

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)



MACAU INVESTMENT
HOLDINGS LIMITED

2009 Interim Report

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CONDENSED CONSOLIDATED INCOME STATEMENT*For the six months ended 30 June 2009*

		For the six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	3	75,233	70,041
Cost of sales		(21,584)	(22,499)
Gross profit		53,649	47,542
Other income and gain		3,046	4,432
Gain on disposal of subsidiaries	4	4	-
Selling and distribution costs		(30,747)	(27,345)
Administrative and other operating costs		(25,701)	(43,597)
Impairment of goodwill		-	(28,000)
Impairment of intangible assets		-	(10,000)
Convertible bonds interest costs		-	(36,534)
Other finance costs	5	(149)	(487)
Share of profit of an associate		-	57
PROFIT/(LOSS) BEFORE TAX	6	102	(93,932)
Tax	7	(418)	(1,780)
LOSS FOR THE PERIOD		(316)	(95,712)
Attributable to:			
Equity holders of the Company		(188)	(95,663)
Non-controlling interests		(128)	(49)
		(316)	(95,712)
DIVIDENDS			
Proposed interim	8	-	-
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic:			
For loss for the period		HK\$0.0004	HK\$0.26
Diluted			
For loss for the period		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(316)	(95,712)
OTHER COMPREHENSIVE INCOME		
Change in fair value of available-for-sale investments	-	(181)
Exchange realignment	886	1,870
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	886	1,689
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	570	(94,023)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the company	698	(93,974)
Non-controlling interests	(128)	(49)
	570	(94,023)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		30 June 2009	31 December 2008
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	42,275	42,877
Prepaid land lease payments		5,177	6,182
Intangible assets		90,706	90,706
Available-for-sale investments		112,252	112,252
Interests in an associate		2,283	2,283
Long term deposits		-	1,130
		<hr/>	<hr/>
Total non-current assets		252,693	255,430
CURRENT ASSETS			
Inventories		38,184	31,555
Trade receivables	11	11,778	12,649
Prepayments, deposits and other receivables		60,843	53,724
Amounts due from related companies		2,421	1,692
Available for sale investments		218,669	218,669
Equity investments at fair value through profit or loss		11,462	6,161
Pledged deposits		-	7,683
Cash and cash equivalents		54,402	65,287
		<hr/>	<hr/>
		397,759	397,420
Assets of a disposal group classified as held for sale		-	2,819
		<hr/>	<hr/>
Total current assets		397,759	400,239
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 June 2009

		30 June	31 December
		2009	2008
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade payables	12	18,787	9,244
Other payables and accruals		26,340	38,340
Interest-bearing bank borrowings		16,231	18,853
Amounts due to related companies		393	384
Tax payable		2,896	535
Finance lease payables		331	331
Amount due to a minority shareholder of a subsidiary		600	600
		65,578	68,287
Liabilities directly associated with the assets classified as held for sale		-	2,723
Total current liabilities		65,578	71,010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 June 2009

	30 June 2009	31 December 2008
	(Unaudited)	(Audited)
<i>Notes</i>	HK\$'000	HK\$'000
NET CURRENT ASSETS	332,181	329,229
TOTAL ASSETS LESS CURRENT LIABILITIES	584,874	584,659
NON-CURRENT LIABILITIES		
Provision for long service payments	209	425
Finance lease payables	1,020	1,159
Deferred tax liabilities	1,822	1,822
Total non-current liabilities	3,051	3,406
Net assets	581,823	581,253
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	13 242,915	242,915
Reserves	339,356	338,658
	582,271	581,573
Non-controlling interests	448	320
Total equity	581,823	581,253

