressure on the average selling price. During the period under review, the business strategies of the Group were focused on 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-ageing products and young and fancy cosmetic products to capture interest from other age groups.

In fact, the cosmetics and beauty market in the PRC is still under going significant expansion and there is a double digit growth rate per year. With a variety of different products launched in the market capturing all age groups, the business has become an increasingly important sector of the Remaining Group.

The Directors are confident that the maintenance of high quality products and customer support can improve the performance of this sector, which would bring positive contribution to the Remaining Group in coming years.

Financial public relation services

For the seven months ended 31 July 2008, the financial public relation services segment contributed revenue and net profit to the Remaining Group of approximately HK$4.3 million and HK$0.1 million, respectively.

During the period under review, the economic atmosphere deteriorated in Hong Kong, in which the Group's financial public relation service business is principally operated. Initial public offerings and corporate exercises slowed down during the period and some customers held back their decision to renew their retainer contracts. The business strategy of the Group was focused on consolidating its key client base and maintaining efficient cost control procedures.

Advertising services

For the seven months ended 31 July 2008, the advertising services segment contributed net loss to the Remaining Group of approximately HK$0.5 million.

During the period under review, the Group was in the process of constructing billboards for future leasing out. Consequently, no income was earned during the period.

Impairment of goodwill

Impairment of goodwill of HK$45.6 million comprising HK$34.6 million and HK$11.0 million has been recognised for goodwill attributable to the Group's cosmetics and beauty and financial public relation service segments, respectively.

As mentioned above, owing to the deterioration of the economic environment worldwide and loss making position of some business segments for the time being, the Directors considered it was a prudent decision to impair goodwill of both the cosmetics and beauty services sector and financial pubic relation services sector.

Impairment of intangible assets

Impairment of intangible assets of HK$34.0 million comprising HK$24.8 million and HK$9.2 million has been recognised for operating rights and the CMM brandname, respectively.

The operating rights represent exclusive rights to operate 25 billboards on a highway in Fuzhou, PRC, for the period from 14 January 2008, the date of acquisition, to 2015. In view of the slowing down of the development of the billboard sector and the expiry of the operating rights in 2015, the Directors considered that it was a prudent decision to impair part of the value of operating rights during the period under review.

Capital structure

During the seven months ended 31 July 2008 and in the subsequent period up to the Latest Practicable Date, there has been no change in the capital structure of the Company. As at the Latest Practicable Date, the authorized share capital of the Company was HK$2,500 million (comprising 5,000 million shares) and the issued share capital of the Company was approximately HK$242.9 million (comprising 485.8 million shares).

Liquidity and Financial Resources

The remaining Group generally finances its operation by internally generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled the Remaining Group to maintain a strong financial position. As at 31 July 2008, the Remaining Group had unrestricted cash and bank balances of HK$141.5 million placed in banks mainly as fixed deposits. The interest-bearing bank borrowings, finance lease payables and the 2005 Bonds of the Remaining Group amounted to HK$14.4 million, HK$0.3 million and HK$50 million, respectively.

At 31 July 2008, the current ratio of the Remaining Group was approximately 2.19 times based on current assets of approximately HK$244.0 million and current liabilities of approximately HK$111.2 million and the quick ratio of the Remaining Group was approximately 1.91 times.

As at 31 July 2008, the Remaining Group's gearing ratio (being the total indebtedness including interest-bearing bank borrowings, obligations under finance lease contracts and the 2005 Bonds of approximately HK$64.5 million over the total shareholders' equity of approximately HK$622.2 million) was approximately 10.4%.

The Directors considered the Remaining Group has sufficient working capital to meet its present requirements.

Details of charges on the Remaining Group's assets

The Remaining Group had charges on fixed deposits of HK$7.6 million and the Remaining Group's buildings and prepaid land lease payments of approximately HK$18.5 million and HK$7.2 million, respectively, given to banks to secure banking facilities granted to the Remaining Group.

Foreign Exchange Risk Management

Since all of the Remaining Group's assets and liabilities, revenue and expenditures are denominated in Renminbi and Hong Kong dollars, the use of financial instruments for hedging purposes is not considered necessary and the exposure to exchange rate fluctuations is minimal.

Employees

As at 31 July 2008, the Remaining Group had 450 employees, out of which 50 were based in Hong Kong and 400 were based in the PRC and the total staff costs for employees in Hong Kong and PRC amounted to approximately HK$19.7 million. 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 value.

3. INDEBTEDNESS

At the close of business on 30 September 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK$1,208.9 million, comprising secured bank loans of approximately HK$11.0 million, unsecured bank overdraft of HK$3.0 million, obligation under finance lease contracts mainly for the machinery used for spa operation of approximately HK$0.2 million, and unsecured convertible bonds of HK$1,194.7 million.

The bank loans are secured by mortgages over the Group's buildings and prepaid land lease payments of approximately HK$18.2 million and HK$7.1 million, respectively, as at 30 September 2008.

