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This document is an admission document required by the rules of AIM, the market of that name operated by the London Stock Exchange. This document does not comprise a Prospectus for the purposes of the Prospectus Rules issued by the Financial Services Authority. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN from the date of this document until one month from the date of Admission in accordance with rule 3 of the AIM Rules.

The Directors of the Company, whose names appear in Part IX of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Ordinary Shares to be issued pursuant to the Placing to be admitted to trading on AIM. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Further, the London Stock Exchange has not itself examined or approved the contents of this document.** It is expected that Admission will take place, and dealings in the Ordinary Shares will commence on AIM, on 5 June 2006.

Your attention is drawn in particular to the section entitled "Risk Factors" in Part I of this document.

Macau Property Opportunities Fund Limited

(Incorporated and registered in Guernsey under the Companies (Guernsey) Law, 1994 (as amended) with registered number 44813)

**Placing of up to 105,000,000 ordinary shares
at 100 pence per share**

Admission to trading on AIM

Nominated Adviser and Broker

Collins Stewart Limited

Financial Adviser

West Hill Corporate Finance Limited

Consent under The Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989, has been obtained for the issue of this document and the associated raising of funds. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or the opinions expressed with regard to it.

Collins Stewart and West Hill, which are authorised and regulated by the Financial Services Authority, are acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Collins Stewart and West Hill will not regard any other person as their respective customer or be responsible to any other person for providing the protections afforded to customers of Collins Stewart or West Hill nor for providing advice in relation to the transactions and arrangements detailed in this document. Collins Stewart and West Hill are not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia or Japan. Subject to certain exceptions, neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

30 May 2006

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IMPORTANT NOTICE

Investors should take independent advice and should carefully consider the section of this document headed “Risk Factors” before making any decision to purchase Ordinary Shares. Macau, the Western Pearl River Delta region and greater China should be regarded as emerging markets and the Ordinary Shares accordingly subject to emerging market risks.

Investment in Ordinary Shares will involve significant risks due to gearing and the inherent illiquidity of the underlying assets and should be viewed as long term. Ordinary Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Company is suitable for you. An investment in Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE ORDINARY SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE ORDINARY SHARES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any U.S. state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Ordinary Shares will be offered and sold in the United States (i) to qualified institutional buyers within the meaning of Rule 144A under the Securities Act (“QIBs”) and (ii) in accordance with any applicable laws of any U.S. state. The Ordinary Shares will also be contemporaneously offered and sold outside the United States pursuant to the requirements of Regulation S under the Securities Act (“Regulation S”). The Ordinary Shares may not be offered, resold, pledged or otherwise transferred in the United States except in accordance with the terms and conditions of the Placing.

NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

It is likely that the Company will be considered a “passive foreign investment company” (“PFIC”) for US federal income tax purposes. The Company has not undertaken to calculate or determine whether it would be considered a PFIC. Consequently, the Company can make no representation as to whether it will be considered a PFIC for either the current taxable year or for any subsequent taxable year.

If the Company were considered to be a PFIC in any year, special, possibly materially adverse, consequences would result for US holders of Ordinary Shares. The Company does not intend to provide any US holder with the information required to make a qualified electing fund election if the Company is considered a PFIC in any taxable year. United States investors are urged to consult their own tax advisors about the application of the passive foreign investment company rules in their particular circumstances.

The Company’s Articles contain provisions designed to restrict the holding of Ordinary Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company some legal, regulatory, pecuniary, tax or material administrative disadvantage. No ERISA Plan Investor may acquire Ordinary Shares without the Company’s prior written consent. Ordinary Shares held by ERISA Plan Investors are subject to provisions requiring a compulsory transfer as set out in the Articles.

Collins Stewart Limited has been appointed as nominated adviser and broker to the Company. In accordance with the AIM Rules, Collins Stewart Limited has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Collins Stewart Limited for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

PLACING STATISTICS

Placing Price (in pence)	100p
Number of Ordinary Shares being issued pursuant to the Placing*	105,000,000
Estimated expenses of the Placing payable by the Company*	£4.1m
Estimated net proceeds of the Placing receivable by the Company*	£100.9m
Market capitalisation at the Placing Price*	£105.0m

**Assuming the Placing is subscribed in full*

EXPECTED TIMETABLE

	2006
Payment from Places in uncertificated form through CREST	5 June
Admission to trading on AIM and commencement of dealings	5 June
CREST stock accounts credited (as applicable)	5 June
Definitive share certificates despatched (as applicable)	Week commencing 19 June

SUMMARY

THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO, THE ADMISSION DOCUMENT.

Any investment decision relating to the Placing should be based on the consideration of this document as a whole.

The Company

Macau Property Opportunities Fund Limited was incorporated in Guernsey on 18 May 2006. Its share capital is denominated in US dollars and consists of a single class of Ordinary Shares which will be admitted to trading on AIM.

The Company proposes to raise up to £105.0 million (before expenses) pursuant to the Placing.

Investment objective

The Company's objective is to provide Shareholders with an attractive total return, which is expected to comprise primarily capital growth but with the potential for dividends over the medium to long term.

Investment policy

The Company will focus on investing in property opportunities primarily in Macau, but also potentially in the Western Pearl River Delta region and, in exceptional circumstances, greater China.

Investment strategy

The Company intends to target, principally, niche developments of the type which are often overlooked by large developers and which, in the opinion of the Advisers, offer opportunities to achieve an attractive total return through their location, sector or 'value-added' potential. The Advisers will look to add value through development, refurbishment, redevelopment, change of use and repositioning. There are currently several large scale developments being undertaken in Macau, such as the new mega casinos and hotel complexes. The Advisers believe, however, that there are significant opportunities to achieve an attractive return from investments in smaller developments or developments independent of the casino and hotel sites.

The Manager will seek to maximise the total return on the Company's Property Investments, either through selling the properties after development or redevelopment or by generating rental income.

Properties will typically only be targeted if the Manager believes that they offer the potential for an IRR of over 20 per cent.

Investment restriction

It is expected that no single investment in a development will represent more than 30 per cent. of the Gross Asset Value of the Company at the time of investment. However, there is no guarantee that this will be the case, particularly during the early life of the Company.

The Advisers

Manager

The Company has appointed Sniper Capital Limited as manager to formulate proposals for investment in relevant properties for approval by the Board and to be responsible for the day-to-day management of the Property Portfolio. The Manager is a British Virgin Islands registered company incorporated on 1 December 2004 and is wholly owned by the Principals.

Investment Adviser

The Company and the Manager have also appointed Sniper Capital Management Limited as Investment Adviser to source and analyse potential property investment opportunities for the Manager and, pursuant to a power of delegation from the Manager, to provide general property investment and management advice and related services in respect of the Company's investments. The Investment Adviser is also wholly owned by the Principals and is registered in Macau.

Market opportunity

The Directors and the Advisers believe that the development of the gaming, tourism and conference industry in Macau (currently the only legal gaming centre in China), and the strong recent economic growth experienced in Macau, the Western Pearl River Delta region and greater China generally, together with the financial and structural reforms which have underpinned these factors, provide an attractive environment in which to undertake property investment. In particular:

- Macau is experiencing increasing demand for quality properties due to limited availability and scarcity of land;
- local incomes, tourist arrivals and the population have all increased in recent years and are exerting pressure to increase the quality and quantity of the property stock;
- the relative immaturity and early stage characteristics of the Macau property market provide an excellent opportunity for real estate investment and the active management of assets to increase their value and yield;
- Macau's GDP has grown in recent years with GDP per person being the fourth highest in Asia, behind Hong Kong, Singapore and Japan;
- Macau's status as the largest gaming centre in Asia, the only legal gaming centre in the PRC and a "Special Administrative Region" of China (similar to Hong Kong) makes it attractive for investors;
- a hotel and casino construction boom commenced in Macau in 2003 with the issue of three new gaming licences. Wynn, Hilton, MGM Mirage, PBL, Four Seasons and Sands are among the international hotel and gaming groups building new facilities in Macau. More than ten new casinos have commenced construction in the past two years of which four have opened and the remainder are expected to be completed by the end of the decade. This is expected to further increase visitor numbers and awareness of Macau; and
- average property values in Macau are at a significant discount to nearby Hong Kong and are still below other regional centres such as Singapore.

The Directors

The Board consists of David Hinde (Chairman), Alan Clifton, Thomas Ashworth, Tim Henderson and Richard Barnes. Further details of the Directors are set out in Part IV of this document.

Management and performance fees

The Manager will receive an annual management fee of 2.0 per cent. of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis (which is based upon prevailing RICS property valuation practice and guidelines for investment and development properties), payable quarterly in advance.

The Manager will be entitled to a performance fee of 20 per cent. of the excess of the Adjusted NAV per Ordinary Share at the end of the relevant performance period over the higher of (i) the basic performance hurdle (an amount equal to the US dollar equivalent of the Placing Price increased at a rate of 10 per cent. per annum on a compounding basis up to the end of the relevant performance period); (ii) the Adjusted NAV per Ordinary Share at the start of the relevant performance period; and

(iii) a 'high watermark', multiplied by the time weighted average of the Ordinary Shares in issue in the relevant performance period.

In addition, the Manager will be entitled to a super performance fee of a further 15 per cent. of the excess of the Adjusted NAV per Ordinary Share at the end of the relevant performance period over the higher of (i) the super performance hurdle (an amount equal to the US dollar equivalent of the Placing Price increased at a rate of 25 per cent. per annum on a compounding basis up to the end of the relevant performance period); (ii) the Adjusted NAV per Ordinary Share at the start of the relevant performance period; and (iii) a 'high watermark', multiplied by the time weighted average of the Ordinary Shares in issue in the relevant performance period.

Adjusted NAV per Ordinary Share includes adjustments, *inter alia*, to reflect the Property Investment Valuation Basis.

The Manager will pay part of its fees to the Investment Adviser, who will receive no fees and expenses directly from the Company.

Further details are set out in Part IV and paragraph 7.1 of Part VII of this document.

Dividend and distribution policy

The Company's investment objective and strategy means that the timing and amount of rental or other income cannot be predicted. There can therefore be no guarantee as to the timing and amount of any dividend payable by the Company.

In addition, the Company may distribute any gains on the realisation of properties from time to time.

It is expected that the Company will declare its dividends in US dollars but the amount to be received by Shareholders will be paid in sterling, converted at prevailing exchange rates (net of costs).

For further information, please see the heading "Dividend Policy" in Part II of this document.

Life of Company

At the annual general meeting of the Company to be held following the eighth anniversary of the Company's incorporation a special resolution will be proposed that the Company ceases to continue as constituted. If the resolution is not passed, a similar resolution will be proposed at every fifth annual general meeting thereafter. If the resolution is passed, the Directors shall formulate proposals to be put to the Shareholders to reorganise, unitise, reconstruct or wind up the Company.

Borrowings

In seeking to enhance returns for Shareholders, the Directors consider that it may be beneficial for the Company to be able to borrow to part finance investments. The Directors currently intend that the Company, either directly or through SPVs formed to hold Property Investments, may borrow amounts equal to up to 75 per cent. of any single investment's market value. When the Company is fully invested, the Directors expect that up to 60 per cent. of the aggregate value of all investments may be financed from third party debt financing. The Company may be required to use its investments as security for the borrowings it makes.

Risk factors

The attention of investors is drawn to the Risk Factors set out in Part I of this document. There can be no guarantee that the investment objectives of the Company will be met.

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to investment, and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested).

The Ordinary Shares will be admitted to trading on AIM. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The Ordinary Shares will be denominated in US dollars and the Company will report its results of operations and its financial position in US dollars. The Company expects to invest primarily in HK dollars and other local currencies. The Ordinary Shares will be quoted on AIM in sterling. As a consequence, Shareholders may experience fluctuations in the Net Asset Value and the market price of the Ordinary Shares as a result of movements in the exchange rates, primarily between HK dollars, other local currencies, sterling and US dollars.

It is possible that not all of the total revenues recorded in the Group's consolidated financial statements will be available to the Company in the form of distributable profits from which to pay a dividend. The Directors may consider alternative means for making such distributions to Shareholders.

The financial operations of the Company may be adversely affected by general economic and political conditions and in particular, by economic and political conditions in Macau, the Western Pearl River Delta region and greater China. The performance of the Company would be adversely affected by a downturn in the property market in terms of capital value or weakening of rental yields. Any future property market recession could materially adversely affect the value of the properties.

The returns on the Ordinary Shares may be subject to the risks associated with the development of real estate projects.

The Company, either directly or through its SPVs, is expected to be geared through borrowings, which will typically be secured on assets in the Property Portfolio. Where the cost of the Company's borrowings exceeds the return on the Company's assets, the borrowings will have a negative effect on the Company's performance. A relatively small movement in the value of the Property Portfolio or the amount of income derived from it may result in a disproportionately large movement, unfavourable as well as favourable, in the value of Ordinary Shares or the amount of income received in respect thereof.

Certain Property Investments may represent a significant proportion of the Company's Gross Asset Value. As a result, the impact on the Company's performance and the potential returns to Shareholders will be more adversely affected if any one of the Property Investments performs badly than would be the case if the Property Portfolio was more diversified.

The success of the Company is dependent on the performance of the Manager, the Investment Adviser and the Principals. Accordingly, the loss of the services of the Investment Adviser and/or the Manager or the Principals may have a material adverse effect on the future of the Company's business.

PART I

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors believe the risks set out below to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it or its subsidiary companies operate or intend to operate as well as overall global financial conditions.

Potential Shareholders should also take their own tax advice as to the consequences of their owning shares in the Company as well as receiving returns from it. Tax commentary in this document is provided for information only and no representation or warranty, express or implied, is given to Shareholders in any jurisdiction as to the tax consequences of their acquiring, owning or disposing of any shares in the Company and neither the Company, the Directors, the Manager, the Investment Adviser, West Hill or Collins Stewart will be responsible for any tax consequences for any such Shareholder.

General

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to investment, and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

AIM

The Ordinary Shares will be admitted to trading on AIM. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List of the UK Listing Authority. The rules of AIM are less demanding than those of the Official List. Further, the London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Volatility of the value of the Ordinary Shares

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in Ordinary Shares on AIM may have limited liquidity.

In addition, the price at which investors may dispose of their Ordinary Shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. These factors could include the performance of the Company's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative, regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value.

Forward-looking statements

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

The potential investment opportunities referred to in this document cannot be guaranteed and it may be the case that only some or even none of these come to fruition.

New company

The Company was incorporated on 18 May 2006 and has no operating history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its investment objective and that the value of a Shareholder's investment in the Company could decline substantially. There can be no assurance that the Company will be able to achieve any of the returns referred to in this document. The Company may be unable to find a suitable number of attractive opportunities to meet its investment objectives and those that are or have been identified may not be completed. Shareholders will be relying on the ability of the Advisers to identify, negotiate and structure the investments to be made by the Company.

Impact of law and governmental regulation

The Company and developers with whom the Company deals will need to comply with laws and regulations relating to planning, land use and development standards. The institution and enforcement of such laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Property Portfolio. Changes in laws relating to ownership of land could have an adverse effect on the value of Ordinary Shares. New laws may be introduced, which may be retrospective and affect environmental planning, land use and development regulations.

The legal system of the PRC (and to a lesser extent, Macau) may also not afford the Company the same level of certainty in relation to issues such as title to property-related rights as may be achieved in certain other markets. Enforcement of legal rights may prove expensive and difficult to achieve.

PRC legal system and enforcement

If investment is made in the PRC, Chinese law may govern some of the Company's agreements. It cannot be guaranteed that the Company will be able to enforce any of its agreements or that remedies will be available outside of the PRC.

The PRC legal system, in general, is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. Despite significant improvement in its developing legal system, China does not yet have a comprehensive system of laws

and the recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC and those laws and regulations governing economic matters in general may also change frequently. In particular, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. The effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof or the pre-emption of local regulations by national laws cannot be predicted. These uncertainties could limit the legal protections available to the Company.

Macau legal system and enforcement

Macau law is likely to govern some of the Company's agreements which relate to Property Investments and shall govern in respect of property ownership rights and securities. It cannot be guaranteed that the Company will be able to enforce any such agreements or that remedies will be available outside of Macau.

The Macau legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The Macau legal system is nevertheless stable as it has been in place for a long time, there is a sufficient legal and regulatory coverage of the relevant issues concerning property rights and securities and there is a long established approach by the courts in deciding legal cases related to property matters. It is not anticipated that the effect of future developments in the Macau legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof or the pre-emption of local regulations by national laws would be directed to the change, or would materially affect the structure and stability, of the main laws and regulations in place for property matters although this cannot be guaranteed, particularly if political changes relating to Macau's SAR status were to be made (and in this regard please see the risk factor below entitled "Macau and China's economic, political and social conditions").

