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MACAU INVESTMENT HOLDINGS LIMITED

澳門投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2362)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the “Board”) of Macau Investment Holdings Limited (the “Company”) is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009	2008
	HK\$'000	HK\$'000
CONTINUING OPERATIONS		
REVENUE	151,441	138,079
Cost of sales	(56,384)	(48,964)
Gross profit	95,057	89,115
Other income	8,090	5,646
Gain on early redemption of convertible bonds	–	119,522
Selling and distribution costs	(66,295)	(67,726)
Administrative expenses	(38,425)	(76,933)
Other operating expenses	(4,478)	(1,548)
Costs associated with equity-settled share options	–	(4,401)
Impairment of goodwill	–	(55,910)
Impairment of intangible assets	–	(39,999)
Impairment of an associate	(2,283)	–
Loss on disposal of subsidiaries	–	(155,582)
Convertible bonds interest costs	–	(70,490)
Other finance costs	(1,128)	(1,051)
Share of loss of an associate	–	(17)

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
LOSS BEFORE TAXATION	(9,462)	(259,374)
Taxation	(855)	(2,582)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(10,317)	(261,956)
DISCONTINUED OPERATION		
Gain/(Loss) for the year from a discontinued operation	4	(5,079)
LOSS FOR THE YEAR	(10,313)	(267,035)
OTHER COMPREHENSIVE INCOME		
Changes in fair value of available-for-sale financial assets	420	(1,439)
Exchange realignment	(687)	2,345
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(10,580)	(266,129)
Loss attributable to:		
Equity shareholders of the Company	(9,815)	(266,666)
Minority interests	(498)	(369)
	(10,313)	(267,035)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Basic:		
For loss for the year	HK\$0.21	HK\$0.55
For loss from continuing operations	HK\$0.21	HK\$0.54
Diluted:		
For loss for the year	N/A	N/A
For loss from continuing operations	N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	43,759	42,877
Prepaid land lease payments	5,446	6,182
Goodwill	–	–
Intangible assets	90,706	90,706
Available-for-sale financial assets	112,672	112,252
Interests in an associate	–	2,283
Long term deposits	1,291	1,130
	<u>253,874</u>	<u>255,430</u>
CURRENT ASSETS		
Inventories	35,174	31,555
Trade receivables	12,197	12,649
Prepayments, deposits and other receivables	49,794	53,724
Available-for-sale financial assets	218,669	218,669
Equity investments at fair value through profit or loss	13,019	6,161
Amounts due from related parties	2,742	1,692
Pledged deposits	–	7,683
Cash and cash equivalents	57,501	65,287
	<u>389,096</u>	<u>397,420</u>
Assets of a disposal group classified as held for sale	–	2,819
	<u>389,096</u>	<u>400,239</u>
CURRENT LIABILITIES		
Trade payables	12,796	9,244
Other payables and accruals	32,172	38,340
Interest-bearing bank borrowings	18,801	18,853
Amounts due to related parties	2,954	384
Tax payable	115	535
Finance lease payables	331	331
Amount due to minority shareholders of subsidiaries	600	600
	<u>67,769</u>	<u>68,287</u>
Liabilities directly associated with the assets classified as held for sale	–	2,723
	<u>67,769</u>	<u>71,010</u>

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NET CURRENT ASSETS	321,327	329,229
TOTAL ASSETS LESS CURRENT LIABILITIES	575,201	584,659
NON-CURRENT LIABILITIES		
Provision for long service payments	507	425
Finance lease payables	828	1,159
Deferred tax liabilities	1,822	1,822
	3,157	3,406
NET ASSETS	572,044	581,253
CAPITAL AND RESERVES		
Share capital	4,858	242,915
Reserves	567,186	338,338
TOTAL EQUITY	572,044	581,253