The Group has a bank guarantee of HK$6.0 million which is secured by time deposits of HK$7.6 million and contingent liabilities of approximately HK$8.1 million in respect of construction costs of the Group's properties under development.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 30 September 2008, the Group did not have any outstanding indebtedness, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitments, guarantees or other contingent liabilities.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 September 2008.

4. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that after taking into account the existing banking facilities available and the existing cash and bank balances, the Remaining Group has sufficient working capital for its requirements for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

The following is the unaudited pro forma information on the Remaining Group for illustrative purpose, and the text of a report thereon received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this circular:

A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Unaudited pro forma consolidated balance sheet of the Remaining Group upon completion of the Disposal

The following is the unaudited pro forma consolidated balance sheet of the Remaining Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the financial impacts on the assets and liabilities of the Group assuming that the Transaction had taken place on 31 July 2008. The unaudited pro forma consolidated balance sheet of the Remaining Group has been prepared based on the audited consolidated balance sheet of the Group as at 31 July 2008 as set out in Appendix I to this circular.

The unaudited pro forma consolidated balance sheet has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Remaining Group as at the dates to which it is made up to or at any future dates.

	Audited consolidated balance sheet of the Group as at 31 July 2008	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group before disposal of the remaining PKV interests	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group after disposal of the remaining PKV interests
	HK$'000	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
NON-CURRENT ASSETS							
Property, plant and equipment	43,581			43,581			43,581
Prepaid land lease payments	6,472			6,472			6,472
Properties under development	1,863,815	(1,863,815)	1(b)	–			–
Goodwill	6,300			6,300			6,300
Intangible assets	98,538			98,538			98,538
Available-for-sale investments	113,666	218,679	1(b)	332,345	(218,679)	4	113,666
Interests in an associate	2,490			2,490			2,490
Deferred tax assets	816			816			816
Long term deposits	1,070			1,070			1,070
Total non-current assets	2,136,748			491,612			272,933

	Audited consolidated balance sheet of the Group as at 31 July 2008	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group before disposal of remaining PKV interests	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group after disposal of remaining PKV interests
	HK$'000	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
CURRENT ASSETS							
Inventories	31,744			31,744			31,744
Trade receivables	13,321			13,321			13,321
Prepayments, deposits and other receivables	20,686	35,266	1(b)	55,952	(36,300)	4	19,652
Amounts due from related companies	2,661			2,661			2,661
Pledged deposits	7,645			7,645			7,645
Restricted bank balances	43,022	(43,022)	1(b)	–			–
Cash and cash equivalents	133,828	(1,142)	1(b)	132,686	197,136	4	329,822
Total current assets	252,907			244,009			404,845
CURRENT LIABILITIES							
Trade payables	11,596			11,596			11,596
Other payables and accruals	92,976	(59,538)	1(b),2,3	33,438	1,300	4,5	34,738
Interest-bearing bank borrowings	14,382			14,382			14,382
Amounts due to related companies	742			742			742
Tax payable	901			901			901
Convertible bonds	49,844			49,844			49,844
Finance lease payables	261			261			261
Amount due to a minority shareholder of a subsidiary	10,259	(10,259)	1(b)	–			–
Total current liabilities	180,961			111,164			112,464
NET CURRENT ASSETS	71,946			132,845			292,381
TOTAL ASSETS LESS CURRENT LIABILITIES	2,208,694			624,457			565,314

	Audited consolidated balance sheet of the Group as at 31 July 2008	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group before disposal of remaining PKV interests	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group after disposal of remaining PKV interests
	HK$'000	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
NON-CURRENT LIABILITIES							
Provision for long service payments	425			425			425
Convertible bonds	1,132,351	(1,132,351)	1(a)	–			–
Finance lease payables	28			28			28
Deferred tax liabilities	1,822			1,822			1,822
Total non-current liabilities	1,134,626			2,275			2,275
Net assets	1,074,068			622,182			563,039
EQUITY							
Equity attributable to equity holders of the Company							
Issued capital	242,915			242,915			242,915
Share premium account	586,516			586,516			586,516
Equity component of convertible bonds	404,298	(395,341)	1(a)	8,957			8,957
Warrant reserve	45,640			45,640			45,640
Share option reserve	17,578			17,578			17,578
Available-for-sale investment revaluation reserve	1,790			1,790			1,790
Reserve funds	7,321			7,321			7,321
Contributed surplus	73			73			73
Exchange fluctuation reserve	14,241			14,241			14,241
Accumulated losses	(152,821)	77,430	1(a)	(75,391)			(75,391)
Loss for the year	(160,730)	(66,674)	1(a),1(b),2,3	(227,404)	(59,143)	4,5	(286,547)
	1,006,821			622,236			563,093
Minority Interests	67,247	(67,301)	1(b)	(54)			(54)
Total equity	1,074,068			622,182			563,039

2. Unaudited pro forma consolidated income statement of the Remaining Group upon completion of the Disposal

The following is the unaudited pro forma consolidated income statement of the Remaining Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the financial impact on the results of the Group assuming that the acquisition of PKV had not taken place on 28 August 2007. The unaudited pro forma consolidated income statement of the Remaining Group has been prepared based on the audited consolidated income statement of the Group for the year ended 31 December 2007 as set out in Appendix I to this circular.