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to equity holders of the Company												
	Issued capital	Share premium account	Equity component of convertible bonds	Warrant reserve	Share option reserve	Available-for-sale investment revaluation reserve	Reserve funds	Contributed surplus	Exchange fluctuation reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling Interests	Total equity
	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
At 1 January 2008 (audited)	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
Change in fair value of available-for-sale investments	-	-	-	-	-	(181)	-	-	-	-	(181)	-	(181)
Exchange realignment	-	-	-	-	-	-	-	-	1,870	-	1,870	-	1,870
Loss for the period	-	-	-	-	-	-	-	-	-	(95,663)	(95,663)	(49)	(95,712)
At 30 June 2008 (unaudited)	242,915	586,516	404,298	45,640	13,177	1,634	7,321	73	13,843	(248,484)	1,066,933	67,298	1,134,231
At 1 January 2009 (audited)	242,915	586,516	-	45,640	16,072	376	7,321	73	14,318	(331,658)	581,573	(320)	581,253
Exchange realignment	-	-	-	-	-	-	-	-	886	-	886	-	886
Loss for the period	-	-	-	-	-	-	-	-	-	(188)	(188)	(128)	(316)
Total comprehensive income for the period	242,915	586,516	-	45,640	16,072	376	7,321	73	15,204	(331,846)	582,271	(448)	581,823
Transfer between categories	-	-	-	(45,640)	(7,386)	-	-	-	-	53,026	-	-	-
At 30 June 2009 (unaudited)	242,915	586,516	-	-	8,686	376	7,321	73	15,204	(278,820)	582,271	(448)	581,823

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS*For the six months ended 30 June 2009*

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(8,137)	1,092
NET CASH INFLOW/(OUTFLOWS) FROM INVESTING ACTIVITIES	425	(33,584)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES	(3,110)	(186)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,822)	(32,678)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	63,279	170,735
CASH AND CASH EQUIVALENTS AT END OF PERIOD	52,457	138,057
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	54,402	87,345
Non-pledged time deposits with original maturity of less than three months when acquired	-	52,308
Bank overdrafts	(1,945)	(1,596)
	52,457	138,057

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for certain financial instruments which have been measured at fair values.

The accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008. In the current interim period, the Group has applied for the first time, a number of new and revised standards, amendments and interpretations ("New or revised HKFRSs") issued by HKICPA which are effective for the Groups financial year beginning on 1 January 2009.

Significant accounting policies newly adopted by the Group

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) has no impact on the reported results or financial position of the Group.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14. Therefore it has had no impact on the reported results of financial of the Group.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impact of new and revised HKFRSs

The adoption of the new and revised HKFRSs that are effective for the current period has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Impact of issued but not yet effective HKFRSs

The Group has not early adopted new or revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may effect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The management is assessing the impact on the results and the financial position of the Group upon application of these standards, amendments or interpretations.

3. SEGMENT INFORMATION

Business segment information is chosen as the primary reporting format because this is more consistent with the Group's internal financial reporting.

During the period, the Group only has one segment, the manufacturing and trading and related products, and provision of beauty technical and tutoring services (the "Cosmetic and Beauty") segment.

3. SEGMENT INFORMATION (continued)**(a) Business segment**

The following table presents revenue and results for the Group's business segments for the six months ended 30 June 2009 and 2008.

	Property investment and development		Cosmetic and beauty		Financial public relation service		Media Operation		Elimination		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:												
Sales to external customers	-	-	75,233	66,372	-	3,669	-	-	-	-	75,233	70,041
Intersegment sales	-	-	-	-	-	154	-	-	-	(154)	-	-
Other income and gain	-	-	904	3,799	-	8	-	-	-	-	904	3,807
Total	-	-	76,137	70,171	-	3,831	-	-	-	(154)	76,137	73,848
Segment results	-	(87)	(739)	(18,367)	-	(7,383)	-	(11,760)	-	-	(739)	(37,799)
Interest and unallocated other income											2,146	625
Unallocated expenses											(1,156)	(19,794)
Finance costs											(149)	(37,021)
Share of profit of an associate											-	57
Profit/(loss) before tax											102	(93,932)
Tax											(418)	(1,780)
Loss for the period											(316)	(95,712)
Other segment information:												
Depreciation	-	-	2,823	2,436	-	63	-	198	-	-	2,823	2,697
Recognition of prepaid land lease payments	-	-	150	347	-	-	-	-	-	-	150	347
Impairment of goodwill	-	-	-	20,000	-	8,000	-	-	-	-	-	28,000
Impairment of intangible assets	-	-	-	-	-	-	-	10,000	-	-	-	10,000
Amortisation of intangible assets	-	-	-	-	-	-	-	1,760	-	-	-	1,760