Macau and China's economic, political and social conditions

The Company's return on its investments and prospects are subject to economic, political and social developments in Macau and China and the Asia-Pacific region in general. In particular, the Company's return on its investments may be adversely affected by:

- changes in Macau's and China's political, economic and social conditions;
- changes in policies of the government or changes in laws and regulations (including the revocation or modification by the Chinese Government of Macau's SAR status and high autonomy levels), or the interpretation of laws and regulations;
- changes in foreign exchange regulations;
- measures that may be introduced to control inflation, such as interest rate increases; and
- changes in the rate or method of taxation.

The Company's investments, as well as its future prospects, would be materially and adversely affected by an economic downturn in Macau and China which itself may be affected by a slowdown in the economies of the United States, the European Union or certain other Asian countries.

Further legalisation of gambling in China

There can be no guarantee that Macau will remain the only centre in China where gambling is legal. Changes in policies of the government or changes in laws and regulations may result in the legalisation of gambling in other parts of China. This in turn may have an adverse effect on Macau's economy and property market and the favourable treatment of gambling in Macau.

Potential currency exchange rates risk

The Company expects that its business will be conducted in jurisdictions that will generate revenue, expenses and liabilities in currencies other than US dollars.

The Company will report its results of operations and its financial position in US dollars. Following Admission, the Ordinary Share price will be quoted on AIM in sterling. The Company expects to invest primarily in HK dollars and other local currencies. Accordingly, it expects to generate revenue in currencies other than US dollars. The Company will declare its dividends in US dollars but the amount to be received by Shareholders will be an amount in sterling converted at prevailing exchange rates (net of costs). As a consequence, Shareholders may experience fluctuations in the Net Asset Value and the market price of their Ordinary Shares as a result of movements in the exchange rate between US dollars, HK dollars, other local currencies and sterling. Such movements in the exchange rate may also adversely affect the amount of dividends paid. In addition, the amount of any dividends declared by the Company will be determined based on the results of the Company's operations.

The HK dollar has been pegged to the US dollar through a currency board system since 1983. Although HK dollars are freely convertible into other currencies, the removal of the peg, exchange rate fluctuations and currency devaluation could have a material effect on the Net Asset Value of the Company's Property Investments, which will be expressed in US dollars.

The Company has not hedged the exchange rate risk to which it will be subject between the date of this document and the point at which it exchanges the sterling denominated net proceeds of the Placing into HK dollars, US dollars or other local currencies, and therefore the investment made by a placee pursuant to the Placing could be worth less following such exchange.

On an on-going basis, the Company does not intend to hedge the exchange rate risk between HK dollars, other local currencies, sterling and US dollars, save in relation to any proposed dividend payments.

Corruption in the Company's target market

Corruption or any distortion of official processes within territories where the Company makes investments may negatively affect those economies and therefore could have an adverse impact on the Company's performance.

Limited investment opportunities in the PRC

Other companies, institutions and investors, both domestic and foreign are active in seeking investments in the region. Although there has been a gradual easing of restrictions, foreign investment in the securities of domestic companies in the PRC is nevertheless still restricted or controlled to varying degrees.

These restrictions or controls limit foreign investment in some sectors. The Company could be adversely affected by delays in, or a refusal to grant, any required governmental approval for investment in a particular company, as well as by the application to the Company of any legal or administrative restriction on investments.

Risks of property ownership

Investments in property may be difficult, slow or impossible to realise. The Ordinary Shares will be subject to the general risks incidental to the ownership of real or heritable property, including changes in the supply of or demand for competing investment properties in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers and environmental factors. The marketability and value of any properties owned by the Company will, therefore, depend on many factors beyond the control of the Company and there is no assurance that there will be either a ready market for any properties held by the Company or that such properties will be sold at a profit or will yield a positive cash flow.

Changes in law relating to foreign ownership of property in any of the jurisdictions in which the Company invests might also have an adverse effect on the net returns from the Property Portfolio.

Property investment risk

The performance of the Company would be adversely affected by a downturn in the property market in terms of capital value or weakening of rental markets. In the event of default by a tenant, the Company will suffer a rental shortfall and incur additional costs including legal expenses and costs of maintaining, insuring and re-letting the property. Any future property market recession could materially adversely affect the value of the properties.

Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as changes in its market value.

Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in GDP, employment trends, inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may impact demand for premises, especially for office space for commercial enterprises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies.

Both rental income and property values may also be affected by other factors relevant to the real estate market, such as competition from other property owners and developers, the perceptions of prospective tenants on the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair or re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, the owner must meet certain significant expenditures, including operating expenses, even if the property is vacant.

Investments in property are relatively illiquid and more difficult to realise than investments in equities or bonds.

Land and property ownership rights

Each territory in which the Company decides to make an investment will have different laws and regulations (as well as tax provisions) relating to land and property ownership by foreign companies. Whilst the Company will use its reasonable endeavours to operate property owning structures that comply with such laws and regulations as well as with a view to mitigating the tax effect of local tax regulations, there can be no guarantee that in the future the territories in which the Company decides to make an investment will not adopt laws and regulations which may adversely impact on the Company's ability to own and operate land and property. Accordingly, in such circumstances, the returns to the Company may be materially and adversely affected.

Controlling person liability

The Company may have controlling interests in some of its investments through special purpose companies, limited partnerships or other entities or may own such properties directly. The exercise of control over an entity (or the property itself) can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Company might suffer a significant loss.

Joint venture risk

While the Company expects that most of its investments will be wholly owned (directly or indirectly) by the Company, from time to time the Manager may propose to the Board certain transactions in which the Company will not be the sole investor. Whilst the Manager will propose only joint venture partners (whether investors or developers) whose investment rationale is comparable to the Company's, the Company's position may nonetheless be compromised by circumstances of the joint venture partner, such as bankruptcy, litigation, or potential disagreement on investment strategy.

Development risk

The returns on the Ordinary Shares may be subject to the risks associated with the development of real estate projects. These risks may include the risk:

- relating to project financing. The release of bank financing will be staged and conditional on milestones in the development being reached. In the event that the development does not proceed as expected (due to unexpected factors such as landslip, accident, supplier default, planning or title disputes etc.), the bank may refuse to provide further financing. If the Company is unable to arrange alternative financing, it may not be possible to complete the development;
- that planning consents are not obtained, or are delayed significantly, or are granted subject to uneconomic conditions;
- that laws are introduced, which may be retrospective and affect existing building consents, which restrict development;
- that a development is significantly delayed or costs exceed budget due to unforeseen factors;
- of unforeseen construction constraints (including geological and archaeological factors);
- of title disputes, legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers;
- that building methods or materials prove to be defective;
- that a construction company used on a development becomes insolvent and that it may prove impossible to recover compensation;
- unavailability of suitable construction companies;
- that it takes longer to sign up tenants than expected; and
- of fraud on the part of service providers or suppliers used on a development.

Potential environmental liability

Under various laws and regulations, an owner of property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for the presence or removal of, these substances. The owner's liability as to any property is generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Company's return from such investment.

Gearing

The Company, either directly or through its SPVs, is expected to be geared through borrowings, which will typically be secured on assets in the Property Portfolio. Where the cost of the Company's borrowings exceeds the return on the Company's assets, the borrowings will have a negative effect on the Company's performance. If the Company cannot generate adequate cash flows to meet debt service, it may suffer a partial or total loss of its capital. A relatively small movement in the value of the Property Portfolio or the amount of income derived from it may result in a disproportionately large movement, unfavourable as well as favourable, in the value of Ordinary Shares or interest or the amount of income received in respect thereof.

In the event that the Company enters into a bank facility agreement, such agreement may contain financial covenants. In particular, the agreement may require that the Company has assets exceeding a fixed percentage of the value of any loan drawn down. If the value of the Company's assets falls such that any such financial covenant is breached, or if any other covenant is breached, the Company may be required to repay the borrowings in whole or in part. In such circumstances the Company may be required to sell, in a limited time, part or all of the Property Portfolio, potentially in circumstances where there has been a downturn in property values generally, such that the realisation proceeds do not reflect the valuation of the Property Investments.

There is no guarantee that the anticipated borrowing level of the Company will be achieved.

Tax related risk

There may, in certain circumstances, be withholding or other taxes on the profits or other returns derived from the projects in which the Company has an investment which may change from time to time and which could have a material and adverse affect on the Company's performance.

The tax regimes applying in the UK, Macau, China and Guernsey may change, thereby affecting the Company's tax treatment in these jurisdictions. For further information, please refer to Part VI of this document.

Shareholder tax risk

Shareholders should take their own tax advice as to the consequences of owning Ordinary Shares in the Company as well as receiving returns from it. In particular, Shareholders should be aware that ownership of Ordinary Shares in the Company can be treated in different ways in different jurisdictions. Due to the manner in which the Company may finance the acquisition of its Property Investments, a substantial proportion of the income of the Company may be interest income or derived from interest income.

Regulatory regime and permits

The profitability of the Company will be in part dependent upon the continuation of a favourable regulatory climate with respect to its investments. The failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Company's performance, as could delays caused in obtaining such consents due to objections from third parties.

Valuation risk

Property assets are inherently difficult to value as there is no liquid market or pricing mechanism. As a result, valuations are subject to substantial uncertainty. This uncertainty may be accentuated in Macau and China, for example, as there may be fewer benchmarks available for valuation purposes than in, for example, Europe. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the date of the valuation.

Shareholders should be aware that the Company intends to perform net asset value valuations on a semi-annual basis only. As a result, the Company's share price may not accurately reflect the value of its underlying assets between such valuations. For further information, please refer to the Company's valuation policy in Part IV of this document.

Management and performance fee

The management and performance fees payable to the Manager are calculated by reference (*inter alia*) to the Property Investment Valuation Basis (which is based upon prevailing RICS property valuation practice and guidelines for investment and development properties). The Property Investment Valuation Basis may be a different basis of calculation of the value of the Property Portfolio than that which would be applied under IFRS (the applicable accounting valuation which will be utilised in the financial statements of the Company and any published periodic Net Asset Value of the Company). The Property Investment Valuation Basis is, in many cases, likely to be higher than the applicable accounting valuation and may thus result in the payment of fees to the Manager which would exceed the value of fees paid had the Property Investment Valuation Basis not been utilised.

The annual performance fee payable to the Manager may result in substantially higher payments to the Manager than alternative arrangements used in other types of investment vehicles. The existence of the performance fee may create an incentive for the Manager or Investment Adviser to propose or make riskier or more speculative investments than they would otherwise make in the absence of such fee. In

addition, since the performance fee is calculated on a basis that includes unrealised appreciation of the Company's assets, it may be greater than if such fee was based solely on realised gains.

Dividends

Shareholders should note that payment of any future dividends will be at the discretion of the Board and taking into account various factors including the Company's operating results, financial condition and current and anticipated cash needs.

The timing and extent of future payments of dividends will be dependent, *inter alia*, on: the speed and extent to which the Company invests the net proceeds of the Placing; the cost and timing of the development of the properties acquired; the timing and quantum of the receipt of rental and other income generated from the properties acquired, investments made or joint ventures entered into by the Company; the ability of the Company to secure debt finance on appropriate terms to assist in the acquisition and development of the properties; changes in the taxation rates applicable to the Company's income receipts; and the decisions taken by the Board with regard to the divestment of properties acquired and developed by the Company and potential reinvestment of the proceeds in light of market conditions and opportunities available to the Company pertaining at the time. In particular, there is no guarantee that the Company will be fully invested within the 18 month timeframe indicated.

Income from Property Investments is expected to be largely denominated in HK dollars and, accordingly, the Company may have some exposure to variations in currency exchange rates which might affect the Company's future dividend yield.

It is possible that not all of the total revenues recorded in the Group's consolidated financial statements will be available to the Company in the form of distributable profits from which to pay a dividend. The Directors may consider alternative means for making such distributions to Shareholders.

Any dividends or other distributions made to holders of Ordinary Shares will be declared in US dollars but paid to Shareholders in sterling, converted at prevailing exchange rates (net of costs).

Guernsey law

The Company is a limited company incorporated under the Law. Guernsey law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company under the Act are not provided for under Guernsey law.

Concentration risk

Certain Property Investments may represent a significant proportion of the Property Portfolio. As a result, the impact on the Company's performance and the potential returns to Shareholders will initially be more adversely affected if any one of the Property Investments performs badly than would be the case if the Property Portfolio was more diversified.

Dependence on Manager and Investment Adviser

The Company is dependent on the diligence, skill and network of business contacts of the Advisers and their senior management. They, together with other investment professionals, will evaluate, negotiate, structure, realise, monitor and service the Company's investments. The Company's future success will also depend on the continued service of the Principals. For more information, please refer to Part IV ("Management, Advice and Administration" under the sections "Manager" and "Investment Adviser") of this document. Whilst the Company has entered into contractual arrangements with the Manager and the Investment Adviser the retention of the services of the Manager and Investment Adviser, cannot be guaranteed. Accordingly, the loss of the services of the Investment Adviser and/or the Manager may have a material adverse effect on the future of the Company's business.

Profile of typical investor

The Company is intended for investors who are interested in the property markets of Macau, the Western Pearl River Delta region and greater China and are aware of the risks, including the potential volatility of investing in property in these jurisdictions. Any investor must be able to accept the possibility of losses and an investment in the Company is only intended for investors who can afford to set aside the invested capital for a number of years.

Conflicts of interest

The Manager and the Investment Adviser provide investment management, advisory and other services to the South China Sniper Fund Limited. This fund, the equity of which is fully invested, closed on 1 July 2005 and is no longer raising equity capital to finance investment opportunities but it may, in the future, utilise bank borrowings for the purposes of redevelopment and refurbishment.

Except insofar as it relates to the utilisation of bank borrowings for the purposes of re-development and refurbishment in respect of SCSF, the Advisers have contractually agreed with the Company that, until the Company is at least 90 per cent. invested or committed to investment, they will not, without the Company's prior consent, undertake any property acquisition and/or development activities in respect of property assets in any jurisdiction which falls within the investment objective and/or policy of the Company without offering the Company a right of first refusal in respect of the same. However, it is possible that once the Company is so invested, conflicts of interest may arise as a result of the Advisers or the directors of the Advisers acting for other companies or funds.

The activities of the Manager in its capacity as the Company's investment manager are subject to the overall discretion and review of the Board.

Any direct or indirect dealings between the Company and any of the Manager, the Investment Adviser, the Principals or their associates will be on arms' length terms only and approved by the Board.

Thomas Ashworth is a director of the Company and a director and shareholder of the Manager and the Investment Adviser.

PART II

THE COMPANY

Introduction

Macau Property Opportunities Fund Limited is a new closed-ended Guernsey registered company, which has been established to take advantage of opportunities that exist in the property markets of primarily Macau, but also potentially in the Western Pearl River Delta region and, in exceptional circumstances, greater China.

The Company's objective is to provide Shareholders with an attractive total return, which is expected to comprise primarily capital growth but with the potential for dividends over the medium to long term.

The share capital of the Company is denominated in US dollars and will consist of a single class of Ordinary Shares which are freely transferable and will be traded on AIM. The Company proposes to raise up to £105.0 million (before expenses) pursuant to the Placing. The Ordinary Shares will be quoted on AIM in sterling.

Manager and Investment Adviser

Manager

The Company has appointed Sniper Capital Limited as manager to formulate proposals for investment in relevant properties for approval by the Board and to be responsible for the day-to-day management of the Property Portfolio.

The Manager is a British Virgin Islands registered company incorporated on 1 December 2004 and is wholly owned by the Principals.

The Manager is currently involved in property investment and management in the Special Administrative Region of Macau in its capacity as investment manager to The South China Sniper Fund. Further details about SCSF can be found in Part IV of this document.

The Manager's shareholders and directors, Thomas Ashworth and Martin Tacon, have a combined 25 years experience of conducting business in Asia, including identifying market opportunities, starting-up new businesses and delivering value to shareholders and owners.

Investment Adviser

The Company and the Manager have also appointed Sniper Capital Management Limited, as investment adviser to source and analyse potential property investment opportunities for the Manager and, pursuant to a power of delegation from the Manager, to provide general property investment and management advice and related services in respect of the Property Investments. The Investment Adviser is wholly owned by the Principals and was incorporated in Macau on 25 July 2005.

In addition to Thomas Ashworth and Martin Tacon, the Investment Adviser's senior personnel comprise experienced property investors in Asian and Macanese property. All have good local connections and extensive experience of the Asian Property market which should enable the Investment Adviser to identify opportunities early and deliver efficient execution.

Further details on the Manager and the Investment Adviser are contained in Part IV of this document.

Investment policy

The Company will focus on investing in property opportunities primarily in Macau, but also potentially in the Western Pearl River Delta region and, in exceptional circumstances, greater China.

The investment policy of the Company will consider concentration risk from both a sector as well as an asset perspective.