The unaudited pro forma consolidated income statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of the financial results of the Remaining Group for the financial years in respect of which it is prepared or for any future financial periods.

	Audited consolidated income statement of the Group for the year ended 31 December 2007	**Proforma adjustments**		**Unaudited pro forma consolidated income statement of the Remaining Group**
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
REVENUE	103,304			103,304
Cost of sales	(38,337)			(38,337)
Gross profit	64,967			64,967
Other income	7,312	(52)	6(a)	7,260
Selling and distribution costs	(34,568)			(34,568)
Administrative costs	(72,432)	5,870	6(a), 6(c)	(66,562)
Other operating costs	(885)			(885)
Cost associated with equity-settled share options	(11,941)			(11,941)
Impairment of items of property, plant and equipment	(25,004)			(25,004)
Loss recognised on the remeasurement to fair value of prepaid land lease payments	(9,607)			(9,607)
Decrease in fair value of investment properties	(8,195)			(8,195)
Impairment of goodwill	(46,636)			(46,636)
Convertible bond interests costs	(26,258)	23,276	6(b)	(2,982)
Other finance costs	(973)			(973)
LOSS BEFORE TAX	(164,220)			(135,126)
Tax	(2,815)			(2,815)
LOSS FOR THE YEAR	(167,035)			(137,941)
Attributable to:				
Equity holders of the Company	(167,019)			(137,941)
Minority interests	(16)	16	7	–
	(167,035)			(137,941)

3. Unaudited pro forma consolidated cash flow statement of the Remaining Group upon completion of the Disposal

The following is the unaudited pro forma cash flow statement of the Remaining Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the financial impact on the cash flows of the Group assuming that the acquisition of PKV had not taken place on 28 August 2007. The unaudited pro forma consolidated cash flow statement of the Remaining Group has been prepared based on the audited consolidated cash flow statement of the Group for the year ended 31 December 2007 as set out in Appendix I to this circular.

The unaudited pro forma consolidated cash flow statement has been prepared by the Directors is prepared for illustrative purposes only and because of its nature, it may not give a true picture of the cash flow position of the Remaining Group for the financial years in respect of which it is prepared or for any future financial periods.

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007	**Pro forma adjustments**		**Unaudited pro forma consolidated cash flow statement of the Remaining Group**
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(164,220)	29,094	6(a), 6(b), 6(c)	(135,126)
Adjustments for:				
Convertible bonds interest costs	26,258	(23,276)	6(b)	2,982
Other finance costs	973			973
Bank interest income	(3,666)	52	6(a)	(3,614)
Depreciation	8,010			8,010
Write-off for inventories	2,334			2,334
Provision for inventories	1,185			1,185
Loss on disposal of items of property, plant and equipment	158			158
Decrease in fair value of investment properties	8,195			8,195
Recognition of prepaid land lease payments	1,139			1,139
Impairment of goodwill	46,636			46,636
Impairment of items of property plant and equipment	25,004			25,004
Loss recognised on the remeasurement to fair value of prepaid land lease payments	9,607			9,607
Provision for impairment of trade receivables	727			727
Cost associated with equity –settled share options	11,941			11,941
	(25,719)			(19,849)

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007	Pro forma adjustments		Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Increase in inventories	(3,504)			(3,504)
Increase in trade receivables	(5,263)			(5,263)
Increase in prepayment, deposits and other receivables	(30,922)	(30,482)	9	(61,404)
Decrease/(increase) in restricted bank balances	(918)	918	9	–
Increase in trade payables	365			365
Increase/(decrease) in other payables and accruals	(12,026)	18,618	9	6,592
Increase in balances with related companies	(54)			(54)
Cash used in operations	(78,041)			(83,117)
Interest paid	(946)			(946)
Interest element of finance leases rental payments	(27)			(27)
Hong Kong profits tax paid	(46)			(46)
Overseas taxes paid	(3,850)			(3,850)
Net cash outflow from operating activities	(82,910)			(87,986)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interests received	3,666	(52)	6(a)	3,614
Purchases of items of property, plant and equipment	(4,527)			(4,527)
Additions of properties under development	(7,244)	7,244	9	–
Acquisition of subsidiaries	(19,976)	(11)	8	(19,987)
Increase in pledged deposits	(549)			(549)
Net cash outflow from investing activities	(28,630)			(21,449)