3. SEGMENT INFORMATION (continued)**(b) Geographical segment**

	Hong Kong		Mainland China		Consolidated	
	2009	2008	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	23,347	19,703	51,886	50,338	75,233	70,041
Other income	2,422	929	628	3,503	3,050	4,432
	25,769	20,632	52,514	53,841	78,283	74,473

4. GAIN ON DISPOSAL OF SUBSIDIARIES

On 22 January 2009, the Group disposed of a subsidiary, namely Jovian Financial Communications Limited and its subsidiaries (collectively, the "Jovian Group") at a consideration of HK\$100,000. The disposal of Jovian Group was completed on 3 February 2009. As at 31 December 2008, the assets and liabilities of Jovian Group were classified as a disposal group held for sales.

Net gain on disposal of subsidiaries is provided below:

	2009
	HK\$'000
Assets of a disposal group classified as held for sale	2,819
Liabilities directly associated with the assets classified as held for sale	(2,723)
	96
Cost consideration	100
Net gain on disposal	4

5. OTHER FINANCE COSTS

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on interest-bearing bank borrowings	69	471
Interest on finance lease	80	16
	149	487

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	2,823	2,697
Amortisation of an intangible asset	-	1,760
Recognition of prepaid land lease payments	150	347
Written-off of Inventory	-	362
Write-back of impairment of trade receivables	-	(710)
Loss on disposals of property, plant and equipment	820	525
Bank interest income	(139)	(675)

7. TAX

**For the six months
ended 30 June**

	2009	2008
(Unaudited)		(Unaudited)
HK\$'000		HK\$'000

Group:

Current – People's Republic of China ("PRC")	418	1,884
Deferred	-	(104)
	418	1,780
Tax charge for the period	418	1,780

Tax on profits assessable in PRC have been calculated at the rate of 25% based on existing legislation, interpretation and practices in respect thereof.

8. DIVIDENDS

The directors do not recommend the payment of any interim dividends (six months ended 30 June 2008: Nil).

9. 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 period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss:		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	188	95,663

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period for used in the basic loss per share calculation	485,830,194	364,380,880

Diluted loss per share amounts for the six months ended 30 June 2009 have not been disclosed as the company has had no potential dilutive ordinary shares that were outstanding during the period (For period ended 30 June 2008, diluted loss per share were not disclosed as warrants, share options and convertible bonds outstanding during the periods had an anti-dilutive effect on the basic loss per share).

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENTS

During the six months ended 30 June 2009, the Group spent HK\$2,221,000 on additions to property, plant and equipment.

11. 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.

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Current to 3 months	9,510	11,914
4 to 6 months	815	172
7 to 12 months	186	223
Over 1 year	1,267	340
	11,778	12,649

12. TRADE PAYABLES

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Current to 3 months	16,488	8,194
4 to 6 months	1,529	173
7 to 12 months	480	558
Over 1 year	290	319
	18,787	9,244

13. ISSUED CAPITAL

Issued capital as at 30 June 2009 amounted to HK\$242,915,000. There were no movements in the issued capital of the company in either the current or the prior interim reporting periods.

14. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its leasehold land and buildings under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	9,959	9,959
In the second to fifth years, inclusive	11,402	16,382
	21,361	26,341

15. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

		For the six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Rental expenses paid to related companies (a)	(i)	543	543
Management fee income received from related companies (a)	(ii)	42	223
Purchases of goods from an associate	(iii)	-	55
Sale of goods to an associate	(iii)	-	68
Consultancy fee paid to a director	(iv)	200	625
Consultancy fee paid to a close family member of a director	(iv)	-	125
Consultancy fee paid to a related company (a)	(iv)	-	750

(a) The related companies are companies of which a close family member of one of the Company's directors is also a director of these related companies.