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

Attributable to owners of the parent

	Share capital HK\$'000	Share premium account HK\$'000	Equity component of convertible bonds HK\$'000	Warrant reserve HK\$'000	Share option reserve HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Reserve funds HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	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
Comprehensive income													
Loss for the year	-	-	-	-	-	-	-	-	-	(266,666)	(266,666)	(369)	(267,035)
Other comprehensive income													
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(1,439)	-	-	-	-	(1,439)	-	(1,439)
Exchange realignment	-	-	-	-	-	-	-	-	2,345	-	2,345	-	2,345
Total comprehensive income	-	-	-	-	-	(1,439)	-	-	2,345	(266,666)	(265,760)	(369)	(266,129)
Transactions with owners													
Disposal of a subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(67,298)	(67,298)
Equity-settled share option arrangements	-	-	-	-	4,401	-	-	-	-	-	4,401	-	4,401
Transfer of share option reserve upon cancellation of unexercised options	-	-	-	-	(1,506)	-	-	-	-	1,506	-	-	-
Redemption of the 2005 Convertible Bonds	-	-	(8,957)	-	-	-	-	-	-	8,957	-	-	-
Early redemption of the 2007 Convertible Bonds	-	-	(395,341)	-	-	-	-	-	-	77,366	(317,975)	-	(317,975)
Total transactions with owners	-	-	(404,298)	-	2,895	-	-	-	-	87,829	(313,574)	(67,298)	(380,872)
At 31 December 2008	242,915	586,516*	-	45,640*	16,072*	376*	7,321*	73*	14,318*	(331,658)*	581,573	(320)	581,253

Year ended 31 December 2009

Attributable to owners of the parent

	Share capital HK\$'000	Share premium account HK\$'000	Equity component of convertible bonds HK\$'000	Warrant reserve HK\$'000	Share option reserve HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Reserve funds HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2009	242,915	586,516*	-	45,640*	16,072*	376*	7,321*	73*	14,318*	(331,658)*	581,573	(320)	581,253
Comprehensive income													
Loss for the year	-	-	-	-	-	-	-	-	-	(9,815)	(9,815)	(498)	(10,313)
Other comprehensive income													
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	420	-	-	-	-	420	-	420
Exchange realignment	-	-	-	-	-	-	-	-	684	-	684	-	684
Total comprehensive income	-	-	-	-	-	420	-	-	684	(9,815)	(8,711)	(498)	(9,209)
Transactions with owners													
Transfer of share option reserve upon cancellation of unexercised options	-	-	-	-	(16,072)	-	-	-	-	16,072	-	-	-
Transfer of Warrant reserve upon cancellation of warrant	-	-	-	(45,640)	-	-	-	-	-	45,640	-	-	-
Transfer of Capital to setoff accumulated losses upon capital reduction	(238,057)	-	-	-	-	-	-	-	-	238,057	-	-	-
Total transactions with owners	(238,057)	-	-	(45,640)	(16,072)	-	-	-	-	299,769	-	-	-
At 31 December 2009	4,858	586,516*	-	-	-	796*	7,321*	73*	15,002*	(41,704)*	572,862	(818)	572,044

* These reserve accounts comprise the consolidated reserves of HK\$568,004,000 (2008: HK\$338,658,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	2009 HK\$'000	2008 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation:		
Loss from continuing operations	(9,462)	(259,374)
Profit/(Loss) from a discontinued operation	4	(5,079)
Adjustments for:		
Convertible bonds interest costs	–	70,490
Other finance costs	1,128	1,051
Interest income from equity investment at fair value through profit or loss	(46)	–
Fair value gain on equity investment at fair value through profit or loss	(3,397)	–
Bank interest income	(51)	(1,139)
Gain on early redemption of convertible bonds	–	(119,522)
Loss on disposal of a subsidiary	–	155,582
Provision/(Write-back of provision) for long service payments	82	(231)
Share of loss of an associate	–	17
Impairment loss of an associate	2,283	–
Depreciation	8,733	8,461
Write-off for inventories	347	1,255
Provision for inventories	–	2,113
Reversal of provision for inventories	(2,134)	–
Loss on disposal and write-off of items of property, plant and equipment	15	1,149
Amortisation of intangible assets	–	4,400
Gain on disposal of fixed assets	(4)	–
Recognition of prepaid land lease payments	736	695
Impairment of goodwill	–	55,910
Impairment of items of property, plant and equipment	–	2,626
Impairment of intangible assets	–	39,999
Provision for impairment of trade receivables	–	245
Provision/Write-off of other receivables	3,022	360
Cost associated with equity-settled share options	–	4,401
	1,256	(36,591)
Operating loss before changes in working capital		
Increase in inventories	(1,832)	(9,289)
Decrease/(Increase) in trade receivables	452	(1,469)
Decrease in prepayments, deposits and other receivables	908	13,279
Increase in long term deposit	(161)	–
Increase in restricted bank balances	–	(936)
Increase/(Decrease) in trade payables	3,552	(1,049)
(Decrease)/Increase in other payables and accruals	(6,168)	1,826
Decrease/(Increase) in balances with related companies	1,494	(1,254)
Increase in balance with minority interests	–	600
	(499)	(34,883)
Cash used in operations		
Interest paid	(1,042)	(997)
Interest element of finance lease rental payments	(86)	(54)
Overseas taxes paid	(847)	(4,479)
Net cash used in operating activities	(2,474)	(40,413)