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2007	Pro forma adjustments		Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	180,180			180,180
Share issue expenses	(3,942)			(3,942)
Repayment of bank loans	(5,674)			(5,674)
Capital element of finance lease rental payments	(462)			(462)
Net cash inflow from financing activities	170,102			170,102
NET INCREASE IN CASH AND CASH EQUIVALENTS	58,562	2,105	8,9	60,667
Cash and cash equivalents at beginning of year	111,318			111,318
Effect of foreign exchange rate changes, net	855			855
CASH AND CASH EQUIVALENTS AT END OF YEAR	170,735			172,840
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	122,231	2,105	8,9	124,336
Non-pledged time deposits with original maturity of less than three months when acquired	49,986			49,986
Bank overdrafts	(3,629)			(3,629)
Cash and bank balances attributable to assets of a disposal group classified as held for sale	2,147			2,147
	170,735			172,840

Notes:

1(a) The adjustment represents early redemption of convertible bonds issued in August 2007. A gain of HK$93,048,000 from early redemption on liability portion of the convertible bonds, which is the difference between the fair value and the carrying value of the liability component of the convertible bonds of HK$1,039,303,000 and HK$1,132,351,000 as at 31 July 2008, respectively, is recognised in the consolidated income statement whereas a gain of HK$77,430,000 from early redemption on the equity portion of the convertible bonds, which is the difference between the fair value and carrying value of the equity component of the convertible bonds of HK$317,911,000 and HK$395,341,000 as at 31 July 2008, respectively, is recognised in the accumulated losses.

The fair value of the liability portion of convertible bonds is determined by reference to the valuation as at 31 July 2008 by Greater China Appraisal Limited, independent professionally qualified valuers, which was derived from discounting the Convertible Bonds by assuming an effective interest rate of 6.29% and a term of four years to maturity. The fair value of the equity portion of convertible bonds is the difference between the consideration of HK$1,357,214,000 and the fair value of the liability component of convertible bonds of HK$1,039,303,000.

The consideration of early redemption of convertible bonds is satisfied by the disposal of a 81.31% equity interest in PKV (the "Disposal") and the assignment of an 81.31% of the Group's shareholders loan to PKV of HK$215,598,000 as at 31 July 2008 which is illustrated in note 1(b) below.

1(b) (i) The adjustment reflects the de-consolidation of PKV upon completion of the Disposal as at 31 July 2008.

(ii) The adjustment reflects the loss arising from the Disposal, which is calculated on the fair values of 81.31% interest in PKV of HK$1,141,617,000 and the investment cost of PKV on the Group level of HK$1,298,814,000 less MIH loan interest of HK$1,475,000 as at 31 July 2008.

(iii) The adjustment represented recognition of the Group's remaining 13.69% equity interests in PKV, which is calculated based on 13.69% interest in PKV on the Group level of HK$1,597,361,000 as at 31 July 2008. The balance is classified as available-for-sale investments upon the Disposal; and receivable from PKV which is calculated with the remaining interests of the shareholders' loan of HK$36,300,000 as at 31 July 2008.

2. The financial liability of the Group to dispose of its remaining 13.69% interests to independent third party during a period of twelve months after the Disposal, which is calculated based on management assessment by reference to the binomial option pricing valuation technique, is considered very minimal.

3. The amounts represent estimated legal and professional fees of HK$4,000,000 being incurred for the Disposal.

4. Adjustment represented loss of HK$57,843,000 on the disposal of the Group's remaining interests in PKV of HK$218,679,000 which is calculated based on 13.69% interest in PKV on the Group level of HK$1,597,361,000 as at 31 July 2008 and amount due from PKV of HK$36,300,000 with the minimum consideration of HK$197,136,000 which is calculated with PKV Unit Price of HK$144,000 per remaining share of PKV.

5. The adjustment reflects estimated legal and professional fees of HK$1,300,000 being incurred for the disposal of remaining interests;

6. The adjustment reflects the effects of assuming that the Group did not acquire PKV as at 27 August 2007:

a) reversal of administrative expenses of HK$370,000 and other income of HK$52,000 of PKV during the year ended 31 December 2007.

b) reversal of convertible bond interest costs of HK$23,276,000 assuming that the convertible bonds were not issued in 2007 for acquisition of PKV.

c) reversal of legal and professional fees incurred of HK$5,500,000 for the acquisition of PKV.

7. The adjustment reflects the reversal of share of loss by minority shareholder of PKV assuming that the Group did not acquire PKV for the year ended 31 December 2007.

8. The adjustment reflects the reversal of cash and cash equivalent of PKV which was acquired on 27 August 2007.

9. The adjustment reflects the reversal of the cash flow movements in PKV for the year ended 31 December 2007 since its acquisition on 27 August 2007.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a report received from independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the sole purpose of inclusion in this circular. Terms defined herein apply to this report only.

ERNST & YOUNG
安 永

24 November 2008

The Board of Directors
Macau Investment Holdings Limited
Room 3604-05 One Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

Macau Investment Holdings Limited (the "Company") and its subsidiaries (collectively the "Group")

Unaudited pro forma statement of financial information of the Remaining Group (as defined herein).