Notes:

- (i) Rental expenses paid to related companies were made according to prices and conditions stated in the tenancy agreements that were agreed between the Group and related companies.
- (ii) Management fee income received from related companies were charged for administrative purposes provided by the Group. They are charged based on the actual costs incurred plus an agreed percentage to cover a share of general overheads.
- (iii) These purchase and sale transactions were determined through negotiations between the respective parties with reference to, among other things, the published price lists and the volume of the transactions on a case-by-case basis.
- (iv) Consultancy fee was paid in accordance with contractual terms agreed between the Group and the related parties.



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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
 TO THE BOARD OF DIRECTORS OF
 MACAU INVESTMENT HOLDINGS LIMITED**

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 18 which comprises the condensed consolidated statement of financial position of Macau Investment Holdings Limited (the "Company") and its subsidiaries as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

East Asia Sentinel Limited

Victor Robert Lew

Director

Practising Certificate No. P01355

Hong Kong

29 September 2009

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND PROSPECTS

Interim dividend

The Directors of the Company do not recommend the payment of any interim dividend in respect of the six months ended 30 June 2009 (30 June 2008: Nil).

Financial Performance

Revenue of the Group for the six months ended 30 June 2009 amounted to HK\$75.3 million, representing an increase of 7.7% from HK\$70.0 million for the corresponding period of previous year. Gross profit amounted to HK\$53.6 million, representing an increase of 12.8% from HK\$47.5 million for the corresponding period of 2008.

Loss attributable to owners of the Company was only HK\$188,000, representing a great improvement of 99.8% from HK\$95.7 million for the corresponding period of 2008. Basic loss per share was then decreased from 26.3 cents to 0.04 cents accordingly.

Business Review

With last year's disposal of the non-core business segments, the group has been focusing on its cosmetic and beauty business for the first half of 2009. Though the impact of the market crash could still be felt in the past six months, our cosmetic and beauty business continues to grow on its operating performance through new product developments and expansion of its branded product lines.

REVIEW AND PROSPECTS *(continued)***Business Review** *(continued)*

Revenue from our cosmetic and beauty business has increased 7.7% compared to the same period last year, mainly due to the continuous growth of our existing product lines and spa/salon business in Hong Kong and China, added to our successfully obtained licensing of the international brands Barbie of Mattel Inc. and Hello Kitty of Sanrio cosmetics in Hong Kong and China in the second half of 2008. The recently established Barbie spa in Shanghai, operated by CMM, has created a positive impact for our product launch, with an extensive roll-out plan for the next 3 years which we anticipate will become a rapid growth with launching of our upcoming new products in the market. FL skincare, another new line developed by the group only a year ago, has reported growth in sales in just the first 6 months of 2009. FL skincare is created for a special distribution targeting specialty chain cosmetic stores for second and third tier cities in China. We have prepared to capture this market with its line's special positioning as this is presently the fastest growing market in China.

In July 2009, the group has launched its latest Hello Kitty cosmetics product line targeting younger generations, in which we have the exclusive license for the greater China, and has recently signed a contract with Watsons Group in China, Asia's leading health & beauty retail chain, in partnership of an aggressive roll-out distribution plan through their outlets. The cosmetics team has also developed a stream of new Barbie products to be sold at the very first Barbie counter in Faces Hong Kong, a cosmetics department under the Lane Crawford group which opened late August 2009. The branded counter offers a wide-range of Barbie beauty and skincare products and services especially targeting younger women. In the coming years, the group will utilize the assets of all its brands which will further diversify the market from older to younger generations, from higher to more affordable retail prices, broaden our salon and retail distributions, and continue to increase the number of outlets in greater China with our various brands, while continuing to create new products in escorting an optimistic path to its future business expansion.

REVIEW AND PROSPECTS *(continued)*

Business Review *(continued)*

The group forecasts possible unforeseen challenges ahead as the world financial market gradually journeys through recovery, yet we believe the upward expansion of our branded cosmetic product lines will not only lead to further growth in the group's profitability, but will also bring new excitement while serving its customers' everyday needs in the world of beauty.

