THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus you should consult a person authorised under the Financial Services and Markets Act 2000 (the "FSMA") who specialises in advising on the listing and acquisition of shares and other securities. Your attention is drawn to the risk factors set out under the heading "Risk Factors" on pages 8 to 16 of this Prospectus.

A copy of this document, which comprises a Prospectus with regard to Macau Property Opportunities Fund Limited (the "Company"), prepared in accordance with the Prospectus Rules made pursuant to section 73A of the FSMA, has been filed with the Financial Services Authority (the "FSA") in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the FSA in its capacity as competent authority for the purposes of the FSMA (the "UK Listing Authority") for the Ordinary Shares to be admitted to the Official List by means of an introduction and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that the admission will become effective and that dealings in the Ordinary Shares will commence on 30 June 2010. This document comprises the Prospectus in relation to the application for all the Ordinary Shares of the Company to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities.

Capitalised terms used in this Prospectus shall have the meanings set out in Part X of this Prospectus.

Macau Property Opportunities Fund Limited

(Incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 44813)

Migration of Ordinary Shares from AIM to the Official List

Proposed amendments to investment policy

Proposed development management services agreement

Renewal of share buyback authority

Dis-application of new pre-emption rights

Sponsor

Collins Stewart Europe Limited

Notice of an Extraordinary General Meeting of the Company to be held at Heritage Hall, Le Marchant Street, St Peter Port, Guernsey on 28 June 2010 at 3.00 p.m. is set out at the end of this document. The Proposals described in this document are conditional upon Shareholder approval of the Resolutions at the General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy.

To be valid, Forms of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or delivered by hand during office hours to the same address as soon as possible and in any event so as to arrive by not later than 3.00 p.m. on 24 June 2010.

The Directors, whose names appear on page 20 of this document, and the Company, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. AI: 1.1,1.2 AIII: 1.1, 1.2

Collins Stewart Europe Limited ("Collins Stewart"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and for no-one else in relation to the Migration and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Collins Stewart nor for affording advice in connection with the Migration or the contents of this document or any other matters referred to herein and has not authorised the contents of the Prospectus under Rule 5.5 of the Prospectus Rules. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Collins Stewart may have under the FSMA or the regulatory regime established thereunder. Apart from the responsibilities and liabilities, if any, which may be imposed on Collins Stewart by the FSMA or the regulatory regime established thereunder, Collins Stewart accepts no responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on their behalf in connection with the Company or its Ordinary Shares. Collins Stewart accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

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 with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the Company has not, and will not be, registered under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, in or into the United States, or to or for the account or benefit of any US person (within the meaning of Regulation S under the Securities Act ("US Person")) at any time.

Contents

SUMMARY

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Ordinary Shares should be based on the consideration of the Prospectus as a whole by prospective investors. Where a claim relating to the information contained in this Prospectus is brought before a court, a claimant investor may, under the national legislation of an EEA State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to the Company and its Directors, who are responsible for this summary, including any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

Introduction to the Company

The Company is a closed ended investment company registered in Guernsey. It was incorporated in May 2006 and its shares were admitted to trading on AIM in June 2006, after raising £105 million (before expenses) in an institutional placing.

The Company's issued share capital consists of Ordinary Shares. The Ordinary Shares are currently admitted to trading on AIM. As explained further below, it is intended that the Ordinary Shares will be delisted from AIM, subject to admission of the Ordinary Shares to the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings will commence on 30 June 2010.

Investment Objective

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

Summary Investment Policy

A summary of the Company's investment policy is set out below.

Asset allocation

The Company aims to achieve its investment objective by investing in property markets in Macau, the Western Pearl River Delta region and, in exceptional circumstances, greater China.

The Company's portfolio may comprise a mixture of asset classes, including residential, retail, leisure, industrial and office properties.

The Company targets types of developments which are often overlooked by large developers and which, in the opinion of the Manager and the Investment Adviser, offer opportunities to achieve an attractive total return through their location, sector or 'value-added' potential. The Company looks to add value through redevelopment, development, refurbishment, change of use and repositioning. In particular, it seeks to acquire undervalued sites in attractive locations where it believes there is a sustainable end-user demand.

Diversification

The Company, as an active investor, will consider concentration risk from both a sector as well as an asset perspective. The Company may wholly own its investments (directly or indirectly) and it may invest through a joint venture arrangement if the terms of the arrangement are deemed suitable. There is no limit on the number of projects in which the Company may invest and there is no minimum or maximum limit on the length of time that any investment may be held.

Currently, 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.