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank interest received	51	1,139
Interest income from equity investments at fair value through profit or loss	46	–
Purchases of items of property, plant and equipment	(9,590)	(8,992)
Proceeds from disposals of items of properties, plant and equipment	–	171
Purchases of equity investments at fair value through profit or loss	(3,461)	(6,161)
Interests in an associate	–	(2,300)
Acquisition of subsidiaries	–	(2,681)
Proceeds from disposal of subsidiaries	100	(3,288)
Cash attributable to subsidiaries disposed of	(361)	–
Decrease/(Increase) in pledged deposits	7,683	(134)
	<hr/>	<hr/>
Net cash used in investing activities	(5,532)	(22,246)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increases in bank loans	16,482	16,500
Repayment of bank loans	(16,482)	(10,542)
Repayment of the 2005 Convertible Bonds	–	(51,000)
Capital element of finance lease rental payments	(331)	(579)
	<hr/>	<hr/>
Net cash used in financing activities	(331)	(45,621)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(8,337)	(108,280)
Cash and cash equivalents at beginning of year	63,279	170,735
Effect of foreign exchange rate changes, net	239	824
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	55,181	63,279
	<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	57,501	58,753
Non-pledged time deposits with original maturity of less than three months when acquired	–	6,534
Bank overdrafts	(2,320)	(2,369)
Cash and bank balances attributable to assets of a disposal group classified as held for sale	–	361
	<hr/>	<hr/>
	55,181	63,279
	<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF FINANCIAL POSITION

31 December 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	9	12
Interests in subsidiaries	554,047	561,322
Available-for-sale financial assets	1,261	842
	<u>555,317</u>	<u>562,176</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	8,528	8,685
Interests in subsidiaries classified as held for sale	–	3,350
Equity investments at fair value through profit or loss	–	6,161
Cash and cash equivalents	30,487	39,312
	<u>39,015</u>	<u>57,508</u>
CURRENT LIABILITIES		
Other payables and accruals	545	1,354
	<u>38,470</u>	<u>56,154</u>
NET CURRENT ASSETS		
	<u>593,787</u>	<u>618,330</u>
NET ASSETS		
CAPITAL AND RESERVES		
Share capital	4,858	242,915
Reserves	588,929	375,415
	<u>593,787</u>	<u>618,330</u>
TOTAL EQUITY		
	<u>593,787</u>	<u>618,330</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2009

1. CORPORATE INFORMATION

Macau Investment Holdings Limited is a limited liability company incorporated in the Cayman Island as an exempted limited liability company with its shares listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). The registered office of the Company is located at P.O. Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is located at 1203B, Tower 1, Admiralty Centre, 18 Harcourt Road, HK.

During the year, the principal business of the Company is investment holding and the principal businesses of the Group are property development and investment, manufacture and trading of cosmetic and related products, and provision of beauty technical and training services.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on the SEHK. They have been prepared under the historical cost convention, except for investment properties and certain equity investments, which have been measured at fair value.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand, unless otherwise stated.