Investment strategy

The Company intends to target, principally, niche developments of the type which are often overlooked by large developers and which, in the opinion of the Advisers, offer opportunities to achieve an attractive total return through their location, sector or 'value-added' potential. The Advisers will look to add value through development, refurbishment, redevelopment, change of use and repositioning. There are currently several large scale developments being undertaken in Macau, such as the new mega casinos and hotel complexes. The Advisers believe, however, that there are significant opportunities to achieve an attractive return from investments in smaller developments or developments independent of the casino and hotel sites.

The Manager will seek to maximise the total return on the Company's Property Investments, either through selling the properties after development or redevelopment or by generating rental income.

Properties will typically only be targeted if the Manager believes that they offer the potential for an IRR of over 20 per cent.

The investment policy and strategy of the Company, as stated in this document, may only be varied by way of ordinary resolution of the holders of Ordinary Shares. Such sanction will not be required if the variation is to correct a manifest error or is necessary to comply with fiscal or other statutory or official requirements, actual or proposed, or if the Manager certifies that such variation does not materially prejudice the interests of Shareholders and does not operate to a material extent to release the Manager from any responsibility to any Shareholders.

The Directors confirm that, as required by the AIM Rules, they will seek Shareholder approval of the Company's investment policy and strategy at each annual general meeting of the Company.

Property holding companies

The Company intends to use one or more wholly owned special purpose vehicles to hold its Property Investments. The Company may use a single SPV for an individual property, but if it deems it appropriate, may choose to use a single SPV to hold multiple properties. SPVs will be incorporated in such jurisdictions (including Macau) as the Company deems appropriate taking into account taxation advice and investment management risks. The Company does not intend to invest in third party managed collective investment companies.

Investment restriction

It is expected that no single investment in a development will represent more than 30 per cent. of the Gross Asset Value of the Company at the time of investment. However, there is no guarantee that this will be the case, particularly during the early life of the Company.

Potential composition of Property Portfolio

The Manager intends to construct a portfolio of a mixture of retail, leisure and high-end residential properties. The Manager currently anticipates that the Property Portfolio will consist of the following types of property and in the approximate proportions indicated:

- Retail (35 per cent.)
- Leisure (45 per cent.)
- High end residential (20 per cent.)

There is no assurance that such focus will be followed, or such approximate proportions achieved, as any investment decisions will be taken based on market conditions at the time of investment. The Manager may also invest in commercial, office or industrial or other property if a suitable and attractive opportunity arises.

It is the Directors' current expectation that, once the Company is fully invested, at least 70 per cent. of the Property Portfolio, at the time of investment, will be in investment opportunities in Macau.

Potential investment opportunities

The Manager has identified a number of specific potential acquisitions and investment opportunities for the Company. Whilst market practice in Macau is generally not to grant formal options, or other binding commitments, in respect of the potential purchase of property, the Manager has entered into negotiations with property owners on a non-exclusive basis in respect of the following:

- the potential to acquire a semi derelict site in a prime luxury residential area of the main part of Macau for proposed redevelopment into a high end residential property. The opportunity exists for enhanced gross floor area through reapplication to planning departments to incorporate additional land. The current estimated value is c.US\$20-25m;
- a strip of newly developed, existing retail shops on Taipa adjacent to old Taipa Village. There is an opportunity to consolidate and improve the existing development, to reposition the units as part of the improving and changing use of the area and to capitalise on a currently underutilised large car parking facility at the rear of the project. The current estimated value is c.US\$30-35m;
- the potential to acquire and develop two existing residential blocks close to the centre of Macau, adjacent to a growing retail square. The acquisition would afford the opportunity to implement a change of use and develop a 3 storey retail podium with a 4 or 5 storey residential block above. The current estimated value is c.US\$30m; and
- the potential to acquire an old resort hotel adjacent to vacant land. An opportunity exists to redevelop and reposition the hotel and develop high end residential villas next to the refurbished hotel. If acquired, the Advisers' intention would be to sell on the hotel and retain the residential units until fully developed and leased. The current estimated value is c.US\$40m (depending on land negotiations).

In addition, the Manager is in discussions with a number of Macau and Hong Kong property developers and two large private funds with a view to developing further specific investment opportunities and joint venture investments in Macau.

No guarantee is given that these potential investment opportunities will result in investments being made by the Company.

Investment process

The investment process undertaken by the Manager and the Investment Adviser will be broadly as follows:

Sourcing investments

The Investment Adviser will source investment opportunities primarily through its network of local contacts, the government, its relationships with developers and brokers, and from the offices of international real estate consultancies in Macau, the Western Pearl River Delta region and greater China.

Project analysis and Board approval

Each potential investment will be assessed on, *inter alia*, a total return expectation and risk criteria. If the Investment Adviser and Manager are satisfied that the potential investment opportunity meets the current investment strategy, it will be approved for a more detailed analysis.

The Investment Adviser will then work with the Manager and agents in carrying out all appropriate due diligence on the potential opportunity. A legal search of the property and any related companies will be undertaken and an independent valuation obtained. A building survey and, if considered appropriate, an audit will also be undertaken.

The Investment Adviser will then put a proposal to the Manager. On the basis of such proposal, the Manager will prepare a comprehensive project report which will be submitted to the Board for consideration.

At the time any investment proposal is presented to the Board for approval, the Manager will have considered and reported upon, *inter alia*, the following:

- land – the status of tenure, land registration, planning approval, title, location;
- work specifications – including refurbishment, development and redevelopment plans, details of cost, timetable and a list of available and qualified contractors and suppliers;
- economics – an investment appraisal providing indicative capital costs, operating costs and a calculation of project internal rates of return;
- finance – an estimate of sources and costs of project debt from suitable lenders; and
- legal – including a list of legal agreements required to complete the transaction, a suitable list of advisers and indications of cost.

If the Board approves the investment proposal, it will inform the Manager who will be responsible for putting the proposal into effect and the ongoing monitoring and management of the relevant investment. The Manager will delegate the performance of certain of these ongoing services and functions to the Investment Adviser, which will operate from Macau.

Borrowing policy

In seeking to enhance returns for Shareholders, the Directors consider that it may be beneficial for the Company to borrow to part finance investments. The Directors currently intend that the Company, either directly or through its SPVs, may borrow amounts equal to up to 75 per cent. of any single investment's market value. When the Company is fully invested, the Directors expect that up to 60 per cent. of the aggregate value of all investments may be financed from third party debt financing. The Company may be required to use its investments as security for the borrowings it puts in place.

Life of the Company

At the annual general meeting of the Company to be held following the eighth anniversary of the Company's incorporation, a special resolution will be proposed that the Company ceases to continue as constituted. If the resolution is not passed, a similar resolution will be proposed at every fifth annual general meeting thereafter. If the resolution is passed, the Directors shall formulate proposals to be put to the Shareholders to reorganise, unitise, reconstruct or wind up the Company.

Risk management

Set procedures for the regular inspection of the properties and the financial management of the Property Portfolio will be put in place by the Manager, including reconciliation of receipts, debt recovery procedures, monitoring of development and refurbishment projects and continual review of all financial administration. Condition assessments will be made and reviewed for ongoing maintenance and/or critical repair programmes. This will include health and safety matters and all services.

Joint ventures

While the Company expects that most of its investments will be wholly owned (directly or indirectly) by the Company, from time to time the Manager may propose to the Board certain transactions in which the Company will not be the sole investor. The Manager has undertaken to propose only joint venture partners (whether investors or developers) whose investment rationale, it believes, is comparable to the Company's. The Manager will use its reasonable endeavours to negotiate appropriate joint venture terms such as approval rights over significant decisions and buy-sell rights, as well as investment terms that adequately address the risks associated with the specific geographic markets and property sector for investment and the current and anticipated capital markets environment.

Currency issues

The currency of Macau is the Macau Official Pataca (MOP) which is currently pegged directly to the HK dollar and (through the HK dollar's own peg to the US dollar) indirectly to the US dollar.

In accordance with Macau property market practice, the Company's Property Investments in Macau are primarily expected to be made in HK dollars and the return on those investments in the Property Portfolio (sales proceeds and any net rental income) is expected to also be in HK dollars. Property Investments in greater China are expected to be made in Renminbi.

The management fee and any performance fee will be paid to the Manager in US dollars. Other non-property related costs incurred directly by the Company are expected to be incurred in HK dollars, sterling or US dollars.

Any dividends or other distributions made to holders of Ordinary Shares will be declared in US dollars and converted into and paid in sterling at prevailing exchange rates (net of costs).

The base currency of the Ordinary Shares for accounting purposes will be in US dollars. Following Admission, the Ordinary Share price will be quoted on AIM in sterling. The Company does not intend to hedge the exchange rate risk between HK dollars, other local currencies, sterling and US dollars, save in relation to any proposed dividend payments.

Any cash held by the Company may be held on deposit or invested in money market funds or other near cash investments.

Dividend policy

The Company's objective is to provide Shareholders with an attractive total return, which is expected to comprise primarily capital growth but with the potential for dividends over the medium to long term.

The Company's investment strategy is to focus on property that requires refurbishment, redevelopment, change of use or repositioning. In addition, the decision whether the property is sold after redevelopment or held for investment purposes will be taken by the Company in light of the market conditions and the availability of other investment opportunities at the time. The timing and amount of rental or other income cannot be predicted and there can therefore be no guarantee as to the amount of any dividend payable by the Company. In addition, the Company may distribute any gains on the realisation of properties from time to time.

It is possible that not all of the total revenues recorded in the Group's consolidated financial statements will be available to the Company in the form of distributable profits from which to pay a dividend. The Directors may consider alternative means for making such distributions to Shareholders. To this end, the Company has passed a special resolution cancelling the amount which will stand to the credit of its share premium account following the issue of the Placing Shares. In accordance with the Law, the Directors intend to apply to the Royal Court in Guernsey for an order confirming such cancellation of the share premium account immediately following Admission. Subject to any undertaking to be given to the Royal Court in Guernsey and the Placing becoming unconditional, the reserve created on such cancellation will be available as a distributable reserve to be used for all purposes permitted by the Law, including the buy-back of Ordinary Shares and the payment of dividends.

Any dividend paid from such reserve would result in a reduction of the Company's capital. Before recommending any dividend, the Board will consider the capital position of the Company and the impact on such capital by virtue of paying that dividend.

The Company expects to declare any dividends in US dollars but the amount to be received by Shareholders will be paid in sterling, converted at prevailing exchange rates (net of costs).

Repurchase of Ordinary Shares

The Directors will consider repurchasing Ordinary Shares if they believe it to be in Shareholders' interests generally, but particularly in order to redress any imbalance between the supply of, and demand for, Ordinary Shares.

A special resolution (as referred to under "Dividend policy" above) and an ordinary resolution have been passed at an extraordinary general meeting of the Company, subject to the Placing becoming unconditional and the approval of the Royal Court in Guernsey, to cancel the amount standing to the credit of the Company's share premium account and to grant it authority to make market purchases of up to 14.99 per cent. of its own issued Ordinary Shares. A renewal of this authority will be sought from Shareholders at each annual general meeting of the Company.

No purchases of Ordinary Shares can be made by the Company until the cancellation of the share premium account (as referred to under "Dividend policy" above) has been approved by the Royal Court in Guernsey and the terms of any undertaking regarding creditors required by the Royal Court in Guernsey have been complied with, or until the Company has sufficient capital reserves to finance such purchases.

Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board. Ordinary Shares which are purchased by the Company may be held as treasury shares provided that the aggregate nominal value of Ordinary Shares held as treasury stock must not exceed 10 per cent. of the nominal value of the issued Ordinary Shares at any time. Ordinary Shares purchased by the Company in excess of this limit will be cancelled.

Further share issues

The Company's authorised share capital is such that further issues of Ordinary Shares can be made. There are no pre-emption rights for existing Shareholders on any such further issue. Subject to market conditions then prevailing and to all necessary consents and approvals being obtained, the Board may decide to make one or more further issues of Ordinary Shares for cash from time to time.

Conflicts of interest

The Manager and the Investment Adviser provide investment management, advisory and other services to the South China Sniper Fund Limited. This fund, the equity of which is fully invested, closed on 1 July 2005 and is no longer raising equity capital to finance investment opportunities but it may, in the future, utilise bank borrowings for the purposes of redevelopment and refurbishment.

Except insofar as it relates to the utilisation of bank borrowings for the purposes of re-development and refurbishment in respect of SCSF, the Advisers have contractually agreed with the Company that, until the Company is at least 90 per cent. invested or committed to investment, they will not, without the Company's prior consent, undertake any property acquisition and/or development activities in respect of property assets in any jurisdiction which falls within the investment objective and/or policy of the Company without offering the Company a right of first refusal in respect of the same. However, it is possible that once the Company is so invested, conflicts of interest may arise as a result of the Advisers or the directors of the Advisers acting for other companies or funds.

The activities of the Manager in its capacity as the Company's investment manager are subject to the overall discretion and review of the Board.

Any direct or indirect dealings between the Company and any of the Manager, the Investment Adviser, the Principals or their associates will be on arms' length terms only and approved by the Board.

Thomas Ashworth is a director of the Company and a director and shareholder of the Manager and the Investment Adviser.

PART III

MARKET BACKGROUND

Certain information from this section has been sourced from third parties. The Company believes that this information has been accurately reproduced and, as far as the Company is aware, and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Introduction

The Directors and the Advisers believe that the development of the gaming, tourism and conference industry in Macau (currently the only legal gaming centre in China) and the strong economic growth experienced in Macau, the Western Pearl River Delta region and greater China generally, together with the financial and structural reforms which have underpinned these factors, provide an attractive environment in which to undertake property investment.

The opportunity

The Advisers believe this is an advantageous time to launch a fund targeted primarily at Macau for a number of reasons:

- Macau is experiencing increasing demand for quality properties due to limited availability and scarcity of land;
- local incomes, tourist arrivals and the population have all increased in recent years and are exerting pressure to increase the quality and quantity of the property stock;
- foreign direct investment commitments are currently estimated at US\$30 billion, the majority of which has not yet been spent. This investment, allied with increased tourist numbers, a booming gaming industry, new transport infrastructure and new leisure facilities all provide a powerful growth dynamic to the property market;
- a hotel and casino construction boom commenced in Macau in 2003 with the issue of three new gaming licences. Wynn, Hilton, MGM Mirage, PBL, Four Seasons and Sands are among the international hotel and gaming groups building new facilities in Macau. More than ten new casinos commenced construction in the past two years of which four have opened and the remainder are expected to be completed by the end of the decade;
- increased awareness of Macau caused by the opening of new gaming, hotel and leisure facilities, should increase interest and demand from both domestic and foreign investors in the property market;
- the easing of restrictions relating to the issue of travel permits means it is now easier for mainland China residents to travel to Macau. In addition, subject to the satisfaction of certain other requirements (including the value of the property), investors in Macau property who hold their investment for at least seven years can now apply for permanent residency;
- the development of new casinos should increase the number of jobs available in Macau, and a significant number of the new workforce may be westerners who are accustomed to modern living spaces and retail and leisure facilities which are currently in short supply;
- Macau's GDP has grown in recent years with GDP per person the fourth highest in Asia, behind Hong Kong, Singapore and Japan;
- the relative immaturity and early stage characteristics of the Macau property market provide an excellent opportunity for real estate investment and the active management of assets to increase their value and yield;

- despite the large developments taking place in Macau, there is a shortage of smaller developments. Such developments are popular among the local and expatriate market and the tourist industry in general;
- for many decades, Macau has lagged behind nearby Hong Kong in terms of property values, incomes, the number of tourist visitors, transport connections and investor attention. The Advisers believe this differential should narrow in the next five years;
- Macau should offer a leveraged and relatively secure playing field for investors looking to access the China growth story. Macau enjoys similar growth dynamics to China and the new gaming and tourist facilities should attract China's emerging middle class. In addition, Macau benefits from a developed legal and regulatory environment which is based on Portuguese law; and
- the neighbouring mainland area of Zhuhai is rapidly developing as a tourist and vacation centre for Hong Kong residents and mainland Chinese residents. The Advisers believes that, similar to Macau, there will be investment opportunities for smaller scale and complementary property developments as the large scale developments are completed and transport between Hong Kong and Macau/Zhuhai becomes easier.

MACAU

Background

Macau is a Special Administrative Region of the PRC. It comprises some 27.5 square kilometres and consists of the Macau Peninsula, Taipa Island and Coloane Island. Three bridges link the Macau Peninsula with these islands. The area between Taipa Island and Coloane Island has been recently reclaimed and is now known as the Cotai Strip (where a number of the new casino developments are taking place). At the end of 2005, Macau's resident population was approximately 488,000.