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of the Group excluding Sociedade de Investimento Imobiliario Pun Keng Van SA ("Sociedade") (the "Remaining Group") in connection with the Company's circular for a proposed early redemption of convertible bonds in the principal amount of HK$1,463,580,000, which shall entail a proposed very substantial disposal of an 81.31% interest and shareholders' loans of MOP$222,190,050 (equivalent to approximately HK$215,718,495) of Sociedade (collectively the "Transactions"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Transactions might have affected the historical financial information in respect of the Group as at 31 July 2008, for inclusion in Appendix II to the circular dated 24 November 2008 (the "Circular") issued by the Company. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 143, 146 and 147 to the Circular.

The historical information is derived from the audited financial information of the Group, appearing elsewhere in the Circular. The basis of preparation of the unaudited pro forma financial information is set out in the accompanying introduction and notes to the Unaudited Pro Forma Financial Information of the Remaining Group.

Responsibilities

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

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

Basis of opinion

We conducted our work in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Report on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

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

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position or results of:

– the Remaining Group had the transactions actually occurred as at the dates indicated therein; or

– the Remaining Group at any future date or for any future periods.

Opinion

In our opinion:

(a) the accompanying Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

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

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the valuation report on the Property received from Savills Valuation and Professional Services Limited prepared for the purpose of inclusion in this circular:

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA Licence: C-023750
savills.com

The Directors
Macau Investment Holdings Limited
Suite 3604-05, One Exchange Square
8 Connaught Place
Central
Hong Kong

24 November 2008

Dear Sirs,

RE: A PROPOSED RESIDENTIAL DEVELOPMENT AT LOTE 9 IN ZONA A SITUATED AT AVENIDA COMERCIAL DE MACAO, BAIA DE PRAIA GRANDE, MACAO

In accordance with your instruction for us to value the property interest of Macau Investment Holdings Limited (referred to as the "Company"), its subsidiaries and associate companies (hereinafter together referred to as the "Group") located in Macao, we confirm that we have carried out external inspection, caused land searches to be made at the Conservatória do Registo Predial of Macao and made relevant enquiries and obtained such further information as we consider necessary for providing with our opinion of the Market Value of the property interest held by the Group as at 31st July 2008 (the "Valuation Date").

BASIS OF VALUATION

Our valuation of the property interest is our opinion of the Market Value of the concerned property which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation has been prepared in accordance with The HKIS Valuation Standards on Properties (First Edition) published by the Hong Kong Institute of Surveyors in 2005, and the relevant provisions in the Companies Ordinance and Chapter 5 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHODOLOGY

Unless otherwise stated, the property interest is valued by the comparison method of valuation on the assumption that the property can be sold with the benefit of vacant possession. Comparison based on prices realized on actual sales or offerings of comparables properties is made. Comparable properties with similar sizes, character and locations are analyzed, and carefully weighted against all respective advantages and disadvantages of the property in order to arrive at a fair comparison of value.

TITLE INVESTIGATION

We have caused land searches on the ownership of the land titles at the Conservatória do Registo Predial of Macao on the property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any lease amendments which do not appear on the copies handed to us. Dimensions, measurements and areas included in the valuation report are based on information contained in the leases and other documents provided to us and are therefore only approximations. No on-site measurement has been made and we consider that legal opinion on the land titles is not required in this regard.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property interest is sold in the market in its existing state without any effect of deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the value of the property interest. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interest.

In valuing the property interest concerned, we have assumed that the owner of the property interest has free and uninterrupted rights to use and assign the property during the whole of the respective unexpired terms granted. Upon the expiration of the term, the Government Lease can be renewed upon application for another 10 years upon payment of a fixed premium equivalent to 10 times the prevailing Government rent provided that the grantee has (a) complied with the Government Lease and (b) settled the annual Government Rent. The term of the grant can be renewed until 19th December 2049.

Other special assumptions for the property, if any, have been stated in the footnote of the valuation certificate.

VALUATION CONSIDERATION

Having examined all relevant documentation, we have relied to a very considerable extent on the information given by the Group, particularly in respect of planning approvals or statutory notices, development conditions, site area, gross floor area and floor area, indicative cost estimate of the development, and in the identification of the property in which the Group has valid interests.

No site survey nor soil test has been carried out to determine the soil conditions of the property and we have assumed the property is free from any site difficulties.

Besides, no site investigation has been carried out to determine the suitability of the ground condition or the services for any property development thereon. Our valuation is carried out on the assumptions that these aspects are satisfactory. We have also assumed that all consents, approvals and licences from the relevant Government activities for the development proposal on the property has been or will be granted without onerous conditions or delay.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

REMARKS

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular of statement without our written approval of the form and context in which it may appear.

Finally, and in accordance with our standard practice, we must state that this report is for your exclusive use for the specific purpose mentioned earlier. No responsibility is accepted to any third party for the whole or any part of its contents.