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

(a) Amendments and interpretations to existing standards effective as of 1 January 2009 and relevant to the Group

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s consolidated financial statements:

HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008

- HKFRS 7 ‘Financial Instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures.
- HKFRS 8, ‘Operating segments’ – effective 1 January 2009. The standard requires segment disclosure to be based on the way that the Group’s chief operating decision makers regard and manage the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision makers for the purposes of assessing segment performance and making decisions about operating matters. During the year ended 31 December 2009, the Group adopted HKFRS 8 which has no effect on the disclosures of the consolidated financial statements as the presentation of segment information in prior years, which was based on a disaggregation of the Group’s financial statements into segments, has been prepared in a manner that was consistent with internal reporting provided to the Group’s most senior executive management.
- HKAS 1 (revised), ‘Presentation of financial statements’ – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the statement of changes in equity all owner changes in equity, whereas all non- owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects.
- HKAS 27 (amendments) “Consolidated and separate financial statements” – effective 1 January 2009 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company’s profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognised an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.
- The “Improvements to HKFRSs (2008)” – effective 1 January 2009 comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. The impact of these amendments is not considered to be material to the Group and have not resulted in changes to the Group’s accounting policies.

(b) Standards, amendments and interpretations to existing standards that are not effective

The following new standards, amendments and interpretations to existing standards (collectively, the “Amendments”) have been published that are mandatory for accounting periods beginning on or after 1 January 2010. Some of the Amendments are relevant and applicable to the Group. However, they have not been early adopted in these consolidated financial statements. The Group has commenced, but not yet completed, an assessment of the impact of the applicable Amendments on its results of operations and financial positions.

The directors are of the view that the impact on the consolidated financial statements would not be significant other than the requirement to make certain additional disclosure.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁵
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Item ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK (IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁵
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners ¹
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁶

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

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

⁴ Effective for annual periods beginning on or after 1 February 2010

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

⁶ Effective for annual periods beginning on or after 1 July 2010

⁷ Effective for annual periods beginning on or after 1 January 2013

3. 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 primary operating segment is the manufacture and trading of cosmetic and related products, and provision of beauty technical and tutoring services (the “Cosmetic and Beauty”) segment. Since this is the only operating segment of the Group and is more consistent with the Group’s internal financial reporting, no further analysis thereof is presented.

(a) **Business segments**

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2009 and 2008.

Group

	Continuing operations								Discontinued operation					
	Property investment and development		Cosmetic and beauty		Others		Eliminations		Total		Financial public relation and advertising service		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:														
Sales to external customers	-	-	151,441	138,332	-	-	-	-	151,441	138,332	-	6,289	151,441	144,621
Intersegment sales	-	-	-	-	-	-	-	(253)	-	(253)	-	253	-	-
Other revenue	-	-	3,651	4,618					3,651	4,618	-	8	3,651	4,626
Total	-	-	155,092	142,950	-	-	-	-	155,092	142,697	-	6,550	155,092	149,247
Segment results	-	-	9,815	(55,648)	-	-	-	-	(9,815)	(56,877)	-	(5,079)	(9,815)	(61,956)
Interest and unallocated other income									4,439	1,028	4	-	4,439	1,028
Unallocated expenses									(5,290)	(131,967)	-	-	(5,290)	(131,967)
Finance costs									-	(71,541)	-	-	-	(71,541)
Share of loss of an associate									-	(17)	-	-	-	(17)
Loss before tax									(8,964)	(259,374)	4	(5,079)	(8,960)	(264,453)
Tax									(855)	(2,582)	-	(72)	(855)	(2,582)
Loss for the year									(9,819)	(261,956)	4	(5,079)	(9,815)	(267,035)

Group

	Continuing operations								Discontinued operation				Consolidated	
	Property investment and development		Cosmetic and beauty		Others		Eliminations		Total		Financial public relation and advertising service			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	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	HK\$'000	HK\$'000
Assets and liabilities														
Segment assets	254,989	254,989	120,979	224,351	-	-	-	-	357,968	479,340	-	2,819	357,968	482,159
Unallocated assets													285,002	173,510
Total assets													642,970	655,669
Segment liabilities	-	-	68,539	68,520	-	-	-	-	68,539	68,520	-	2,723	68,539	71,243
Unallocated liabilities													2,387	3,173
Total liabilities													70,926	74,416
Other segment information:														
Depreciation	-	-	8,730	7,916	-	-	-	-	8,730	7,916	-	545	8,730	8,461
Recognition of prepaid land lease payments	-	-	736	695	-	-	-	-	736	695	-	-	736	695
Impairment of items of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	2,626	-	2,626
Provision for/ (write-back of) impairment of trade receivables	-	-	-	399	-	-	-	-	-	399	-	(154)	-	245
Impairment of goodwill	-	-	-	38,610	-	-	-	-	-	38,610	-	17,300	-	55,910
Capital expenditure	-	-	9,590	10,497	-	31	-	-	9,590	10,528	-	-	9,590	10,545