History and political structure

Macau reverted to Chinese rule in 1999 having been a Portuguese territory since 1557. Similar to Britain's Joint Declaration in 1984 to return Hong Kong to the PRC, China and Portugal agreed under the Sino-Portuguese Pact in 1987 to return Macau to China on 20 December 1999. Under China's "one country, two systems" policy, Macau, as a SAR of China until 2049, retains a high degree of autonomy in economic matters.

The current Chief Executive Officer of the SAR, Edmund Ho, was appointed at the time of handover in 1999. Since assuming office, he has, amongst other measures, lifted the gaming monopoly of Sociedade de Turismo e Diversões de Macau, overseen a crackdown on gang and criminal activity and has won approval from Beijing for his stewardship of Macau. Edmund Ho leads a government and administration that is generally regarded as being pro-business and development.

The Portuguese heritage and role as a trading centre gives Macau an appearance and culture unlike much of Asia, with European style architecture, including well preserved and protected churches, facades and colonial-style buildings, still evident throughout the territory. While Chinese and Portuguese are the official languages, English is common and widely used in business.

Economic overview

	2002	2003	2004	2005
GDP Growth	10.1%	14.2%	28.3%	6.7%
Unemployment	6.3%	6.0%	4.8%	4.1%
Population Growth	1.13%	1.55%	3.75%	4.80%
Visitor Arrivals	11.5m	11.9m	16.7m	18.7m

Source: Direcção dos Serviços de Estatística e Censos

Macau's average annual GDP growth has been in excess of 10 per cent. per annum since 2002 and in 2005, Macau's GDP was US\$24,300 per capita making it the fourth highest in Asia behind Hong Kong, Singapore and Japan. Expansion of the gaming industry and relaxation of entry requirements have had a significant effect on population growth levels in recent years. In 2005, the population growth rate was 4.8 per cent.

Both local employment levels and personal disposable income levels have grown rapidly. At the end of 2005, there were approximately 26,000 paid employees working in the Macau gaming industry, an increase of 22.8 per cent. compared with the end of 2004. In December 2005 average earnings for full-time paid employees were 5 per cent. higher than December 2004 and overall, income grew by 10 per cent. in 2005 over the previous year.

Gambling industry

Macau has a long tradition as a gaming centre, with the legalisation of gambling occurring in the mid-eighteenth century. The gaming industry is the largest industry in Macau and one of the key drivers of the local economy. Macau remains the only place in China where gambling is legal, and is already the largest gaming centre in Asia. In 2005, total receipts from all gaming activities were US\$5.6 billion. In February 2006, gaming receipts amounted to US\$548 million, being over 25 per cent. higher than the equivalent month in 2005.

The Advisers believe that Macau's recent development and strong economic performance have largely been driven by the decision of the Macau Government in 2001 to issue tenders for three casino licences. From 1962 to 2002, the sole concession to own and operate gaming halls and hotel casinos was held by STDM.

The decision to end the monopoly stimulated new foreign direct investment to construct new casinos, hotels and associated facilities. As at March 2006, US\$20 billion had been committed by major international and local casino operators and hotel groups, with the majority of new developments (taking place primarily on the Cotai Strip and on the eastern side of the Macau Peninsula) still under construction.

In March 2006, major casino and hotel related developments included the following:

- having already opened the Sands Macau in 2004, Sands is currently constructing the Venetian casino which is expected to be the largest development on the Cotai Strip;
- Galaxy Waldo opened its first stage of development in 2004 and another development in March 2006 on the Macau Peninsula. Galaxy is also building a casino on the Cotai Strip;
- The Wynn Resorts is scheduled to open a casino estimated to cost US\$1.1 billion to build in September 2006 on the Macau Peninsula. Earlier this year, Wynn applied to the Macau Government to develop a 22 hectare site on the eastern side of the Cotai Strip comprising four hotels and three casinos;
- STDM has refurbished the Lisboa Casino and is due to open another major casino in Macau;
- Publishing and Broadcasting Ltd and a local operator, Melco International, are constructing two casinos - the City of Dreams estimated to cost US\$1 billion to build, which includes a 2,000 bedroom hotel and extensive leisure facilities and the Crown Macau. Both are scheduled to complete in 2008;
- Hilton Hotels Corp announced plans to build hotels under its Hilton and Conrad brands on the Cotai Strip. Hilton plans to operate a 1,200 bedroom Hilton Hotel, a 300-room Conrad Hotel and 300,000 square feet of Conrad-branded vacation suites in the resort complex; and
- The Four Seasons, Shangri-La, Traders, Intercontinental, Sheraton, Holiday Inn and Starwood have already committed to open hotel and casino developments on the Cotai Strip. Macau's current capacity of approximately 11,000 hotel rooms is forecast to more than double within the next five years to meet the expected continuing growth in the tourism industry in Macau which is already underway, with completion of many of the new projects expected by the end of 2008.

Tourism and Leisure

Macau is already a major holiday destination for China's domestic tourists and has attracted an increasing number of Western tourists. Tourist arrival numbers, in aggregate, are up 100 per cent. since 2000 with approximately 18.7 million visitors in 2005. It is estimated that there will be 30 million visitors a year to Macau by 2010.

With the major casino related developments referred to above, the Advisers believe that Macau should become the "gambling destination of choice" for mainland Chinese and Asians. Macau will possess a significant combination of gaming, resorts, leisure, exhibition and convention facilities together with a range of tourist attractions. A new golf course is being constructed on the Cotai strip and at least three new golf courses and extensive resort and hotel facilities are being planned for Zhuhai on the neighbouring Hengqin Island. Macau hosts annual motor races for the Formula Three car circuit, motorcycles, karts and touring cars. It also has a sports dome, horse-racing track and football stadium.

The opening of Hong Kong Disneyland in 2005 (which is proving popular as a destination amongst mainland Chinese visitors) is helping to attract visitors to the Western Pearl River Delta region.

The Venetian convention centre currently being constructed on the Cotai strip is expected to have more than a million square feet of convention space. The convention and exhibition industry in Asia is still relatively undeveloped by Western standards and the Advisers believe that, when the new facilities open (which is expected to be later this decade), Macau should be well placed to establish itself as a major conference and exhibition centre.

Transport links and infrastructure

Approximately 4.25 million passengers passed through Macau airport in 2005. The airport is emerging as a base for discount airlines in Asia with Air Macau, Air Asia, Tiger Airlines and Viva Macau all commencing or enlarging their existing Macau operations in 2005. New facilities for private and business jets have recently been opened and there are currently discussions taking place with several carriers in relation to providing a direct service to and from Europe, as well as increasing the number of destinations and frequency of service to Asian destinations, particularly into mainland China.

Passengers may now travel directly from Hong Kong airport to Macau airport via a high speed ferry. There are also regular ferry services from Hong Kong, Zhuhai and Shenzhen, with over 100 scheduled services a day between Hong Kong and Macau alone. A helicopter service operates between Macau and Hong Kong.

In light of the growing tourist market, the Macau Government is considering the construction of a light railway service between the Macau Peninsula and Taipa Island.

In 2003, the Chinese Government's State Council gave approval for the governments of the Hong Kong SAR, Guangdong Province and the Macau SAR to proceed with the preparatory work for the Hong Kong, Zhuhai, Macau Bridge, reporting with a framework and design for construction in 2005. The proposed 18 mile bridge should greatly reduce and ease travelling between Macau and Hong Kong and should increase the practicalities of linking the two SARs. Construction work is due to begin in 2006 and completion is currently scheduled for 2012.

The Macau property market

In accordance with Macau property market practice, investments in property and returns are primarily made in HK dollars. The HK dollar is currently pegged to the US dollar through a currency board system.

The Macau property market is still immature by Western standards. Major international property agencies and consultancies have only recently begun to establish a presence in Macau.

The Advisers believe that the key drivers behind the Macau property opportunity are:

- a positive macro and micro-economic outlook;
- relative scarcity of land;
- the limited quality and quantity of the property stock due to historical underdevelopment;
- obsolescence of existing properties as new projects complete;
- recent rises in disposable incomes and employment;
- an increased expatriate population;
- investors being attracted by the “Asian Las Vegas” theme;
- relative transparency of land ownership and security of title;
- a reasonably well developed banking and finance system;
- an active secondary residential market;
- access by property investors to investment residency status (subject to certain conditions); and
- an established leasing market.

Residential

The Advisers consider that the residential sector dominates property sales in the Macau real estate market. The Advisers believe that domestic homebuyers have been increasingly seeking to upgrade into larger and newer units as a result of the rise in disposable incomes and economic growth. The Advisers believe that the low levels of new construction and refurbishment since the mid-1990s has led to a supply bottleneck, with developers now struggling to meet a stronger than anticipated demand. The price of residential properties rose significantly in 2003 and 2004 before stabilising in 2005.

Retail and Leisure

The commercial retail and leisure markets are smaller than the residential property market, but are rapidly growing and increasingly important market segments. The last 12 months have seen a significant increase in rental yields and demand for quality space.

For an economy heavily reliant on tourism, commercial retail property is currently underdeveloped, with only one large department store and no climate controlled retail complexes. While the new casino developments will incorporate retail space, there is still likely to be a significant shortfall of retail property outside the casino complexes.

With more facilities and improved air access, the Advisers believe that Macau is set to attract more visitors from other Asian centres such as Taiwan, Japan and Thailand. These visitors may have a longer average stay than mainland visitors and as such, may be more likely to frequent shops and leisure destinations thereby increasing demand for well-targeted retail services.

Macau compared to other Asian property markets

The price of property in Macau remains at a substantial discount to prices in certain other parts of Asia. The Advisers believe this differential is likely to narrow as the Macau economy continues to grow, transport links are improved and the effects of new mega-casino complexes are felt.

Set out below is a table of certain Asian markets average real estate comparisons.

	<i>Office</i>		<i>Retail</i>		<i>High End Residential</i>	
	<i>Capital Value</i> (US\$ sqf)	<i>Yield (%)</i>	<i>Capital Value</i> (US\$ sqf)	<i>Yield (%)</i>	<i>Capital Value</i> (US\$ sqf)	<i>Yield (%)</i>
Hong Kong	1,231	4.8	13,969	5.0	1,649	3.4
Shanghai	332	8.0	N/A	N/A	248	6.9
Tokyo	1,395	5.1	N/A	N/A	473	4
Singapore	633	4.3	1,617	5.5	443	3.2
Macau	123	8.0	1,016	5.3	338	6

Source: Jones Lang LaSalle, DSEC, Colliers Halifax

Overview of Macau real estate law and practice

Legal system

Macau's legal system is founded on the Portuguese civil law system. Foreign firms and individuals are free to establish companies, branches and representative offices without discrimination or undue regulation in Macau. There are no restrictions on the ownership of such entities. Company directors are not required to be residents of Macau.

Security of title and regulatory environment

Title to real property is formally registered with a centralised government database that is readily accessible to the general public. Land is divided into several types: freehold land, leasehold land, temporary use land, government land and so-called "traditional" land.

Freehold land

Owners of freehold land are permitted to construct buildings without payment of land premiums.

Leasehold land

Leasehold land is subdivided according to the term of lease: permanent leasehold and leasehold of specified durations, usually 25, 35, 50 or 75 years. Permanent lessees of leasehold land must follow the terms of the government lease in the construction, management and occupation of properties on that land and must pay an annual land tax. Leaseholds of specified durations are automatically renewed upon expiry for an additional term of 10 years.

Temporary use land

Temporary use land is very restrictive: the user is permitted to utilise the land for a specified purpose for one year only, and no permanent structures can be constructed on that land.

Government land

Government land comprises of parks and other facilities intended for public use, and it also includes land under reclamation, land without any known registered rights ("unclaimed land") and all land assigned for future development under leasehold but not yet leased out.

Traditional land

The term "traditional land" describes sites whose ownership was granted prior to the colonisation of Taipa and Coloane in the mid 1800s. The Macau Government does not currently confer any legal rights to owners of traditional land.

WESTERN PEARL RIVER DELTA REGION – ZHUHAI

Macau is bordered by the District of Zhuhai, part of the Western Pearl River Delta region. Zhuhai was designated as a Special Economic Zone of China in 1980 and as such provides incentives for foreign investment such as lower tax rates and a fast track regulatory approval process.

For the last two decades the Pearl River Delta Economic Zone has been the most rapidly growing region of China. Despite having only approximately 3.2 per cent. of China's population, it accounted for 9.9 per cent. of GDP and 30.7 per cent. of exports in 2004.

Like many other cities in the Western Pearl River Delta region, Zhuhai is experiencing GDP growth. In 2004, real GDP growth was 13.8 per cent., while GDP per capita was US\$5,056. While this growth has not matched other cities in the Western Pearl River Delta region such as Shenzhen and Dongguan, Zhuhai has attracted a range of manufacturers and light industry, and is achieving impressive economic growth and development particularly as new infrastructure projects are planned.

With its own airport, a coastline location and natural and historic attractions, Zhuhai is a popular domestic tourist attraction. Within Zhuhai, Hengqin Island, connected to Macau by the Lotus Bridge border crossing, is one of four designated key economic development zones in Guangdong Province. Totalling 96 square kilometres, the zone concentrates on tourism and light industry. Plans are now being drawn up for Hengqin Island to be developed as a significant tourism and leisure centre. In October 2005, the Sands Corporation announced that it had been selected by the Zhuhai Municipal Government of the PRC to proceed with master planning the development of a convention and lifestyle resort complex on Hengqin Island. This will be located less than one mile away from the Cotai Strip and will be a significant and complementary addition to the gaming facilities at the Cotai developments.

The Advisers expect that the new casino developments in Macau will employ significant numbers of Zhuhai residents, who are likely to commute to and from Macau on a daily basis. In addition, many of the domestic tourists visiting Macau arrive by road or rail having travelled through Zhuhai and the other parts of the Western Pearl River Delta region.

The Advisers believe there are opportunities to achieve attractive returns by investing in properties in Zhuhai and the surrounding area, which are expected to benefit from the economic growth in Macau as well as the growing number of visitors, both Asian and international, who may also visit the area for leisure and recreation facilities.

PART IV
MANAGEMENT, ADVICE AND ADMINISTRATION

Board of Directors

The Board consists of five non-executive directors, as follows:

David Hinde (aged 67) (*Chairman*)

David Hinde qualified and practised as a solicitor for five years before moving into investment banking. Much of his career has been connected with the Far East. From 1977 to 1982, he worked in Hong Kong for Wardley Limited, part of the HSBC Group, and then returned to London for twelve years to run the international corporate finance arm of Samuel Montagu & Co. Limited, which was also part of the HSBC Group. From 1994 to 2004, he was a director of Dah Sing Financial Holdings Limited, the Hong Kong based banking and financial services group and is currently a director of Dah Sing Banking Group Ltd. He is currently Chairman of Invesco Asia Trust plc. David Hinde is a U.K. resident.

Alan Clifton (aged 59)

Alan Clifton was previously the managing director of Morley Fund Management, the asset management arm of Aviva plc, the UK's largest insurance group. He is currently chairman of JPMorgan Fleming Japanese Smaller Companies Trust plc, Principle Capital Investment Trust plc and of Schroder UK Growth Fund plc and a director of several other investment companies. He also serves as a Member of The Lord Chancellor's Strategic Investment Board. Alan Clifton is a U.K. resident.

Richard Barnes (aged 43)

Richard Barnes has over 20 years' experience in the commercial property sector and is a Member of the Royal Institution of Chartered Surveyors (RICS). He has worked at Hillier Parker (CB Richard Ellis), Vigers (GVA Grimley) and Bernard Thorpe (DTZ) and is now a principal of BDP Barnes Daniels and Partners specialising in Channel Island commercial property consultancy. He is Past President of the Jersey Group of the RICS and holds a number of directorships of listed property companies and other non-executive positions. Richard Barnes is a Jersey resident.

Tim Henderson (aged 65)

Tim Henderson joined The Hong Kong and Shanghai Banking Corporation Limited in 1958. Between 1964 and 1993 he held various executive positions in Hong Kong, Japan, Sri Lanka and Brunei, becoming the Area Manager in Brunei in 1990. In 1993, when the HSBC Head Office relocated to London, he was appointed Senior Manager, HR Planning and Policy at HSBC Holdings plc. He returned to Guernsey in 1994 to become Chief Executive of Leopold Joseph (Channel Islands) Limited, where he had overall responsibility for investment management, trust and banking services. In 1998, he was appointed Business Manager of the James Capel operation in Guernsey (subsequently HSBC Investment Management (International) Limited), from which position he retired at the end of 2000. He has a Personal Fiduciary Licence issued by the Guernsey Financial Services Commission and at present holds a number of non-executive directorships in the financial sector. He is also a Fellow of the Institute of Directors. Tim Henderson is a Guernsey resident.

Thomas Ashworth (aged 40)

Please see the section headed "Key individuals" under "Manager" below for more details.