Our valuation certificate is enclosed herewith.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles CK Chan
MSc, FRICS, FHKIS, MCIArb, RPS(GP)
Managing Director

Note: Mr. Charles CK Chan, chartered estate surveyor, MSc, FRICS, FHKIS, MCIArb, RPS(GP), has about 24 years experience in the valuation of properties in Hong Kong and has about 19 years experience in the valuation of properties in Macau and the PRC.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value in its existing state as at 31st July 2008
A Proposed Residential Development at Lote 9 in Zona A situated at Avenida Comercial de Macao Baia de Praia Grande Macao	The property comprises a site of generally irregular shape with a registered site area of about 3,449 sq.m. (37,125 sq.ft.). It is located on the south-western side of Avenida Comercial de Macau in between two existing residential developments known as Lake View Mansion and Nam Wan Peninsula. As advised, upon completion, the property will be developed into a 55-storey (together with 3 basement levels) residential tower. The total gross floor area of the proposed development is about 73,729 sq.m. (793,618 sq.ft.). The property is held under Concessão Por Arrendamento for a term of 25 years commencing on 30th July 1991 and is renewable for further terms till 19th December 2049.	The property is pending for development.	HK$1,608,000,000

Notes:

1. The registered owner of the property is Sociedade de Investimento Imobiliário Pun Keng Van SA, a company incorporated in Macau with limited liablitity. The Company currently holds 95% interest in Sociedade de Investimento Imobiliário Pun Keng Van SA.

2. Upon our recent land search, no material encumbrances were registered against the property.

3. According to the Gazette Nos. 73/SATOP/92 and 97/SATOP/94 dated 6th July 1992 and 27th July 1994 respectively, the property is subject to the following salient terms and conditions:

   i) The user and breakdown of gross floor area of the property are summarised as follows:

Office	:	23,261 sq.m. (250,381 sq.ft.)
Car Park	:	4,036 sq.m. (43,444 sq.ft.)

   ii) Building Covenant : 66 months commencing on 6th July 1992

   iii) Annual Rent : During the construction period: MOP103,470

   Upon completion of the construction:
   Office: MOP15 p.s.m.
   Carparking: MOP10 p.s.m.

4. According to the Building Alignment Plan dated 13th May 2006 issued by the DSSOPT of the Macau Government, the development and uses of the property contains, inter alias, the following salient terms:

Uses	:	Residential
Maximum Permitted Gross Floor Area (excluding carpark)	:	55,800 sq.m. (600,631 sq.ft.)
Maximum Permitted Building Height (including roof top)	:	190.0 m
Car parking provision	:	Apart from providing car parking spaces as required under Gazette 42/89/M, an extra 50% of car parking spaces and nominal amount of motor cycle parking spaces shall be provided
Special conditions	:	Provision of underground car parking spaces in the area specified under the Building Alignment Plan. On the ground level and to 1.20 m underneath of the said area, the grantee should be responsible for the construction and provision of a public road and installation of infrastructure.
	:	Construction of a footbridge connecting to the existing footbridge in Lote A8 and should be provided for public use.
	:	Construction of entrance and exit of the footbridge which is located within the site. The footbridge shall be connected to the existing footbridges in Lote A8 and Lote A10 and should be provided for public use.
	:	Construction of entrance and exit of the promenade along the lake. The net height and width of the promenade should be similar to that in Lote A8 and Lote A10 and should be provided for public use.

Although the validity period of the aforementioned Building Alignment Plan expired on 12 May 2007, we have assumed that the development conditions stated therein are still valid in the course of submitting a revision on the approved architectural drawings.

5. A Stop Notice was issued by DSSOPT of the Macau Government on 25 April 2008 to stop the construction work in respect of the approved residential development. However such Stop Notice only requested minor amendments to the approved development plans and hence we have assumed that development of the subject site into residential use can be carried out without onerous conditions being imposed by the governing authorities and undue delay.

6. According to the financial statement provided as at 31st July 2008, the construction cost incurred as of the Valuation Date is HK$40,231,000 whilst the total unexpended construction cost as at the Valuation Date is HK$831,865,000.

7. The premium in respect of change to residential use has not been paid. However, in accordance with our instructions, we have prepared our valuation on the hypothetical assumption that such premium has been fully paid by former PKV owners (the "Former PKV Owners") prior to acquisition by Suregold and Castle Rock. The Former PKV Owners will be responsible for such land premium, if any, payable to the Macau government in respect of change to residential use.