(b) Geographic segments**Group**

	Continuing operations								Discontinued operation			
	Hong Kong		Macau		The PRC		Total		Hong Kong		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	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
Segment revenue:												
Sales to external customers	46,702	33,952	-	-	104,753	104,127	151,455	138,079	-	6,542	151,455	144,621
Other income and gains	5,646	3,891	-	-	2,444	1,755	8,090	5,646	4	8	8,094	5,654
	<u>52,348</u>	<u>37,843</u>	<u>-</u>	<u>-</u>	<u>107,197</u>	<u>105,882</u>	<u>159,545</u>	<u>143,725</u>	<u>-</u>	<u>6,550</u>	<u>159,549</u>	<u>150,275</u>
Other segment information:												
Segment assets	294,177	299,235	254,989	254,989	93,703	98,626	642,869	652,850	-	2,819	642,869	655,669
Capital expenditure	1,097	3,888	-	-	8,493	6,640	9,590	10,528	-	17	9,590	10,545

4. REVENUE AND OTHER INCOME

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		
Sale of goods	116,931	114,117
Rendering of services	34,510	23,962
	<hr/>	<hr/>
Attributable to continuing operations reported in the consolidated statement of comprehensive income	151,441	138,079
Rendering of services attributable to a discontinued operation	–	6,542
	<hr/>	<hr/>
	151,441	144,621
	<hr/> <hr/>	<hr/> <hr/>
Other income		
Bank interest income	51	1,139
Interest income from equity investments at fair value through profit or loss	46	–
Fair value gain on equity investments at fair value through profit or loss	3,397	–
Management fee income	42	507
Consultancy fee income	1,110	1,337
Others	3,444	2,663
	<hr/>	<hr/>
Attributable to continuing operations reported in the consolidated statement of comprehensive income	8,090	5,646
Other income attributable to a discontinued operation	104	8
	<hr/>	<hr/>
	8,194	5,654
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER FINANCE COSTS

	Group	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	1,042	997
Interest on finance leases	86	54
	<hr/>	<hr/>
Attributable to continuing operations reported in the consolidated statement of comprehensive income	1,128	1,051
	<hr/> <hr/>	<hr/> <hr/>

6. LOSS BEFORE TAXATION

The Group's loss before taxation is stated after charging/(crediting) the following:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	45,087	32,262
Cost of services provided	17,242	15,339
Depreciation	8,733	8,461
Amortisation of prepaid land lease payments	735	696
Amortisation of intangible assets	–	4,400
Minimum lease payments under operating leases in respect of buildings	16,289	15,499
Auditors' remuneration	515	380
Employee benefits expense (excluding directors' remuneration):		
Wages, salaries and allowances	32,403	32,223
Pension scheme contributions	2,186	1,201
	34,589	33,424
Expense incurred for equity-settled share options issued to business consultants	–	2,934
Provision for impairment of trade receivables	–	245
Provision for inventories	–	2,113
Write-off of inventories	347	1,255
Impairment on items of property, plant and equipment	–	2,626
Impairment on goodwill	–	55,910
Impairment on intangible assets	–	39,999
Loss on disposal and write-off of items of property, plant and equipment	15	1,149
Provision/(write-back of provision) for long service payment	82	(231)
Foreign exchange differences, net	(123)	(8)
Write-off of other receivables	3,022	360

7. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	<u>60</u>	<u>350</u>
Other emoluments:		
Salaries and allowances	408	3,191
Equity-settled share option expenses	–	1,467
Pension scheme contributions	<u>8</u>	<u>11</u>
	<u>416</u>	<u>4,669</u>
	<u>476</u>	<u>5,019</u>

In 2008, a director was granted share options under the share option scheme of the Company in respect of his services to the Group. The fair value of such options which was being recognised in the statement of comprehensive income over the vesting period was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is disclosed in this note.

8. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company has no estimated assessable profits for the year (2008: Nil).

Taxation on profits derived in the PRC for subsidiaries has been calculated at the rate of tax prevailing in the PRC corporate income tax rate of 25% (2008: 25%), which is based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK\$'000	HK\$'000
Group:		
Current		
– the PRC	855	2,704
Deferred tax	–	(122)
	<hr/>	<hr/>
Total tax charge for the year	855	2,582
Represented by:		
Tax charge attributable to a discontinued operation	–	–
	<hr/>	<hr/>
Tax charge attributable to continuing operations reported in the consolidated statement of comprehensive income	855	2,582
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

No dividend has been paid or declared by the Company in 2009 (2008: Nil).

10. 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 year.

Diluted loss per share amounts for the years ended 31 December 2009 and 2008 have not been disclosed, as warrants, share options and convertible bonds outstanding in the prior year and warrants and share options outstanding in the current year had an anti-dilutive effect on the basic loss per share for the respective years.

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

	2009	2008
	<i>HK\$'000</i>	HK\$'000
Profit/(Loss)		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation:		
From continuing operations	(9,819)	(261,587)
From a discontinued operation	4	(5,079)
	(9,815)	(266,666)
Number of shares		
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	485,830,194	485,830,194

11. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	12,706	14,228	–	–
Less: Provision for impairment of trade receivables	(509)	(1,579)	–	–
Trade receivables, net of provision	12,197	12,649	–	–
Prepayment, deposits and other receivables				
Current portion	49,794	53,724	8,528	8,685
Non-current portion	1,291	1,130	–	–
	51,085	54,854	8,528	8,685
Prepaid land lease payment	695	695	–	–
	51,780	55,549	8,528	8,685
	63,977	68,198	8,528	8,685

(a) **Trade receivables, net of provision**

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 as at 31 December 2009 and 2008.

At the end of reporting period, the aging analysis of the trade receivables, net of impairment loss, based on the invoice date, were as follows:

	Group	
	2009	2008
	HK\$'000	HK\$'000
Current to 3 months	10,893	11,914
4 to 6 months	919	172
7 to 12 months	329	223
Over 1 year	56	340
	12,197	12,649

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	12,796	9,244	–	–
Other payables and accruals	32,172	38,340	545	1,354
	44,968	47,584	545	1,354

At the end of reporting period, the aging analysis of the trade payables, based on the invoice date, were as follows:

	Group	
	2009	2008
	HK\$'000	HK\$'000
Current to 3 months	6,664	8,194
4 to 6 months	2,941	173
7 to 12 months	2,550	558
Over 1 year	641	319
	<hr/>	<hr/>
	12,796	9,244
	<hr/> <hr/>	<hr/> <hr/>

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.

The carrying amounts of the Group's other payables and accruals approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL RESULTS

The Group recorded higher revenue from continuing operations of HK\$151.4 million, an increase of 9.7% as compared with HK\$138 million in the prior year is mainly due to the whole year revenue attributable by the CMM International Group Limited and its subsidiaries (collectively referred to the "CMM Group").

The other revenue of HK\$8.1m mainly comprised of equity investment at fair value through profit or loss of HK\$3.6m, consultancy fee of HK\$1.1m and net gain on disposal of fixed assets of HK\$0.94m respectively.

Selling and distribution cost and administrative costs of HK\$66.3 million and HK\$44.3 million, respectively, were mainly contributed by CMM Group.

BUSINESS REVIEW

The Group's core business comprises property development and beauty-related operations.

At present, the Group has interests in Macau lands, which is planning for development in the high-end luxurious residential and commercial complex projects in the heart of Macau. It also operates and manages beauty projects, services and education via its wholly-owned subsidiary CMM International Group, a market leader in Hong Kong and Mainland China.