Corporate governance

As a Guernsey registered company, the Company is not required to comply with the Combined Code. However, the Directors recognise the value of sound corporate governance and will take appropriate measures to ensure that the Company complies, as soon as practicable and to the extent appropriate given the Company's size and nature of business, with the Combined Code and the Quoted Companies Alliance Corporate Governance Guidelines for AIM Companies.

In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company, designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded. The Board will establish an audit committee, which will have formally delegated duties and responsibilities. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

The Board will review the level of fees paid to the Directors.

Manager

Sniper Capital Limited, a private limited company incorporated under the laws of the British Virgin Islands on 1 December 2004 and which is wholly owned by the Principals, has been engaged by the Company to act as manager to assist in the management of the Company's investments pursuant to the Management Agreement (details of which are set out in paragraph 7.1 in Part VII of this document).

The principal activity of the Manager is to formulate investment proposals and provide associated investment management services.

The Principals, Thomas Ashworth and Martin Tacon, have a combined 25 years experience of doing business in Asia, including identifying market opportunities, starting up new businesses and delivering value for shareholders and owners.

Key individuals

Martin Tacon (aged 42), director of the Manager, is an experienced real estate professional, having been actively involved in transaction driven real estate investment and finance for 21 years, 19 of which have been in Asia. He has operated in many Asian markets, and for the last three years has focused on Macau and the surrounding area.

During his career he has gained extensive experience with real estate funds, investment advisers, property developers and professional debt and equity investors and maintains a wide range of contacts and relationships throughout the Asian property industry.

He has hands-on experience in the real estate sector including feasibility analysis, concept design, development and construction, leasing, disposal as well as real estate related corporate finance.

He has an established record of identifying and capitalising on new real estate and other investment opportunities in Asia. He helped to build a pipeline in Asian real estate structured transactions for Zurich Re group and as an investment banker at Credit Suisse First Boston ("CSFB") was responsible for coverage of the real estate sector. He also helped to build a Pan-Asian equity research business. Prior to CSFB he was an Asian property sector analyst for HSBC Securities (then James Capel & Co), and prior to this he was involved in the establishment of a real estate consultancy business in Indonesia for Hong Kong based Vigers International.

He has raised capital for private real estate investment vehicles in Asia and helped raise capital for the hedge fund, Lynx Arbitrage, which he co-founded in 2002 and where he is a non-executive director. In addition to his work in Asia, he has been a director of a private UK investment property company, Melbobby Limited, for the past 15 years.

As a director of the Manager he is primarily responsible for evaluating and executing appropriate portfolio acquisitions and overseeing the development, positioning and management of the Company's assets.

He is a Professional Member of the Royal Institution of Chartered Surveyors, has an MA (Hons) Economics from the University of Edinburgh, Scotland, and an M.Phil (Hons) Land Management from the University of Reading, England.

He is a British national and a permanent resident of Hong Kong.

Thomas Ashworth (aged 40), director of the Manager, has 19 years experience in international financial markets and investment management, 11 of which have been in Asia, as well as being an experienced private property investor in the United Kingdom and Asia.

Thomas Ashworth spent 10 years at HSBC Securities (formerly James Capel & Co), specialising in equity derivative products. He headed up UK Derivatives department for three years in London before moving out to Asia to establish an Asian equity derivatives department for the Group. He later joined Morgan Stanley in Hong Kong to develop their equity derivative business.

In 2000 he left Morgan Stanley to co-found EGS, a new brokerage business focused on serving global hedge funds. At EGS, he managed the Asia Pacific operations before it was taken over by Kim Eng Securities in 2003. He is a director of a pan-asia hedge fund, Brooke Capital Limited.

He formed the Manager and the Investment Adviser with Martin Tacon in 2004 and 2005 respectively to provide tailored vehicles for Macau property investment and real estate management ventures. At the Manager he is primarily responsible for sourcing and evaluating portfolio acquisitions, structuring financing and capital raising, operations, compliance and investor liaison.

In the last three years he has established an extensive local network in Macau where he has undertaken several property-related ventures, involving widespread contact with property professionals, Government departments and Macau-based financial institutions and professionals.

He is a British national and a permanent resident of Hong Kong and Macau.

The South China Sniper Fund (“SCSF”)

The Manager also manages the SCSF, a Cayman Islands company. This is a private fund that closed on 1 July 2005.

The investment objective of SCSF is to deliver superior returns to shareholders through the opportunistic acquisition, development and disposal of property in Macau.

The portfolio of properties owned by the SCSF is concentrated on the village of Taipa on Taipa Island. This village is located close to the Cotai Strip where major casinos are now being constructed. The international airport, a university, football stadium, horse racetrack are also located on Taipa Island. The village of Taipa generally consists of older style architecture in a layout similar to a small Mediterranean village and the Macau Government has indicated it would like to see the village developed and upgraded to provide an attractive tourist location, while still retaining its traditional ambience.

The equity of SCSF is currently fully invested in a portfolio of ten properties which have a maximum gross development area of c.28,000 square feet. Government approval for planned redevelopment has already been received on three sites and the approval process for the other sites is progressing.

As at 28 February 2006, SCSF had gross property assets under management of c.US\$9m. Based on an independent third party valuation of SCSF’s property assets on an open market basis as at 28 February 2006, SCSF showed an annualised return (after management and accrued performance fee) in excess of 50 per cent.

Fees and expenses

Management fee

The Manager will receive an annual management fee of 2 per cent. of the Net Asset Value as adjusted to reflect the Property Investment Valuation Basis (which is based upon prevailing RICS property valuation practice and guidelines for investment and development properties), payable quarterly in advance.

Performance fee

In addition, the Manager will be entitled to a performance fee in certain circumstances. This fee is payable by reference to the increase in Adjusted NAV per Ordinary Share over the course of each calculation period. The first calculation period begins on Admission and ends on 30 June 2007; each subsequent performance period is a period of one financial year.

Payment of the performance fee is subject to:

- (i) the achievement of a performance hurdle condition: Adjusted NAV per Ordinary Share at the end of the relevant performance period must exceed an amount equal to the US dollar equivalent of the Placing Price increased at a rate of 10 per cent. per annum on a compounding basis up to the end of the relevant performance period (the “**Basic Performance Hurdle**”); and
- (ii) the achievement of a 'high watermark': Adjusted NAV per Ordinary Share at the end of the relevant performance period must be higher than the highest previously reported Adjusted NAV per Ordinary Share at the end of a performance period in relation to which a performance fee, if any, was last earned.

If the Basic Performance Hurdle is met, and the high watermark exceeded, the performance fee will be an amount equal to 20 per cent. of the excess of the Adjusted NAV per Ordinary Share at the end of the relevant performance period over the higher of (i) the Basic Performance Hurdle; (ii) the Adjusted NAV per Ordinary Share at the start of the relevant performance period; and (iii) the high watermark (in each case on a per share basis), multiplied by the time weighted average of the number of Ordinary Shares in issue in the performance period (or since Admission in the first performance period) (together, if applicable, with an amount equal to the VAT thereon).

In addition, the Manager will become entitled to a super performance fee in respect of a performance period if a further additional criterion is met, being the achievement of a super performance hurdle condition: Adjusted NAV per Ordinary Share at the end of the relevant performance period must exceed an amount equal to the US dollar equivalent of the Placing Price increased at a rate of 25 per cent. per annum on a compounding basis up to the end of the relevant performance period (the “**Super Performance Hurdle**”).

If the Super Performance Hurdle is met and the high watermark exceeded, the super performance fee will be an amount equal to a further 15 per cent. of the excess of the Adjusted NAV per Ordinary Share at the end of the relevant performance period over the higher of (i) the Super Performance Hurdle; (ii) the Adjusted NAV per Ordinary Share at the start of the relevant performance period; and (iii) the high watermark (in each case on a per share basis), multiplied by the time weighted average of the number of Ordinary Shares in issue in the performance period (or since Admission in the first performance period) (together, if applicable, with an amount equal to the VAT thereon).

Adjusted NAV per Ordinary Share includes adjustments, inter alia, to reflect the Property Investment Valuation Basis.

In the event that there is a further issue of Ordinary Shares, a redemption of Ordinary Shares or other capital reorganisation of the Company, the calculation of the performance fee may be appropriately adjusted as advised by an independent firm of accountants. The Board will be entitled to seek an independent valuation of its investments for the purposes of determining performance fees due.

The Manager will be responsible for the payment of all fees to the Investment Adviser.

Investment Adviser

Sniper Capital Management Limited, a private limited company incorporated in Macau on 25 July 2005, and which is wholly owned by the Principals, has been engaged by the Manager and the Company to act as Investment Adviser pursuant to the Investment Advisory Agreement (details of which are set out in paragraph 7.2 of Part VII of this document).

The executive directors of the Investment Adviser are Martin Tacon and Thomas Ashworth. In addition, the Investment Adviser's senior personnel and advisers comprise experienced property investors and Asian and Macanese property professionals. All have good local connections and extensive experience of the Asian Property market which should enable the Investment Adviser to identify opportunities early and deliver efficient execution.

Key individuals

Martin Tacon – please see the section headed “Key Individuals” under “Manager” above for more details.

Thomas Ashworth – please see the section headed “Key Individuals” under “Manager” above for more details.

Joao Carlos de Jesus Alfonso, (aged 37), is an associate director of the Investment Adviser where he is primarily responsible for sourcing appropriate portfolio acquisitions, liaising with government departments and assisting in the development, positioning and management of property assets.

He started his professional career in 1988 with the Macau Government where he spent eight years working in a range of administrative departments. This period allowed him to develop an extensive network of government contacts.

In 1994 he established the MIRR Real Estate Company in Macau. He has been actively involved in a wide range of local residential and commercial property development projects in the last decade and has a good knowledge of local market conditions and influences. He has worked with the directors of the Manager on Macau real estate related activities for the past two years.

He is a permanent resident of Macau and fluent in English, Portuguese, Cantonese and Mandarin.

Ken Lei, (aged 40), is an adviser to the Investment Adviser and is responsible for the construction, refurbishment, development and upgrading of several properties under management. He has worked with the directors of the Manager since 2004, assisting in the sourcing of appropriate acquisition opportunities as well as ensuring the efficient and timely execution of development projects.

Ken Lei is an independent Macau based construction management professional who has 17 years of experience in Macau, China, Hong Kong, Japan and Taiwan, including 13 years with the Japanese regional construction company and property developer, Kumagai Gumi. He has 12 years construction and project management experience in Hong Kong and Macau.

He has worked on several property developments in Macau including the construction of the Sands Macau Casino, Wynn Macau Resort and other smaller developments.

He has construction and project management qualifications from Hong Kong and Japan and is a Macau registered engineer. He is a Chinese national and permanent resident of Macau and is fluent in English, Japanese, Cantonese and Mandarin.

Role of the Investment Adviser

The Investment Adviser's activities will include, inter alia, the following:

- sourcing, research, investigation, evaluation and presentation to the Manager of potential investment opportunities;
- assisting with negotiations in respect of and structuring Property Investments;
- implementing, under the supervision of the Manager, investment decisions made by the Board; and
- monitoring the Company's investments during the life of the Company.

Conflicts management

For details relating to management of conflicts of interest please refer to the heading “Conflicts of interest” in Part II of this document.

Valuations

The Property Portfolio will be valued semi-annually by an internationally recognised property appraiser appointed by the Company from time to time. It is expected that Savills Valuation and Professional Services Limited or a similar valuer will be appointed as the independent valuer for this purpose, shortly after Admission.

Property Investments will be valued by the independent valuer on an open market basis in accordance with prevailing RICS property valuation practice and guidelines for investment and development properties (the Property Investment Valuation Basis).

Net Asset Valuations

The Net Asset Value of the Ordinary Shares will be calculated half yearly based on the half yearly valuation and calculated on the basis of IFRS. This valuation or any suspension thereof will be announced to the London Stock Exchange through a Regulatory Information Service.

The Manager may also, at its discretion, arrange for additional valuations from time to time if market conditions warrant it.

Financial information and reports

The first accounting period of the Company will run until 30 June 2007 and, thereafter, accounting periods will end on 30 June in each year. It is expected that the audited annual accounts will be sent to Shareholders within five months of the year end to which they relate. Unaudited half yearly reports, made up to 31 December, are expected to be announced in the following March. The first unaudited half yearly report will cover the period from incorporation to 31 December 2006. The Company will report its results of operation and financial position in US dollars.

The audited annual accounts and half yearly reports will also be available at the registered office of the Administrator and the Company.

The Company intends to adopt International Financial Reporting Standards.

Administration and Secretarial

The Administrator is Heritage International Fund Managers Limited, a limited company incorporated in Guernsey on 15 February 2006. The Administrator is licensed and regulated by the GFSC. The Administrator has its registered office at Polygon Hall, PO Box 225, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY; company number 44336.

The Administrator has been appointed to provide administration and secretarial services to the Company, including the determination and calculation of the Net Asset Value per Ordinary Share, as set out in the Administration Agreement. For these services the Administrator will be paid an annual fee of 0.1 per cent. of the Net Asset Value (subject to a minimum of £75,000 per annum). The Administration Agreement is terminable by either party giving not less than 90 days' notice.

Further details of the Administration Agreement are set out in paragraph 7.3 of Part VII of this document.

Banking and safekeeping arrangements

Royal Bank of Scotland International (“RBSI”) has been appointed as the Company’s banker and safekeeping agent for any assets of the Company or documents of title to be held in Guernsey. Title to real property in Macau is formally registered with a centralised government database which can be

accessed by the general public. RBSI will hold certified copies of the entries on such database pursuant to a safekeeping arrangement with the Administrator which will cost approximately £100 per annum.

Cash will be managed under a cash management policy and invested either on agency deposit in the Company's name or held through a highly rated cash fund. It is anticipated that any shares and documents of title in relation to Macanese property will be pledged to, and therefore held by, the local lending institutions.

Shares in any property holding companies will be held in uncertificated form. Such holdings will be monitored by the Administrator using the same system as that for the Company.

Registrar

The Company has appointed Capita IRG (CI) Limited to provide registrars' services in respect of the Company. For these services the Registrar will receive an aggregate initial minimum fee of £4,750 per annum. The Registrar Agreement is terminable by either party giving not less than 3 months' notice save that the Company may not give notice to terminate the agreement prior to the date which is three months after the first anniversary of the date of the agreement.

Further details of this agreement between the Company and the Registrar are set out in paragraph 7.4 of Part VII of this document.

Other on-going operating costs

The Company will bear its on-going operational expenses. These expenses include, but are not limited to:

- direct costs of investing and realising the assets of the Company, including dealing costs, any property tax stamp duty (or similar taxes) and registration fees;
- professionals' costs associated with investing and realising the assets of the Company, including the fees and expenses of surveyors, valuers, sales agents, consultants, tax advisers, brokers, lawyers and accountants (including introductory fees payable to any sales agents and corporate finance fees);
- the management fee and the performance fee payable to the Manager under the Management Agreement;
- fees and expenses of specialist property advisers, including letting agents and architects;
- legal and professional expenses which the Manager incurs whether in litigation on behalf of the Company or in connection with the ongoing administration of the Company or otherwise;
- the cost of borrowings incurred for the Company (including up front arrangement fees payable to lenders in return for providing loan facilities and interest payable in respect of the borrowings);
- Directors' fees and expenses;
- audit costs;
- taxes and duties imposed by any fiscal authority and any other governmental fees;
- costs of valuing and pricing assets and of publishing share prices and other notices in the financial press;
- expenses of publishing reports, notices and proxy materials to Shareholders;
- expenses of convening and holding meetings of Shareholders;
- costs of preparing, printing and/or filing all reports and other documents relating to the Company including placement memoranda, explanatory memoranda, marketing documents, annual, semi-annual and extraordinary reports required to be lodged with all authorities having jurisdiction over the Company;
- expenses of making any capital distributions;
- insurance premiums (including insurance for members of the Board); and
- listing fees and expenses.

PART V

PLACING, ADMISSION AND RELATED MATTERS

The Placing and use of proceeds

Collins Stewart has undertaken to use its reasonable endeavours as agent for the Company, to place with investors up to 105,000,000 Ordinary Shares, at the Placing Price.

The Placing, which is not being underwritten, is conditional upon the admission of the Ordinary Shares to trading on AIM by 5 June 2006, or such later time as Collins Stewart and the Company may agree, but in any event not later than 19 June 2006.

The Placing of the Ordinary Shares on behalf of the Company is intended to raise approximately £105.0 million before expenses. Assuming the Placing is fully subscribed, the expenses of Admission and the Placing payable by the Company are estimated to be approximately £4.1 million and the net proceeds of the Placing are estimated to be approximately £100.9 million.

The Company intends to use the net proceeds of the Placing of the Placing Shares to provide working capital for the operations of the Company and to invest in property opportunities primarily in Macau but also potentially in the Western Pearl River Delta region and, in exceptional circumstances, greater China. It is expected that a significant proportion of the net proceeds of the Placing will be converted into either Hong Kong dollars or US dollars shortly after Admission.