Prospects

The global economy is gradually recovering since the first half of 2009, and it is generally believed that the market is stabilizing where the worst has been put to rest. As the global financial market slowly re-builds its strength, the company continues to actively seek business opportunities targeting sensible acquisitions and strategic partnerships that could provide shareholders with a rewarding return in the years to come. Macau's market economy has also improved during the first half of the year, especially in its property market with transaction volumes and values both picking up. The company believes its investment in Macau lands are promising, which could further contribute to the overall growth of the company.

Liquidity and Financial Resources

As at 30 June 2009, the Group had cash and bank balances of HK\$54,402,000 placed in bank mainly as Cash. The interest-bearing bank borrowings of the Group amounted to approximately HK\$16,231,000, which was due within one year. The directors believe that the Group has sufficient working capital to meet its present requirements.

Capital structure of the Company

There was no change in the capital structure of the Company during the period.

Material acquisitions and disposals of investments

There is no material acquisitions and disposal of investments during the period.

REVIEW AND PROSPECTS *(continued)*

Significant capital expenditures

There were no significant capital expenditures during the period.

Details of charges on the Group's assets

The Group's buildings and prepaid land lease payments with net book values of approximately HK\$16,857,000 and HK\$5,177,000, respectively, were pledged to secure general banking facilities granted to the Group.

Contingent liabilities

The Group had no contingent liabilities as at 30 June 2009.

Foreign exchange exposure

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currency has no particular hedging vehicles to hedge its exposure to foreign exchange risk profile. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required.

DISCLOSURE OF INTERESTS

Interests of Directors

As at 30 June 2009, 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:

Long positions in underlying shares of the Company:

- (a) Mr. Huang is the son-in-law of Professor Cheng Ho Ming who beneficially owns 71,499,000 shares in the Company.

DISCLOSURE OF INTERESTS *(continued)***Interests of substantial Shareholders**

As at 30 June 2009, so far as is known to the Directors of the Company, the persons, other than Directors, 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:

Shareholder	Capacity/ nature of interest	Number of Shares held/ involved	Percentage of the total issued share capital
Orben Inc.	Beneficial owner	96,847,200	19.9
Sigma Gain Co., Ltd	Beneficial owner	65,037,280	13.4
Ms. Cheng Ho Ming <i>(Note)</i>	Interest of a controlled corporation	71,499,000	14.7
Ambleside Associates Limited <i>(Note)</i>	Beneficial owner	71,499,000	14.7
Grand Chance Consultants Limited	Beneficial owner	50,000,000	10.3

DISCLOSURE OF INTERESTS *(continued)***Interests of substantial Shareholders** *(continued)*

Note:

Ms. Cheng Ho Ming owns 70% of the issued share capital of Ambleside Associates Limited and Peakjoy Global Limited owns the remaining 30% of the issued share capital of Ambleside Associates Limited. Ms. Cheng Ho Ming wholly owns all the beneficial interest in Peakjoy Global Limited. Ms. Cheng Ho Ming is therefore deemed to have an interest in 71,499,000 Shares under the SFO.

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 has reviewed the accuracy of the interim financial statements and the Interim Report 2009 before the reports were sent to Board for approval.

REMUNERATION COMMITTEE

The Remuneration Committee was set up to review the remuneration package of the Directors and senior management of the Company. All the Remuneration Committee members are Independent Non-executive Directors.

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 six months ended 30 June 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 six months ended 30 June 2009 with the applicable provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, except that:

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. Since 23 June 2008 when Mr. Brad Huang was appointed as the Chairman and the Chief Executive Officer of the Company, the roles of both the Chairman and the Chief Executive Officer were performed by him. 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.

Under provision A.4.2 of the Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Directors of the Company were not appointed for a specific term but one-third of the Directors are subject to retirement by rotation at each annual general meeting as stated in the Articles of Association of the Company.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

All the information required by the relevant provisions of Appendix 16 of Listing Rules will be published on the Stock Exchange's website in due course.

By order of the Board

Macau Investment Holdings Limited

Ms. Maria Majoire Lo

Director

29 September 2009