Property Development Business

The outbreak of the global financial tsunami in 2008 has let Macau facing various challenges on the rapid growth of the region. The steep recession has clouded its outlook into 2009, with a significant decline in the gaming and tourism sector, along with the weakness in the property market and the fall in valuations. However, the second half of 2009 has marked a dramatic recovery in the global market, and Macau has witnessed a strong comeback, with the growth in visitor arrivals and gaming revenues, the increase in residential transactions and capital values of high-end properties, the progression of the Hong Kong-Zhuhai-Macau bridge and the Light Transit system, and the reactivation of some of the suspended construction projects on the Cotai Strip.

Reaching into 2010, the election of Fernando Chui Sai On as Macau's second Chief Executive is believed to uplift the positive energy that the region once possessed. While the market continues its journey to recovery, our intention is to focus on the progression of our two development projects, Lote 9 in Zona A at Baia de Praia Grande, and Baia da Nossa Senhora da Esperanca, while implementing our asset strategies with the developer of both lands. We are excited that the positive outlook of the property development market will bring an encouraging net asset value, which may ultimately increase shareholder value.

Cosmetic and Beauty Business

The major part of the Group's revenue for the reporting year derived from CMM International Group. While the market environment remained challenging in 2009, our cosmetic and beauty business continued to grow on its operating performance through new product developments and expansion of its branded product lines. New brand expansion includes leveraging on the licenses successfully obtained in 2008, including international brands Barbie of Mattel Inc. and Hello Kitty of Sanrio Japan for manufacturing cosmetics. The company will continue to build its core business, which is developing and marketing branded beauty products in the Chinese market.

CMM International Group currently operates 7 beauty brands, for which we design, develop and promote through different marketing channels, while targeting a wide-range of consumer groups. We have covered the retail channel with brands such as CMM, FL fresh living, Barbie cosmetics and Hello Kitty cosmetics. We also distribute under brands Monita, Fairlady and MD Cliniceuticals to salon and spas through our professional beauty channel.

In 2010 we will continue to concentrate on developing distribution channels for Barbie cosmetics, and expansion through building counters and stores nationwide in Mainland China and Hong Kong. We design Barbie cosmetics, skin care and Bath and Body products, with a refreshing young, trendy and Barbie-themed packaging to attract younger consumers. With the collaboration with Watson's Group in Mainland China in 2009, Hello Kitty cosmetics opened numerous doors in selling Hello Kitty color cosmetics to attract more Hello Kitty fans and collectors.

CMM is also a leading provider of beauty services through our Orient Medical Spa in Hong Kong and beauty education through our 12 schools operating under CMM's Monita Academy. Our manufacturing plant in Shanghai has undergone renovation in 2009 and has obtained the updated GMP and ISO qualifications. With the increased effort in marketing and product promotion and the success of innovative R&D of our products, we will continue to grow these brands and services in Mainland China and Hong Kong.

One of CMM's service divisions made remarkable contributions to the Group. The luxurious Orient Medical Spas located in Hong Kong recorded a 33% growth compared to 2008. Meanwhile, the CMM Monita Academy, which offers full hair and beauty educational courses, has increased 10% in sales compared to last year. The growth in our well established segments shows that customers remained confident in our quality services, which have recognized a year of solid performance for our beauty service division.

In the year ahead, we will continue to focus on building on our new brands and products by starting a new retail concept store, 'CMM Beauty Center', which will carry our entire group brands and services in one petite retail outlet. Through this new model, we will strengthen and expand our existing branded product lines and services into more regions of the Greater China, especially second and third tier cities in a chain store approach. We will also continue to enhance our comprehensive operations, expand and distribute our assortment of product lines into a larger retail network in order to maintain our leadership role in the beauty industry in the Greater China.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2009, the Group had cash and bank balances of HK\$57,501,000 placed in banks. The interest-bearing bank and other borrowings of the Group amounted to HK\$18,801,000, which is mainly due within one year. The directors believe that the Group has sufficient working capital to meet its present requirements.