Based on current market conditions and in the absence of any unforeseen circumstances, the Manager believes the Company will be fully invested within 18 months following Admission. Pending investment, the net proceeds may be held on deposit or invested in money market funds or near cash investments.

Proceeds of the Placing should be received by Collins Stewart on or before 5 June 2006. CREST accounts will be credited on the date of Admission and it is anticipated that certificates (if any) in respect of the Placing Shares will be despatched within 10 business days of such date, in the week commencing 19 June 2006. Pending receipt by Shareholders of definitive share certificates, the Registrar will certify any instruments of transfer against the register.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles of the Company permit the holding of Ordinary Shares under the CREST system. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 5 June 2006. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Risk factors

Certain risk factors in relation to the Company and its business are brought to your attention in Part I of this document.

Taxation

Information regarding Guernsey, UK and Macau taxation with regard to potential Shareholders is set out in Part VI of this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

Further information

Your attention is drawn to the additional information set out in Parts VI to IX of this document.

PART VI

TAXATION

The following information, which relates only to Guernsey, UK and Macau taxation, is applicable to the Company and, in the case of information relating to the UK, to persons who are resident or ordinarily resident in the UK and who hold Ordinary Shares as investments. It is based on the law and practice currently in force in Guernsey, the UK and Macau. The information is not exhaustive and, if potential investors are in any doubt as to their taxation position, they should consult their professional adviser without delay. Investors should note that tax law and interpretation can change and that, in particular, the levels and bases of, and reliefs from, taxation may change and that changes may alter the benefits of investment in the Company.

Guernsey Taxation

The Company

Guernsey currently does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax) gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration.

The Company will apply for and expects to be granted exempt status for Guernsey tax purposes.

In return for the payment of a fee, currently £600, a company is able to apply annually for exempt status for Guernsey tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey.

Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

In response to the review carried out by the European Union Code of Conduct Group, the Policy Council of the States of Guernsey has announced that the States of Guernsey intends to abolish exempt status for the majority of companies with effect from January 2008 and to introduce a zero rate of tax for companies carrying all but a few specified types of regulated business. However the States of Guernsey Administrator of Income Tax has advised that because collective investment schemes, including closed ended investment vehicles, were not one of the regimes in Guernsey that were classified by the EU Code of Conduct Group as being harmful, it is intended that collective investment schemes and closed ended investment vehicles will continue to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007.

These proposals have yet to be enacted.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in 2011/2012, including possibly the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time.

Document duty is payable on the creation or increase of authorised share capital at the rate of one half of one per cent. of the nominal value of the authorised share capital of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of a company. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares.

The Shareholders

Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will suffer no deduction of tax by the Company from any dividends payable by the Company but the Administrator will provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of any Shares owned by them.

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. However paying agents located in Guernsey are not required to operate the measures on payments made by closed ended investment companies.

UK taxation

The Company

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK and so that the Company does not carry out any trade in the UK (whether or not through a permanent establishment situated there). On this basis, the Company should not be liable for UK taxation on its income and gains other than certain income deriving from a UK source.

UK Shareholders

Shareholders who are resident in the UK for tax purposes may, depending on their circumstances, be liable to UK income tax or corporation tax in respect of dividends paid by the Company whether directly or by way of reinvestment of income.

- (a) In the case of those Shareholders who are individuals or otherwise not within the charge to corporation tax, capital gains tax may be payable on a disposal of Ordinary Shares. Taper relief may be available to reduce the amount of any chargeable gain on disposal. No indexation allowance will be available to such holders. Individual Shareholders are entitled to an annual exemption from capital gains. For the 2006/2007 tax year this is £8,800.

Shareholders within the charge to UK corporation tax may be subject to corporation tax on capital gains in respect of any gain arising on a disposal of Ordinary Shares. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the Ordinary Shares but will not create or increase an allowable loss.

It is not anticipated that the Company would be regarded as a close company if it were resident in the UK although this cannot be guaranteed. On this basis, capital gains realised by the Company should not be attributed to Shareholders under section 13 of the Taxation of Chargeable Gains Act 1992.

- (b) The Directors intend to manage the Company's affairs such that it should not be regarded as a collective investment scheme for the purposes of section 235 Financial Services and Markets Act 2000. On this basis a shareholding in the Company should not be regarded as a material interest in an offshore fund for the purposes of Sections 756A to 764 of the Income and Corporation Taxes Act 1988 (the "Taxes Act"). On this basis, gains realised on such holdings should not be subject to tax as income under that legislation.
- (c) A UK resident corporate Shareholder who, together with connected or associated persons, is entitled to at least 25 per cent. of the Ordinary Shares should note the provisions of the controlled foreign companies legislation contained in Sections 747 to 756 of the Taxes Act.
- (d) The attention of individuals ordinarily resident in the UK is drawn to the provisions of section 739 to 756 of the Taxes Act (and the proposed amendments published by HM Revenue and Customs on 5 December 2005) which may render such individuals liable to tax on the income of the Company (taken before any deduction for interest) in certain circumstances.
- (e) The attention of UK residents and domiciled investors is drawn to Section 703 of the Taxes Act under which HM Revenue and Customs may seek to cancel tax advantages from certain transactions in securities.

Non-UK Shareholders

Shareholders who are not resident or ordinarily resident in the UK and do not carry on a trade, profession or vocation through a branch, agency or other form of permanent establishment in the UK with which the Ordinary Shares are connected will not normally be liable to UK taxation on capital gains arising on the sale or other disposal of their Ordinary Shares. However, non-UK Shareholders will need to take specific professional advice about their individual tax position.

Individual Savings Accounts and Personal Equity Plans

Ordinary Shares in the Company will not be eligible to be held in the stocks and shares component of an ISA or an existing PEP.

Self-invested Personal Pension Schemes ("SIPPs")

In accordance with HM Revenue and Customs Guidance Note IR76, the Personal Pension Scheme (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 provide that investments which may be held directly or indirectly for the purposes of a SIPP include shares which are dealt in on AIM. From 6 April 2006, shares which are dealt with on AIM may be held for the purposes of a SIPP where such shares are considered suitable investments by the scheme administrator.

Stamp Duty and Stamp Duty Reserve Tax

The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”) position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply. No UK Stamp Duty or SDRT will be payable on the issue of the Placing Shares. UK Stamp Duty (at the rate of 0.5 per cent., rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer Ordinary Shares should not be subject to SDRT.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers.

Macau taxation

Background

The following section relates to the potential taxation of the Company’s property related activities, and any relevant SPV in Macau, which may be formed in order to own or lease Macanese real property. In Macau there are three principal relevant tax regimes: Complementary (Corporate Income) Tax, Property Tax and Stamp Duty.

Investors should note that the summaries of the taxation regimes set out in this section, which include the interpretation of a number of technical provisions, may not necessarily be consistent with the application of the existing laws and regulations by the Macau Tax Authority, as there are inconsistencies, ambiguities, uncertainty and non compliance in the application and enforcement of certain of the prevailing tax regulations in Macau both at the taxpayer level as well as the Macau Tax Authority level.

Investors should also note that the Macau Government has recently stated its intention to review the Complementary Tax Regime in response to the significant changes in the corporate and economic landscape of Macau resulting from increased inward investment. If there is to be an amendment made to the Complementary Tax Regime, then possibly other related tax regimes including, for example, the Stamp Duty Regulations and/or Property Tax Regulations, may also be subject to review and amendment.

All statements relating to taxation made below are made under the relevant current Macau tax laws and regulations as of 12 May 2006. Accordingly, if there are any changes or amendments proposed by the Macau Government and passed by the Legislative Assembly in the future, the said statements may not/will not be applicable and will need to be reviewed and considered again.

Complementary (Corporate Income) Tax Regime

Macau Complementary Tax is imposed on the total income earned by Macau entities registered as doing business in Macau, whether incorporated or not, irrespective of where their residence or headquarters are situated, or where the income is sourced.

Rental income from properties located in Macau is specifically excluded from the charge to Complementary Tax, this being subject to Property Tax (see below).

There is no distinction made between a “revenue profit” and “capital profit” under the Macau Complementary Tax regulations. Accordingly, all income booked by a Macau corporate taxpayer, including gains on sale of investment/immovable property, will be subject to Complementary Tax. The current Complementary Tax marginal tax rate ranges from 3 per cent. to 9 per cent. for taxable profits below and equal to MOP300,000. For taxable profits over MOP300,000, the tax rate is 12 per cent.

Expenses incurred in the production of assessable income are generally deductible for Complementary Tax purposes. There are currently no thin capitalization rules in Macau. A deduction is available in Macau for interest expenses to the extent to which they are incurred in the production of assessable income. Before allowing a deduction for interest expenses, the Macau Finance Bureau (“MFB”) will normally assess its reasonableness and justification and, where necessary, may refer to the average banking interest rate charged in Macau as a benchmark.

In Macau, no withholding tax is imposed on interest payments to foreign parties.

There are no provisions in the Macau tax regulations to impose withholding taxes on any payments made by domestic corporations to overseas companies, such as interest payments, dividend distributions and royalty payments.

Dividends paid by a Macau taxpayer entity out of its after tax profits will not be taxed again in the hands of the shareholders.

Gains on the disposal of shares in a Macau company (such as an SPV of the Company) should not attract Macau Complementary Tax in the hands of the non-Macau resident shareholders. Stamp duty will arise and is discussed below.

Property Tax Regime

This tax is imposed on the owner of buildings situated in Macau and is payable both where the relevant property is rented out and where it is not. Newly built residential buildings or commercial buildings are exempt from Property Tax for the first four years and six years respectively (such time running from the month after the occupancy permit is issued) for properties located in Macau and outlying islands.

Following the expiry of the said exemption period, the property owner will be subject to Property Tax which is calculated as follows.

- (a) if the property is not rented out, such as for own residence, personal usage or business use, the Property Tax is charged at 10 per cent. plus a 5 per cent. surcharge on the liability, resulting in an effective rate of 10.5 per cent. on the official rateable rental value assessed by the Immovable Property Assessment Committee within the MFB. Upon application and if approved by the MFB, a deduction of up to 10 per cent. as deemed repairs and maintenance expenses on the rateable rental value would be given; or
- (b) if the property is rented out, the owner will be taxed at 16 per cent. plus a 5 per cent. surcharge on the liability, resulting in an effective rate of 16.8 per cent. on the actual rental income based on the lease agreement submitted to the MFB and by application, a deduction of up to 10 per cent. as deemed repairs and maintenance expenses would be granted, if approved by the MFB. Actual expenses incurred in the production of lease rental income are therefore not deductible under both the Complementary Tax and Property Tax Regimes. In practice, the MFB will further compare the reported rental value with the official rateable value. If the rental income stated in the tenancy agreement is lower than the official rateable value, the MFB will apply the rate of 10 per cent. plus a 5 per cent. surcharge on the liability to the official rateable value to arrive at the Property Tax liability.

Where a property is refurbished or redeveloped (as opposed to newly built) and the cost of such construction is equal to or more than 50 per cent. of the fair market value of the property, it will be treated as a substantial construction. In such cases, application can be made to the Land, Public Works and Transport Bureau for approval of the property as a substantial construction. If approval is granted, an occupancy permit will be issued which will allow the property to benefit from the same exemption from property tax as applies to newly built residential or commercial buildings (as outlined above).

Stamp Duty Regime on transfers of real (immovable) property

A transfer of real property is subject to stamp duty at 3 per cent. of the transfer consideration or the market value as determined by the MFB, whichever is higher, plus a surcharge of 5 per cent. on the stamp duty liability. Stamp duty is payable by the purchaser under the Stamp Duty Regulations but in practice, depending on the size of the transaction, it could be shared between the purchaser and the seller.

If there is a transfer of Macau company shares (such as any relevant SPV of the Company), either via a single or a series of transfers, resulting in the transferee holding 80 per cent. or more of the share capital of the company, and such company holds Macau real properties, 0.5 per cent. stamp duty (and certain other minor charges and fees) will be charged on the transfer of Macau company shares based on the transfer consideration. The buyer/transferee will also be subject to a stamp duty of 3 per cent. on the value of the immovable property, plus 5 per cent. surcharge on the liability, as if it were a direct transfer of real property.

A rental agreement on immovable property is subject to stamp duty liability of 0.5 per cent. on the total rental income received over the lease term as stipulated in the lease agreement, payable by the landlord.

PART VII

ADDITIONAL INFORMATION

1 Directors' responsibility

The Directors, whose names are set out in Part IX of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Company

- 2.1 The Company was incorporated on 18 May 2006 with limited liability in Guernsey under the Law with registered number 44813. The Company has an unlimited life.
- 2.2 The Company's registered office and its principal place of business are in Guernsey and are located at Polygon Hall, PO Box 225, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY.
- 2.3 Save for its entry into the material contracts summarised in paragraph 7 of this Part VII and certain non-material contracts, since its incorporation, the Company has not carried on business nor incurred borrowings.
- 2.4 For statutory purposes under the provisions of the Law, and in accordance with the Articles, the Company may not proceed to allotments unless a minimum of two Ordinary Shares has been subscribed for.

3 Share capital

- 3.1 At incorporation the authorised share capital of the Company was US\$3,000,000 divided into 300,000,000 Ordinary Shares of US\$ 0.01 each, of which two were issued as subscriber shares to the two subscribers to the Memorandum of Association and Articles. The subscriber shares will be transferred under the Placing.
- 3.2 The authorised share capital and the maximum issued share capital of the Company (all of which will be fully paid-up) immediately following the Placing will be as follows:

	<i>Authorised Number of Ordinary Shares</i>	<i>US\$ 0.01 Nominal</i>	<i>Issued* Number of Ordinary Shares</i>	<i>US\$ 0.01 Nominal</i>
Ordinary Shares	300,000,000	US\$3,000,000	105,000,000	US\$1,050,000

** Assuming the Placing is fully subscribed.*

- 3.3 By an ordinary resolution dated 22 May 2006, the Company took authority, in accordance with clause 5 of the Companies (Purchase of Own Shares) Ordinance 1998 (the "Ordinance"), to make market purchases of fully paid Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased shall be 14.99 per cent. of the issued ordinary share capital of the Company issued pursuant to the Placing. The Company is permitted to fund the payments for purchases of Ordinary Shares in any manner permitted by the Ordinance. Such authority shall expire at the annual general meeting of the Company in 2007 unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting. Ordinary Shares which are purchased by the Company may be held as treasury shares provided that the aggregate nominal value of Ordinary Shares held as treasury stock must not exceed 10 per cent. of the nominal value of the issued Ordinary Shares at any time. Ordinary Shares purchased by the Company in excess of this limit will be cancelled.
- 3.4 By a special resolution dated 22 May 2006 it was resolved that, conditional on the Placing becoming unconditional and the approval of the Royal Court in Guernsey (the "Court"), the amount standing to the credit of the share premium account of the Company following completion of the Placing be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the books of account of the Company which shall be able to be applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Law) are able to be applied, including the purchase of the Company's own shares and payment of dividends. In deciding whether to give its confirmation, the Court will be concerned to protect the interests of any creditors of the Company as at the date the reduction takes effect. The Court will require all such creditors to have been paid or to have consented to the reduction. Until the Court has confirmed the reduction of the share premium

account (and the terms of any undertaking regarding creditors required by the court to be complied with), the Company will only be able to distribute dividends out of existing distributable profits and, to the extent permitted by the Ordinance, to repurchase Ordinary Shares out of existing distributable profits or the proceeds of a fresh issue of shares.

- 3.5 In accordance with the power granted to the Directors by the Articles, it is expected that the Ordinary Shares to be issued under the Placing will be allotted (conditional upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission. There are no provisions of Guernsey law equivalent to sections 89 to 96 of the Act which confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash.
- 3.6 The liability of Shareholders is limited to the amount payable in respect of Ordinary Shares held.
- 3.7 The Ordinary Shares carry the right to vote at general meetings and the entitlement to receive any dividends and surplus assets of the Company on a winding-up.
- 3.8 Save pursuant to the Placing and for the subscription of the two Ordinary Shares referred to above, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 3.9 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.10 As of the date of this document, the Company has no listed or unlisted securities not representing share capital.