RESPONSIBILITY STATEMENT

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

DISCLOSURE OF INTERESTS

Interests of Directors

(i) As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company or any of their respective associates in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be 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 he is taken or deemed to have under such provision of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

	Number of Shares				
Director	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Underlying Shares pursuant to share options	Total interests	Approximate percentage of the Company's total issued share capital *(%)*
Mr. Huang *(Note 1)*	–	–	4,858,301	4,858,301	1.0
Mr J. James Chen *(Note 2)*	–	–	4,858,301	4,858,301	1.0
Mr. Edmund Kwok King Yan *(Note 3)*	–	–	4,858,301	4,858,301	1.0

Notes:

1. These represent the interests in share option granted to Mr. Huang as beneficial owner under the Company's share option scheme. The exercise period for 3,357,301 of the options is 11 July 2007 to 11 July 2017, at an exercise price of HK$2.3. The exercise period for 1,501,000 of the options is 11 January 2008 to 11 January 2018, at an exercise price of HK$1.8. Mr. Huang is a director of Castle Rock, which holds the Castle Rock Convertible Bond in a principal amount of HK$939,240,000, convertible into 521,800,000 Shares, at an initial conversion price of HK$1.8. Mr. Huang is also a director of Suregold, which holds the Suregold Convertible Bond in a principal amount of HK$524,340,000, convertible into 291,300,000 Shares, at an initial conversion price of HK$1.8.

2. These represent the interests in share option granted to Mr. J. James Chen as beneficial owner under the Company's share option scheme. The exercise period for 3,357,301 of the options is 27 September 2007 to 27 September 2017, at an exercise price of HK$2.3. The exercise period for 1,501,000 of the options is 11 January 2008 to 11 January 2018, at an exercise price of HK$1.8. Mr. J. James Chen is a director of Castle Rock, which holds the Castle Rock Convertible Bond, in a principal amount of HK$939,240,000, convertible into 521,800,000 Shares, at an initial conversion price of HK$1.8.

3. These represent the interests in share option granted to Mr. Edmund Kwok King Yan as beneficial owner under the Company's share option scheme. The exercise period for 3,357,301 of the options is 11 July 2007 to 11 July 2017, at an exercise price of HK$2.3. The exercise period for 1,501,000 of the options is 11 January 2008 to 11 January 2018, at an exercise price of HK$1.8.

Save as disclosed above, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be 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 he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(ii) As at the Latest Practicable Date, save as disclosed above, none of the Directors and the chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(iii) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which were, since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

(iv) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the persons, other than Directors or the chief executive of the Company, who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, and the amount of each of such person's interest in such securities, together with any options in respect of such capital, were as follows:

i) Long positions

Shareholder	**Capacity/nature of interest**	**Number of Shares held/ involved**	**Approximate percentage of the Company's total issued share capital** *(%)*
Orben (formerly known as i-cf, Inc.) *(Note 1)*	Beneficial owner	10,147,200	2.1
Orben (formerly known as i-cf, Inc.) *(Note 1)*	Interest of controlled corporations	86,700,000	17.8
Addendis SMC Inc. (formerly known as Suiko Enterprise Co., Ltd.) *(Note 1)*	Beneficial owner	86,700,000	17.8
Ambleside *(Note 2)*	Beneficial owner	71,499,000	14.7
Ms. Cheng Ho Ming *(Note 2)*	Interest of a controlled corporation	71,499,000	14.7
Sigma Gain	Beneficial owner	65,037,280	13.4
GCC *(Note 3)*	Beneficial owner	50,000,000	10.3

ii) Derivative interests

LCF II *(Note 4)*	Beneficial owner	53,526,800	11.0
Suregold *(Note 5)*	Beneficial owner	291,300,000	60.0
Castle Rock *(Note 6)*	Beneficial owner	521,800,000	107.4

Notes:

1. Orben wholly owned all the shares in Addendis SMC Inc. and is therefore deemed to have an interest in an aggregate of 96,847,200 Shares under the SFO.

2. Ms. Cheng Ho Ming was the director of and owned 70% of the issued share capital of Ambleside Associates Limited. Peakjoy Global Ltd. owned the remaining 30% of the issued share capital of Ambleside Associates Limited. Ms. Cheng Ho Ming wholly owned all the beneficial interest in Peakjoy Global Ltd. Ms. Cheng Ho Ming is therefore deemed to have an interest in 71,499,000 Shares under the SFO.

3. Pursuant to the 2007 Agreement, the Company issued 50,000,000 Shares to GCC in fulfillment of HK$90 million of the consideration.

4. Pursuant to an agreement dated 11 September 2006, the Company agreed to issue the Warrants to LCF II to subscribe for up to a total of 53,526,800 new shares in the Company at an initial subscription price of HK$1.999 each, subject to adjustment, at any time during the three years commencing from the issue date of the said Warrants. As at the Latest Practicable Date, none of the subscription rights attaching to the warrants has been exercised.