Capital structure of the Company

The Group is financed by the shares issued. On 24 September 2009, the share capital of the Company was reduced by HK\$0.49 per Existing Share by cancelling an equivalent amount of paid-up capital per Existing Share so that that par value of each New Share in issue will be HK\$0.01. Immediately upon effect of the Capital Reduction, the authorized share capital of the Company was HK\$50,000,000 New Shares, and the issued share capital was HK\$4,858,302 comprising 485,830,194 New Shares, each with a par value of HK\$0.01.

Material acquisitions and disposals of investments

On 22 January 2009, the Company and Direct Offer Limited, a wholly-owned subsidiary of the Company, entered into a disposal agreement with Porte Finance Limited, to dispose its entire issued share capital of Jovian Financial Communications Limited and its subsidiaries (collectively, the “Jovian Group”) together with shareholder’s loan owned to the Company of HK\$3,350,000 at a total consideration of HK\$100,000. The disposal of Jovian Group was completed on 3 February 2009.

Save as above, the Group had no other material acquisitions or disposals of subsidiaries or affiliated companies during the year.

Significant capital expenditures

There were no significant capital expenditures during the year.

Details of charges on the Group’s assets

The Group had charges on the Group’s buildings and prepaid land lease payments of approximately HK\$7,236,000 and HK\$1,497,000, respectively, made to banks to secure banking facilities granted to the Group.

Contingent liabilities

The Group had no material contingent liabilities at 31 December 2009.

Indebtedness

Borrowings and Gearing ratio

As at 31 December 2009, total interest-bearing bank and other borrowings were HK\$18,960,000, comprising bank loans and overdraft of HK\$18,801,000 and finance lease payables of HK\$1,159,000. The Group’s gearing ratio, measured by total borrowings to the shareholders’ fund, was 3.5%.

Foreign exchange exposure

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

PROSPECTS

Looking into 2010, the Company will continue to adopt a sustainable business development strategy as the market is expected to witness a healthy economic growth ahead. We will strive to increase exposure of its cosmetic and beauty brands to the Chinese domestic consumer market in staying ahead of the intense competition. Macau’s economy has staged a comeback in the second half of 2009, especially in its property market with dramatic increase in transaction volumes and values. While the general attitude for Macau remains promising, the residential developmental process of the Project Lote 9 in Zona A

at Baia de Praia Grande, has proceeded with full speed. The renowned Kurokawa Architects Ltd. has been recruited for design development along with the lead of the new Project Director, who previously managed the development of the current highest residential building in Macau. It is planned that the site foundation work will resume by the end of 2010. We will also continue to aggressively capture new investment opportunities in Macau in order to achieve outstanding returns for our shareholders, and we believe our investment in the Macau lands will greatly contribute to the overall growth of the Company.

EMPLOYEES

As at 31 December 2009, the Group had 764 employees. Employees receive competitive remuneration packages including salary and medical benefits. Key staff may also be entitled to performance bonus and share options to provide extra incentive to increase shareholder value.

AUDIT COMMITTEE

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

The Committee has reviewed the Group's annual results for the year ended 31 December 2009.

REMUNERATION COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board and the Company has adopted the Model code for Securities Transactions. Having made specific enquiry of all Directors, during the year ended 31 December 2009, the Directors of the Company have complied with required standards as set out in the Model Code for Securities Transactions.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 December 2009 with the applicable provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, except that: The Company has no separation of the role of chairman and chief executive officer as set out in the code provision A.2.1. and Mr. Yasumasa Ishizaka currently holds both positions.

The Company is an investment holding company with a professional management team to monitor the operations of the subsidiaries. The Board believes that the role of Chairman and Chief Executive Officer vested on the same person will be more efficient and consistent in the direction and management of the Company. The Company will review this situation and consider to appoint different persons as Chairman and Chief Executive Officer.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

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

By Order of the Board
MACAU INVESTMENT HOLDINGS LIMITED
Yasumasa Ishizaka
Chairman

Hong Kong, 30 April 2010

As at the date of this announcement, the Board consists of two executive Directors, namely Mr. Yasumasa Ishizaka and Ms. Maria Majoire Lo, and three independent non-executive Directors, namely Mr. Zhou Jin Song, Mr. Sun Tong and Ms. Chiu Ching, Katie.

* *For identification purposes only*