4 Directors' and other interests

- 4.1 The maximum amount of remuneration payable to the Directors permitted under the Articles is £250,000 in aggregate in any financial year or such higher amount as may be determined from time to time by an ordinary resolution of Shareholders.
- 4.2 It is estimated that the aggregate emoluments (including benefits in kind and pension contributions (of which none is to be made)) of the Directors for the period ending 30 June 2007 will amount to no more than £125,000. As a director of the Manager and Investment Adviser, Thomas Ashworth has agreed to waive his entitlement to any emolument for acting as a Director.
- 4.3 The Directors were appointed as non-executive directors by letters dated 23 May 2006. The letters provide that the Directors' appointment may be terminated on 3 months' notice with no benefits arising on termination. Save as described above, there are no existing or proposed service contracts between any of the Directors and the Company.
- 4.4 Save to the extent disclosed in paragraph 7 below, there are no contracts entered into by the Company in which the Directors have a material interest.
- 4.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 4.6 No Director has any interest in any transactions which are or were unusual in their nature or significant to the business of the Company and which have been effected by the Company since incorporation or have been effected by the Company since incorporation and remain in any way outstanding or unperformed.
- 4.7 No Director (nor any member of a Director's family) has had a related financial product (as defined in the AIM Rules) referenced to Ordinary Shares.
- 4.8 Based on the intentions of the Directors (and persons connected with the Directors) to subscribe under the Placing, the Directors (and persons connected with the Directors) are expected to hold, following Admission, the number of Ordinary Shares set out below:

<i>Name</i>	<i>Number of Ordinary Shares*</i>	<i>%*</i>
David Hinde	20,000	0.02
Alan Clifton	50,000	0.05
Thomas Ashworth	525,000	0.50
Tim Henderson	25,000	0.02
Richard Barnes	25,000	0.02

** Assuming the Placing is fully subscribed*

Pursuant to Rule 7 of the AIM Rules, each of the Directors and their related parties (as defined in the AIM Rules) has undertaken to the Company and Collins Stewart (subject to certain limited exceptions including the acceptance of a general offer made in accordance with the City Code on Takeovers and Mergers for the whole or part of the issued share capital of the Company) not to dispose or agree to dispose of any Ordinary Shares for the time being owned by him or his related parties for a period of 12 months from the date of Admission.

Save as set out in this sub-paragraph, no Director has any interest in the share capital of the Company nor has any person connected with any Director (so far as is known, or who could with reasonable diligence be ascertained by each Director) an interest in the share capital of the Company or any options in respect of such capital.

- 4.9 The Company is not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control of the Company.
- 4.10 Save as set out below, the Company is not aware of any person holding directly or indirectly more than 3 per cent. of the Company's issued share capital or any person who will hold, directly or indirectly, more than 3 per cent. of the Company's issued share capital after Admission*

<i>Name</i>	<i>Ordinary Shares*</i>	
	<i>Number</i>	<i>%</i>
Funds managed by GLG Partners	19,000,000	18.1
Clients of INVESCO	19,000,000	18.1
Universities Superannuation Scheme	10,500,000	10.0
Funds managed by Moore Capital	8,000,000	7.6
Insight Investment	5,800,000	5.5
Collins Stewart	5,200,000	4.9
MPC Investors	5,000,000	4.8
Credit Suisse First Boston	4,300,000	4.1

** Assuming the Placing is fully subscribed*

- 4.11 The Company will purchase directors' and officers' liability insurance for the benefit of the Directors.
- 4.12 No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made, or been the subject of, any individual voluntary arrangement.
- 4.13 None of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors. None of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been the subject of receivership.
- 4.14 None of the Directors has been publicly criticised by any statutory or regulatory authority or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.15 The directorships held by each of the Directors over the five years preceding the date of this document and the partnerships in which they have been partners in the five years preceding the date of this document are as follows:

	<i>Current</i>	<i>Past</i>
David Hinde	DAH Hambros Bank (Channel Islands) Ltd DAH Holdings Limited Dah Sing Bank Ltd Dah Sing Banking Group Ltd Invesco Asia Trust plc Mevas Bank Limited Nameco (44) Ltd	Dah Sing Financial Holdings Ltd Dah Sing Life Assurance Co. Ltd
	<i>Current</i>	<i>Past</i>
Alan Clifton	Britannic UK Income Trust plc Equitable Private Equity Holdings Ltd International Biotechnology Trust plc JP Morgan Fleming Japanese Smaller Companies Trust plc Lifetime Group Ltd Morley Alternative Investment Strategies Fund Principle Capital Investment Trust plc Schroder UK Growth Fund plc	G-Mex Ltd Henderson European Micro Trust plc Gartmore Balanced Assets Trust plc Union Financiere de France Banque SA
	<i>Current</i>	<i>Past</i>
Thomas Ashworth	Brooke Capital Limited Green Valley Investment Holdings Limited Kim Eng Futures (Hong Kong) Limited Kim Eng Securities (Hong Kong) Limited Sniper Capital Limited Sniper Capital Management Limited South China Sniper Fund	EGS Asia Limited EGS Limited
	<i>Current</i>	<i>Past</i>
Tim Henderson	Audley Private Capital Management Limited Audley Private Opportunities GP Limited L'Etienne Farm (2002) Ltd R.S. Tours Inc. R.S.T. Concerts Inc. R.S.T. (2002) Inc. R.S.T. (2005) Inc. Saints Farm (1999) Ltd Sixela Asia Ventures Limited Sixela International Growth Fund Limited Sixela Investments Limited SPI Capital Limited Zenith Secretarial Services Limited Zenith Trust Company Limited	BFS Managed Properties Ltd Blue Circle Holdings Ltd Brig Specialist Investments Ltd Butterfly Specialist Assets Ltd Corvus Capital Inc. Dorson Investments Inc. Global Opportunities Trust Ltd GOT Zeros 2007 Ltd Leopold Joseph Bahamas Ltd Leopold Joseph International Ltd Leopold Joseph & Sons (Guernsey) Ltd Leopold Joseph Trust Co (Guernsey) Ltd Morley Absolute Growth Investment Co Ltd Newmarket Assets Ltd SGO Investment Management Limited Strategic Global Opportunities Limited The Charteris European Government Bond Fund Limited The Charteris US Treasury Government Bond Fund Limited Tolnord Corporation Tuvalu Ltd Vitamer Company Inc.

	<i>Current</i>	<i>Past</i>
Richard Barnes	25 North Colonnade Limited 250 Bishopsgate (Holdings) Limited 250 Bishopsgate Investment Company Limited AAIM Property Fund 1 Limited Ansoll Estates Holdings Limited Ansoll Estates Investments Limited Bracknell (Amen Corner) Investment Company Limited Crawley Manager (Jersey) Limited Eastern European Property Fund Limited Hardwick Investment Company Limited Hilltop Estates Limited Hilltop Estates Retirement Benefit Self Administered Pension Scheme Limited Invesco PIT Limited Invesco UK Property Income Trust Limited John Brown (St Brelade) Limited 0 Twelve Estates Limited Pinesgate Investment Company Limited Swoffer Barnes Commercial Limited Swoffers Limited Standard Life Investments (Jersey) Limited The Apus Junior Trustee Company Limited Company Limited The Brucefield Estate Trustee Company Limited The Control Centre Limited Partnership The Darien Senior Trustee Company Limited Vega Limited	Allanridge Limited BFS Managed Properties Limited BFS Managed Properties Holdings Limited BFS Managed Properties Securities Limited Daiwa Healthcare Property Investment Company Limited First Croatia Properties Limited Grenville Property Management Limited Hilltop Property Management Limited Lagoa Trust Limited Moorfield Limited MSREF (EIQ) Limited MSREF (Jersey) Limited Weir Limited

5 Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the objects of the Company include carrying on business as an investment company. The objects of the Company are set out in full in clause 3 of the Memorandum of Association, a copy of which is available for inspection at the addresses specified in paragraph 10 below.

The Articles of Association of the Company (which are available for inspection at the addresses set out in paragraph 10 below) contain provisions, inter alia, to the following effect:

5.1 Voting

Members have the right to receive notice of, and to vote at, general meetings of the Company. Each member who is present in person at a general meeting on a show of hands has one vote and, on a poll, every such member who is present in person or by proxy has one vote in respect of each share held.

5.2 Shares

- (a) If at any time the shares of the Company are divided into different classes, all or any of the rights for the time being attached to any share or class of shares may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such shares of the class. The necessary quorum (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third of the capital committed or agreed to be committed in respect of the issued shares of the class in question. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not be deemed to be varied by (a) the creation or issue of further shares ranking *pari passu* or (b) the purchase or redemption by the Company of any of its own shares.
- (b) Subject to the Articles, the unissued shares shall be at the disposal of the Directors, who may allot, grant options over, or otherwise dispose of them to such persons, on such terms and conditions, and at such times as they determine.

- (c) The Company may also pay such brokerages and/or commissions provided that the rate or amount of commission shall be fixed by the Board and disclosed in accordance with the Law.
- (d) The Company shall not be affected or bound by or compelled in any way to recognise any equitable contingent future or partial interest in any share except an absolute right to the entirety of the share.

5.3 *Power to require disclosure*

- (a) The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person (other than the member) who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors shall determine.
- (b) If any member is in default in supplying to the Company the information required by the Company within the prescribed period, the Directors in their absolute discretion may at any time thereafter serve a direction notice on the member. The direction notice may direct that in respect of the shares in relation to which the default has occurred (the “default shares”) and any other shares held by the member, the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered, unless the member is not himself in default in supplying the information and when presented for registration the transfer is accompanied by a certificate stating that the member is satisfied that no person in default is interested in any shares the subject of the transfer.

5.4 *Transfer of and transmission of shares*

- (a) Subject to the Law, the Board may issue shares as certificated shares and/or as uncertificated shares in its absolute discretion.
- (b) The Articles are consistent with CREST membership and, inter alia, allow for shares to be admitted to settlement by means of the CREST UK system.
- (c) Any member may transfer all or any of his certificated shares by instrument of transfer in any form which the Board may approve. The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor.
- (d) The Board may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at the registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to prove the title of the transferor and the due execution by him of the transfer.
- (e) The Directors may refuse to register a transfer of any certificated or uncertificated share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis on the London Stock Exchange.
- (f) The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any one year except that, in respect of any shares which are participating securities, the register shall not be closed without the consent of CRESTCo.

5.5 *Alteration of capital*

- (a) The Company may by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution prescribes.
- (b) The Company may from time to time, subject to the provisions of the Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Law.
- (c) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly; convert all or any fully paid up shares into stock and reconvert that stock into paid-up shares of any denomination; and convert its fully paid shares expressed in one currency into fully paid shares of a nominal amount of a different currency.

- (d) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner permitted by the Law.

5.6 *General Meetings*

- (a) Not less than 14 days' notice specifying the time and place of any general meeting and specifying also in the case of any special business the general nature of the business to be transacted shall be given by notice sent by post to such members as are entitled to receive notices provided that, with the consent in writing of all the members entitled to receive notices of such meeting, a meeting may be convened by a shorter notice or at no notice and in any manner they think fit.
- (b) In every notice there shall appear a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend or vote instead of him and that a proxy need not be a member.
- (c) The accidental omission to give notice of any meeting to or the non-receipt of such notice by any member shall not invalidate any resolution passed or proceeding at any meeting.

5.7 *Powers and duties of the Board*

- (a) Save as mentioned below, a Director may not vote (or be counted in the quorum) on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (b) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (i) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (iii) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to participate;
 - (iv) a contract, arrangement, transaction or proposal concerning any other company in which he (and any persons connected with him) is interested, directly or indirectly, as an officer, creditor, shareholder or otherwise if he does not to his knowledge hold an interest in shares representing 1 per cent. or more of either a class of the equity share capital (or of any third party company through which his interest is derived) or of the voting rights in the relevant company;
 - (v) any contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries which does not award to the Director any privilege or benefit not generally awarded to the employees to which such arrangement relates; and
 - (vi) a contract, arrangement, transaction or proposal for the purchase and/or maintenance of any insurance policy for the benefit of Directors or persons including the Directors.
- (c) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (d) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

5.8 *Remuneration of Directors*

- (a) The Directors shall be entitled to receive by way of fees for their services such sum as the Board shall determine provided that the aggregate amount of such fees shall not exceed £250,000 in any financial year (or such higher amount as may be determined from time to time by ordinary resolution of the Company). The Directors shall also be entitled to be paid all reasonable out of pocket expenses properly incurred by

them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- (c) The Directors may from time to time appoint one or more of their body (other than a Director resident in the UK) to be holder of any executive office including the office of managing director on such terms and for such periods as they may determine.

5.9 *Retirement of Directors*

At each annual general meeting, any Director who was elected or last re-elected a Director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation.

5.10 *Dividends and distribution of assets on a winding up*

- (a) The Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend shall be paid otherwise than out of the profits of the business of the Company.
- (b) The Directors may at any time declare and pay such interim dividends as appear to be justified by the position of the Company.
- (c) No dividend or other amount payable to any Shareholder shall bear interest against the Company.
- (d) All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to the Company.
- (e) If the Company should be wound up the liquidator may with the authority of a special resolution, divide amongst the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division should be carried out as between the members or different classes of members.

5.11 *Borrowing*

The Directors may exercise all the powers of the Company to borrow money.

5.12 *Life of the Company*

At the annual general meeting of the Company to be held following the eighth anniversary of the Company's incorporation a special resolution will be proposed that the Company ceases to continue as constituted. If the resolution is not passed, a similar resolution will be proposed at every fifth annual general meeting thereafter. If the resolution is passed, the Directors shall formulate proposals to be put to the Shareholders to reorganise, unitise, reconstruct or wind up the Company.

5.13 *Register of Shareholders*

The Company shall keep the register of Shareholders at its registered office, in accordance with the Law.

6 **Overseas investors**

No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the UK, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares nor should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the UK wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.

THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE

SECURITIES LAWS. THE ORDINARY SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE ORDINARY SHARES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any U.S. state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Ordinary Shares will be offered and sold in the United States (i) to qualified institutional buyers within the meaning of Rule 144A under the Securities Act (“QIBs”) and (ii) in accordance with any applicable laws of any U.S. state. The Ordinary Shares will also be contemporaneously offered and sold outside the United States pursuant to the requirements of Regulation S under the Securities Act (“Regulation S”). The Ordinary Shares cannot be offered, resold, pledged or otherwise transferred in the United States except in accordance with the terms and conditions of the Placing. US investors will be required to make certain representations and warranties for the benefit of the Company and Collins Stewart in order to be eligible to participate in the Placing.

It is likely that the Company will be considered a “passive foreign investment company” (“PFIC”) for US federal income tax purposes. The Company has not undertaken to calculate or determine whether it would be considered a PFIC. Consequently, the Company can make no representation as to whether it will be considered a PFIC for either the current taxable year or for any subsequent taxable year.

If the Company were considered to be a PFIC in any year, special, possibly materially adverse, consequences would result for US holders of Ordinary Shares. The Company does not intend to provide any US holder with the information required to make a qualified electing fund election if the Company is considered a PFIC in any taxable year. United States investors are urged to consult their own tax advisors about the application of the passive foreign investment company rules in their particular circumstances.

The Company’s Articles contain provisions designed to restrict the holding of Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company some legal, regulatory, pecuniary, tax or material administrative disadvantage. No ERISA Plan Investor may acquire Ordinary Shares without the Company’s prior written consent. Ordinary Shares held by ERISA Plan Investors are subject to provisions requiring a compulsory transfer as set out in the Articles.

7 Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material:

- 7.1 The Management Agreement dated 30 May 2006 between the Company and the Manager pursuant to which the Manager has agreed to provide investment management services to the Company in relation to the assets held by it from time to time.

The Manager will receive an annual management fee of 2 per cent. of the Net Asset Value (as adjusted to reflect the Property Investment Valuation Basis which is based upon prevailing RICS property valuation practice and guidelines for investment and development properties), payable quarterly in advance. For the purposes of determining the management fee payable, Net Asset Value will be calculated following the payment of any performance fee.

In addition, the Manager will be entitled to a performance fee in certain circumstances. This fee is payable by reference to the increase in Adjusted NAV per Ordinary Share over the course of each calculation period. The first calculation period begins on Admission and ends on 30 June 2007; each subsequent performance period is a period of one financial year.

Payment of the performance fee is subject to:

- (i) the achievement of a performance hurdle condition: Adjusted NAV per Ordinary Share at the end of the relevant performance period must exceed an amount equal to the US dollar equivalent of the Placing Price increased at a rate of 10 per cent. per annum on a compounding basis up to the end of the relevant performance period (the “**Basic Performance Hurdle**”); and
- (ii) the achievement of a ‘high watermark’: Adjusted NAV per Ordinary Share at the end of the relevant performance period must be higher than the highest previously reported Adjusted NAV per Ordinary

Share at the end of a performance period in relation to which a performance fee, if any, was last earned.

If the Basic Performance Hurdle is met, and the high watermark exceeded, the performance fee will be an amount equal to 20 per cent. of the excess of the Adjusted NAV per Ordinary Share at the end of the relevant performance period over the higher of (i) the Basic Performance Hurdle; (ii) the Adjusted NAV per Ordinary Share at the start of the relevant performance period; and (iii) the high watermark (in each case on a per share basis), multiplied by the time weighted average of the number of Ordinary Shares in issue in the performance period (or since Admission in the first performance period) (together, if applicable, with an amount equal to the VAT thereon).