5. The interest represents the Suregold Convertible Bond under the 2007 Agreement.

6. The interest represents the Castle Rock Convertible Bond under the 2007 Agreement.

EXPERTS AND CONSENTS

The following are the qualifications of the experts, who have given opinions contained in this circular:

Name	**Qualification**
Ernst & Young	certified public accountants
CIMB	a corporation licensed under the SFO to carry on type 1 (dealing in securities), 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Agreement
Savills Valuation and Professional Services Limited ("Savills")	independent qualified property valuer

As at the Latest Practicable Date, each of Ernst & Young, CIMB and Savills had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its reports as set out in this circular and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Ernst & Young, CIMB and Savills was beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which were, since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

COMPETING INTEREST

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

LITIGATION

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

SERVICE CONTRACTS

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

MATERIAL CONTRACTS

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

(i) the termination and share purchase agreement dated 14 February 2007 entered into by Carissa Bay Inc., the Company, Ambleside Associates Limited, CMM International Group Limited and Ms. Cheng Ho Ming relating to the acquisition of the entire issued share capital of CMM International Group Limited and termination of the subscription Agreement dated 17 November 2006 entered into by the Company, CMM International Group Limited, Ambleside Associates Limited and Carissa Bay Inc. relating to the subscription by Carissa Bay Inc. of 30,000 Shares in CMM International Group Limited for HK$30,000,000;

(ii) the share purchase agreement dated 26 June 2007 made among Castle Rock, Suregold and GCC, PIL, Pebble Rise and the Company relating to the acquisition of 86.31% interest in PKV;

(iii) the subscription agreements dated 26 June 2007 and entered into between the Company and each of the eight subscribers relating to the subscription of 1,101,000,000 new Shares; and

(iv) the Agreement.

GENERAL

(i) The Hong Kong branch share registrar and transfer office of the Company is Hong Kong Registrars Limited at Shop Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(ii) The secretary and qualified accountant of the Company is Mr. Chan Yiu Wa, who is a fellow of the Hong Kong Institute of Certified Public Accountants.

(iii) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text thereof.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's head office in Hong Kong at Suite 3604-05, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours on any weekday other than public holidays up to and including 10 December 2008:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company for the two years ended 31 December 2006 and 2007 and the interim report of the Company for the period ended 30 June 2008;

(iii) the accountants' report on the Group, the text of which is set out in Appendix I to this circular;

(iv) the unaudited pro forma financial information on the Remaining Group and the report thereon from Ernst & Young, the text of each of which is set out in Appendix II to this circular;

(v) the property valuation report on the Property, the text of which is set out in Appendix III to this circular;

(vi) the written consents as referred to in the paragraphs headed "Experts and consents" in this appendix; and

(vii) the material contracts as referred to in the paragraphs headed "Material contracts" in this appendix.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Macau Investment Holdings Limited will be held at Suite 3604-05, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Wednesday, 10 December 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"THAT:

(a) (i) the early redemption of the convertible bonds in the principal amount of HK$939,240,000 issued by the Company to Castle Rock Investment Holding Limited ("Castle Rock") and the convertible bonds in the principal amount of HK$524,340,000 issued to Suregold Global Limited ("Suregold") by way of transfer of an aggregate of 8,131 shares of MOP$100 each in the issued share capital of Sociedade de Investimento Imobiliario Pun Keng Van SA ("PKV") beneficially owned by subsidiaries of the Company and the assignment of certain indebtedness of PKV owed to the Company and its subsidiaries;

(ii) the provision by the Company and its subsidiary Performing Investments Limited ("PIL") of a loan to PKV in the aggregate sum of MOP$37,409,688.80 ("Remaining Loan"); and

(iii) the sale by PIL of part or all of its remaining 1,369 shares in the capital of PKV and the sale by PIL and the Company of part or all of the Remaining Loan to a purchaser of shares in PKV from Castle Rock and/or Suregold at any time within 12 months of completion of the agreement referred to below (the "Remaining PKV Disposal");

on and subject to the terms of the early redemption agreement dated 31 October 2008 (a copy of which has been produced to the Meeting and signed by the Chairman of the Meeting for the purpose of identification) entered into among the Company, PIL, Pebble Rise, Suregold and Castle Rock (the "Early Redemption Agreement") be and are hereby approved and confirmed; and

* *For identification purposes only*

(b) the directors of the Company be and are hereby authorised to do on behalf of the Company whatever they may, in their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the Early Redemption Agreement and the transactions contemplated thereunder."

For and on behalf of the Board
Macau Investment Holdings Limited
Edmund Kwok King Yan
Director

Hong Kong, 24 November 2008

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite 3604-05
One Exchange Square
8 Connaught Place
Central
Hong Kong

Notes:

1. The resolution will be voted on by poll. On voting by poll, each member of the Company present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative, shall have one vote for each fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

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

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority, shall be deposited at the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited at Shop Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the Meeting and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint holders of any share, any one of such joint holder may vote at the Meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member of the Company in whose name any share stands shall for this purpose be deemed joint holders thereof.

6. A form of proxy for use at the Meeting is enclosed.

7. As at the date of this notice, the Board consists of three executive Directors, namely Mr. Brad Huang, Mr. J. James Chen and Mr. Edmund Kwok King Yan, and three independent non-executive Directors, namely Mr. Sun Juyi, Ms. Hin Yat Ha and Ms. Chiu Ching, Katie.