In addition, the Manager will become entitled to a super performance fee in respect of a performance period if a further additional criterion is met, being the achievement of a super performance hurdle condition: Adjusted NAV per Ordinary Share at the end of the relevant performance period must exceed an amount equal to the US dollar equivalent of the Placing Price increased at a rate of 25 per cent. per annum on a compounding basis up to the end of the relevant performance period (the “**Super Performance Hurdle**”).

If the Super Performance Hurdle is met and the high watermark exceeded, the super performance fee will be an amount equal to a further 15 per cent. of the excess of the Adjusted NAV per Ordinary Share at the end of the relevant performance period over the higher of (i) the Super Performance Hurdle; (ii) the Adjusted NAV per Ordinary Share at the start of the relevant performance period; and (iii) the high watermark (in each case on a per share basis), multiplied by the time weighted average of the number of Ordinary Shares in issue in the performance period (or since Admission in the first performance period) (together, if applicable, with an amount equal to the VAT thereon).

The Manager will be responsible for the payment of all fees to the Investment Adviser.

The Manager has the benefit of an indemnity from the Company in relation to liabilities incurred by the Manager in the discharge of its duties other than those arising by reason of any fraud, wilful default or gross negligence on the part of the Manager.

The Manager’s appointment as investment manager is terminable by the Manager or the Company on not less than 12 months’ notice, such notice to expire at any time on or after the third anniversary of Admission. The Company may terminate the Management Agreement with immediate effect if either or both of the Principals is removed from their position of full-time employment with the Manager or ceases to be available for any reason beyond the Manager’s reasonable control and the Manager fails, within 3 months (or 6 months in the case of one only) of such event, to cause to be made available the services of a competent replacement(s) of equivalent skill and experience. The Management Agreement may also be terminated with immediate effect by either the Manager or the Company if the other party has gone into liquidation, administration or receivership or has committed a material breach of the Management Agreement. The Management Agreement provides (*inter alia*) that until the Company is at least 90 per cent. invested or committed to investment, the Manager will ensure that the Company is given the right of first refusal in respect of all relevant investment opportunities available to the Advisers which fall within the investment objective and/or investment policy of the Company.

- 7.2 The Investment Advisory Agreement dated 30 May 2006 between the Company, the Manager and the Investment Adviser pursuant to which the Investment Adviser agrees to provide the Company and the Manager with advisory services delegated to it pursuant to the agreement.

The Investment Advisory Agreement is subject to termination, *inter alia*, on 12 months’ notice such notice not to expire before the third anniversary of Admission. The Investment Advisory Agreement may also be terminated with immediate effect by the Investment Adviser or the Company or the Manager if the other party goes into liquidation, administration or receivership or has committed a material breach of the agreement. The Investment Advisory Agreement shall automatically terminate in the event that the Management Agreement is terminated in accordance with the terms of that agreement.

The Investment Adviser has the benefit of an indemnity from the Company under the terms of the Investment Advisory Agreement in relation to liabilities incurred by the Investment Adviser in the discharge of its duties other than those arising by reason of any fraud, wilful default or gross negligence on the part of the Investment Adviser.

Under the terms of the Investment Advisory Agreement, the Investment Adviser acknowledges that the provisions of the Management Agreement dealing with conflicts of interest applies to it and agrees with the Company as a direct covenant to comply with the same. The Investment Advisory Agreement provides that

the Investment Adviser shall be entitled to such fees as agreed with the Manager from time to time and that the Manager shall be responsible for the payment of the fees of the Investment Adviser.

- 7.3 The Administration Agreement dated 30 May 2006 between the Company and the Administrator whereby the Company has appointed the Administrator to provide administrative and secretarial services to the Company. Under the Administration Agreement the Company has also appointed the Administrator as secretary to the Company. Under the Administration Agreement, the Administrator has the authority to delegate the discharge of certain of its functions thereunder provided that the Administrator remains fully responsible for the acts and omissions and costs of any delegate it shall appoint for such purposes. The Administration Agreement is terminable on 90 days' notice in writing (given so as to expire on the last day of any calendar month) and on shorter notice in the event of breach of contract or insolvency. The Administrator will be paid an annual fee of 0.1 per cent. per annum (subject to a minimum of £75,000) of the Net Asset Value. The Company will reimburse the Administrator in respect of reasonable out of pocket expenses properly incurred in the performance of its duties.
- 7.4 An offshore Registrar Agreement dated 30 May 2006 between the Company and Capita IRG (CI) Limited whereby the Registrar is appointed to act as registrar of the Company. The Registrar shall be entitled to receive a fee from the Company at the basic fee of £2.00 per shareholder account per annum, subject to an annual minimum charge of £4,750, payable quarterly in arrears. Additional fees payable by the Company include, *inter alia*, fees in the sum of £2,000 per annum for maintenance of the register in Guernsey. The Registrar shall also be entitled to reimbursement of all reasonable out of pocket expenses properly incurred on behalf of the Company. The Registrar Agreement is terminable by either party giving not less than 3 months' notice, and on shorter notice in the event of breach of contract or insolvency save that the Company may not give notice to terminate the agreement prior to the date which is three months after the first anniversary of the date of the agreement.
- 7.5 A Nominated Adviser Agreement dated 30 May 2006 between the Company, the Directors and Collins Stewart under which Collins Stewart has agreed, *inter alia*, to act as the Company's nominated adviser as required by the AIM Rules. Collins Stewart has agreed to provide such advice and guidance to the Company to ensure compliance by the Company on an on-going basis with the AIM Rules as the Directors may reasonably request from time to time. Collins Stewart will receive an annual fee of £20,000 (plus VAT) for its services, payable half yearly in advance, upon Admission. The Company has also given certain undertakings and indemnities to Collins Stewart in connection with its appointment as Nominated Adviser. This agreement is terminable by either Collins Stewart or the Company on one month's notice, such notice not to expire earlier than one year from the date of the agreement and on shorter notice in the event of breach of contract or insolvency.
- 7.6 A Broker Agreement dated 30 May 2006 between the Company, the Directors and Collins Stewart under which Collins Stewart has agreed to act as the Company's broker on an ongoing basis. Collins Stewart will receive an annual fee of £20,000 (plus VAT) for its services, payable half yearly in advance, upon Admission. The Company has also given certain undertakings and indemnities to Collins Stewart in connection with its appointment as broker. This agreement is terminable by either Collins Stewart or the Company on one month's notice, such notice not to expire earlier than one year from the date of the agreement and on shorter notice in the event of breach of contract or insolvency.
- 7.7 A letter agreement dated 23 May 2006 between the Company, the Directors and West Hill under which West Hill has agreed to act as the Company's financial adviser in connection with the launch of the Company. In consideration for its services, West Hill will receive a fee of 1.0 per cent. of the gross proceeds of the Placing.
- 7.8 A Placing Agreement dated 30 May 2006 between the Company, Collins Stewart, the Manager and the Investment Adviser under which Collins Stewart has agreed to use its reasonable endeavours as agent for the Company to procure places at the Placing Price for up to 105,000,000 Placing Shares.

Conditionally upon Admission, in consideration for its services, Collins Stewart will be paid by the Company a corporate finance fee of £175,000 and a commission of 3.0 per cent. of the aggregate value, at the Placing Price of the Placing Shares issued to clients of Collins Stewart pursuant to the Placing. The Placing Agreement contains certain warranties and indemnities given by the Company (which are of a customary nature) and warranties given by the Manager and Investment Adviser in favour of Collins Stewart. The Placing Agreement may be terminated in certain circumstances prior to Admission including by reason of certain force majeure events.

8 Working capital

In the Directors' opinion, having made due and careful enquiry, the working capital available to the Company will be sufficient for its present requirements (that is for at least twelve months from Admission).

9 Miscellaneous

- 9.1 The Company will be applying to CRESTCo for the Ordinary Shares to be admitted to CREST as a participating security. It is expected that the admission of the Ordinary Shares to CREST as a participating security will be effective from or soon after Admission. Shareholders who are direct or sponsored members of CRESTCo will be able to dematerialise their Ordinary Shares in accordance with the rules and practices instituted by CRESTCo.
- 9.2 The Company has not been and is not currently engaged in any legal or arbitration proceedings nor, so far as the Company is aware, are there any such legal or arbitration proceedings pending or threatened by or against the Company which may have or have had since the Company's incorporation a significant effect on the Company's financial position.
- 9.3 The Directors confirm that the Company was incorporated and registered on the date referred to in paragraph 2.1 above and that, save for its entry into the material contracts described in paragraph 7 above, the Company has not traded, no accounts have been made up and no dividends have been declared.
- 9.4 There has been no significant change in the financial or trading position of the Company since the date of its incorporation or any factors which have influenced its activities. The Company does not have nor has it had since incorporation any employees and it neither owns nor leases any premises.
- 9.5 Assuming the Placing is fully subscribed, the total costs and expenses payable by the Company in connection with the Placing and Admission (including professional fees, the costs of printing, other fees payable and sales commission) are estimated to be approximately 3.9 per cent. of the gross amount raised.
- 9.6 The Company is not dependent on any patents or other intellectual property rights or licences.
- 9.7 The Company currently has no significant investments in progress.
- 9.8 Save as disclosed in this document, no person has received (excluding professional advisers otherwise disclosed in this document), directly or indirectly, from the Company since 18 May 2006 (the date of incorporation of the Company) or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- 9.9 The accounting reference date of the Company is 30 June.
- 9.10 Collins Stewart and West Hill have given and not withdrawn their written consent to the inclusion in this document of references to their respective names in the form and context in which they appear.
- 9.11 Collins Stewart and West Hill are authorised and regulated by the FSA.
- 9.12 The maximum amounts of fees which are payable by the Company under the custody arrangements, which are or may be material, are calculated by reference to the location and value of the assets held for safekeeping and the number of transactions undertaken and cannot therefore be quantified.
- 9.13 The ISIN number of the Ordinary Shares is GB00B1436N68. The SEDOL code of the Ordinary Shares is B1436N6.
- 9.14 The Company will not make any material change in the investment policy and strategy of the Company without the approval of Shareholders by ordinary resolution. Further details of the provisions relating to changes to the investment policy and strategy are set out on page 19.
- 9.15 Other than as provided in the City Code on Takeovers and Mergers, there are no rules or provisions relating to mandatory takeover bids in relation to the Ordinary Shares. There are no rules or provisions relating to squeeze-out and/or sell-out rules relating to the Ordinary Shares.
- 9.16 If no investments are made within two years of Admission, a special resolution will be put to Shareholders to wind up the Company.

10 Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN during business hours on any

weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of Admission:

- 10.1 the Memorandum and Articles of Association of the Company;
- 10.2 the material contracts referred to in paragraph 7 of this Part VII;
- 10.3 the Law;
- 10.4 the consent letters referred to in paragraph 9.10 of this Part VII; and
- 10.5 this document.

Dated: 30 May 2006

PART VIII
DEFINITIONS

“Act”	the Companies Act 1985 (as amended)
“Adjusted NAV per Ordinary Share”	as at a particular time, is the sum of A and B where: A is the Net Asset Value at that time, calculated excluding any recognition of any liability of the Company to the Manager in respect of any performance fee that is, or may become, payable in the relevant performance period but, in the case of property in the Property Portfolio, by reference to the Property Investment Valuation Basis, divided by the number of Ordinary Shares in issue at that time; and B is the aggregate of the amount of any dividends paid or distributions made by the Company at any time after Admission divided by the time-weighted average of the number of Ordinary Shares in issue since Admission to the end of the relevant performance period
“Admission”	the admission of the Ordinary Shares to be issued pursuant to the Placing to trading on AIM becoming effective in accordance with the AIM Rules
“Administration Agreement”	the administration agreement dated 30 May 2006 between the Company and the Administrator, as described in paragraph 7.3 of Part VII of this document
“Administrator”	Heritage International Fund Managers Limited
“Advisers”	the Manager and the Investment Adviser
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules of AIM
“Articles”	the articles of association of the Company
“Board” or “Directors”	the board of directors of the Company including a duly constituted committee thereof
“Collins Stewart”	Collins Stewart Limited, the Company’s nominated adviser for the purposes of the AIM Rules and broker
“Combined Code”	the Corporate Governance Code issued by the Financial Reporting Council
“Company” or “Fund”	Macau Property Opportunities Fund Limited
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“CREST Regulations”	The Uncertificated Securities Regulations 2001 (as amended from time to time) and such other regulations as are applicable to CRESTCo and/or the CREST UK system from time to time
“FSA”	Financial Services Authority

“GDP”	Gross Domestic Product
“GFSC”	Guernsey Financial Services Commission
“greater China” or “China”	the PRC (including Hong Kong)
“Gross Asset Value”	the Net Asset Value plus an amount equal to long term borrowings of the Company and its subsidiaries from time to time
“Group”	the Company and its subsidiaries
“IFRS”	International Financial Reporting Standards
“Investment Adviser”	Sniper Capital Management Limited
“Investment Advisory Agreement”	the investment advisory agreement between the Company, the Manager and the Investment Adviser dated 30 May 2006, as described in paragraph 7.2 of Part VII of this document
“IRR”	gross internal rate of return
“Law”	the Companies (Guernsey) Law, 1994 (as amended) and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
“London Stock Exchange”	London Stock Exchange plc
“Macau”	Macau, a Special Administrative Region of the PRC
“Manager”	Sniper Capital Limited
“Management Agreement”	the management agreement dated 30 May 2006 between the Company and the Manager as described in paragraph 7.1 of Part VII of the document
“MOP”	Macau Official Pataca, the lawful currency of Macau
“Net Asset Value” and “Net Asset Value per Ordinary Share”	respectively the net asset value of the Company and the net asset value of an Ordinary Share
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares” or “Shares”	ordinary shares of US\$ 0.01 each in the capital of the Company
“Placing”	the placing by Collins Stewart of the Placing Shares at the Placing Price pursuant to the Placing Agreement and as described in this document
“Placing Agreement”	the conditional agreement dated 30 May 2006 between the Company, the Manager, the Investment Adviser and Collins Stewart relating to the Placing, as described in paragraph 7.8 of Part VII of this document
“Placing Price”	100 pence per Ordinary Share
“Placing Shares”	up to 105,000,000 Ordinary Shares
“PRC”	People’s Republic of China
“Principals”	Thomas Ashworth and Martin Tacon
“Property Investments”	properties comprised in the Property Portfolio

“Property Investment Valuation Basis”	the basis of valuation to be applied to Property Investments as described in more detail under the heading “Valuations” in Part IV of this document
“Property Portfolio”	the portfolio of property investments of the Group from time to time
“Qualified institutional buyer”	qualified institutional buyer within the meaning of Rule 144A of the Securities Act
“Registrar”	Capita IRG (CI) Limited
“Regulation S”	Regulation S under the Securities Act
“Regulatory Information Service”	a service provided by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained at the London Stock Exchange’s website
“RICS”	Royal Institution of Chartered Surveyors
“Rule 144A”	Rule 144A under the Securities Act
“SAR”	Special Administrative Region
“SCSF”	South China Sniper Fund
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares
“STDM”	Sociedade de Turismo e Diversoes de Macau
“SPVs”	special purpose vehicles
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“UKLA” or “United Kingdom Listing Authority”	The Financial Services Authority acting in its capacity as the competent authority for the purposes of Part 8 of the Financial Services and Markets Act 2000
“VAT”	value added tax
“West Hill”	West Hill Corporate Finance Limited, the Company’s financial adviser
“Western Pearl River Delta region”	the western areas of the Pearl River Delta covering three prefectures of the Guangdong Province, namely Zhuhai, Zhongshan and Jiangmen
“£” or “pence” or “sterling”	the lawful currency of the UK
“HK\$” or “HK dollar”	the lawful currency of Hong Kong
“US\$” or “US dollar” or “cent”	the lawful currency of the United States of America

PART IX

DIRECTORS AND ADVISERS

Directors

David Richard Hinde (*Chairman*)
Alan Henry Clifton
Thomas William Ashworth
Timothy James Henderson
Richard Hugh Barnes

all of:

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Le Marchant Street
St. Peter Port, Guernsey
GY1 4HY

Company Secretary, Administrator and Registered Office

Heritage International Fund Managers Limited
Polygon Hall
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GY1 4HY
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Financial Adviser

West Hill Corporate Finance Limited
60 Lombard Street
London
EC3V 9EA

Investment Adviser

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Macau
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Nominated Adviser and Broker

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88 Wood Street
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Manager

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Tortola
British Virgin Islands

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EC3A 7AN

Macau Legal Adviser to the Company

C&C Advogados
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3 andar
Macau

Guernsey Legal Adviser to the Company

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Guernsey GY1 4BZ
Channel Islands

Registrar

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English Legal Adviser to the Nominated Adviser and Broker

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