Gearing

The Company has the ability to borrow, both at Company level and, if SPVs are used in relation to particular investments, at SPV level as well. The Company, either directly or through its SPVs, may not borrow amounts in relation to any single investment that exceed 75 per cent. of that investment's market value. When the Company is fully invested the maximum amount of net borrowings that the Group may have as a whole (i.e. all principal amounts borrowed by the Group less the Group's cash balances) will not exceed 60 per cent. of the aggregate value of all of the Group's investments at the time that any new borrowings are made. The Group may be required to use its investments as security for the borrowings it puts in place.

Investment restrictions

The Company will comply with all investment restrictions imposed under the requirements of the UK Listing Authority. The Company does not currently invest in third party managed collective investment schemes.

Proposed changes to the Investment Policy

The Company is proposing to make two changes to its investment policy, both of which are conditional on the approval by Shareholders of Resolution 2 at the EGM. The first change is to provide increased flexibility for the Company by increasing the amount that can be invested in any single development from 30 per cent. of Gross Asset Value to 40 per cent. of Gross Asset Value. The second change is to remove the prohibition on the Company investing in third party managed collective investment schemes and replace it with the restriction in the Listing Rules limiting such investment to 10 per cent. of the Company's total assets (except where such listed closed ended funds have published investment policies to invest no more that 15 per cent. of their total assets in other closed ended listed funds).

Save as set out in this document, the Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Listing Rules, any material change to the investment policy of the Company will only be made with the approval of Shareholders.

The Company will at all times invest and manage its assets in accordance with its published investment policy.

Dividends

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 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. 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). The Company has not paid any dividends since incorporation.

Valuations of the Property Portfolio

The Property Portfolio is currently valued on a semi-annual basis by an internationally recognised property appraiser appointed by the Company from time to time. Following the Migration, the Property Portfolio will be valued in the same way but on a quarterly basis.

Property Investments are, and will continue to 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 per Ordinary Share and the Adjusted NAV per Ordinary Share are currently calculated by the Administrator semi-annually based on the semi-annual valuation of the Property Portfolio 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 most recent Net Asset Value per Ordinary Share and Adjusted NAV per Ordinary Share were US$1.94 and US$2.49 respectively, as at 31 March 2010. Following Admission, these valuations will be calculated on a quarterly basis, with the 31 March and 30 September valuations based on a desktop update of the latest Property Portfolio valuation.

Manager and Investment Adviser

Responsibility for the day-to-day management of the Company's portfolio rests with Sniper Capital Limited, the Manager, which focuses on capital growth opportunities from property investment, development and redevelopment in niche and undervalued markets.

The Manager is a private limited company and was incorporated in the British Virgin Islands on 1 December 2004. It is not authorised or regulated by the Financial Services Authority or any similar body.

Sniper Capital (Macau) Limited, a private limited company incorporated in Macau on 25 July 2005, has been engaged by the Manager and the Company to act as Investment Adviser pursuant to the Investment Advisory Agreement.

The Migration

Since its launch in June 2006, the Company's Ordinary Shares have been admitted to trading on AIM. At this stage of the Company's development, however, the Directors consider that a move to the Main Market will provide a number of potential advantages, including:

- increasing the liquidity in the Ordinary Shares;
- enhancing the Company's profile amongst the financial and investment community;
- widening the pool of potential investors in the Company;
- providing a more appropriate platform on which the Company can trade given its market capitalisation and state of development; and
- in the longer term, and subject to further conditions, eligibility for inclusion in the FTSE All-Share Index.

The Company is therefore proposing the Migration, under which the listing of the Ordinary Shares on AIM will be cancelled and Admission to the Official List and to trading on the Main Market will be sought. As a Guernsey company, the Company is not currently subject to pre-emption rights or the issue of new Ordinary Shares and must therefore adopt the New Articles, which include such rights. The New Articles also contain a number of miscellaneous changes that bring them up to date with best practice, the requirements of the UK Listing Authority and the Law. This requires a special resolution of the Company's shareholders and the Migration is therefore conditional on the passing of Resolution 1 at the EGM.

The Portfolio

There are five major property investments held within the Company's portfolio together with a small number of other property assets and some cash.

Details of the portfolio, which was valued by Savills Valuation and Professional Services Limited at an aggregate US$312,804,023 as at 31 March 2010, are as follows:

One Central is a premier mixed-use property development, of which the Company has acquired Tower Six and a number of other individual units. The Company's strategy for these properties is to seek to enhance their value through leasing and asset management. Tower 6 comprises 59 apartments and is being marketed as an exclusive high end residential enclave called The Waterside. The Company's investment in One Central was valued at US$186,885,725 as at 31 March 2010.

Rua da Penha is a niche market low-rise residential development which is intended to provide attractive accommodation for middle/upper-income locals in a popular and well established neighbourhood.

Redevelopment of this property commenced in March 2010 and the intended exit is through pre-sales and sales of completed residential units. The Company's investment in Rua da Penha was valued at US$22,924,443 as at 31 March 2010.

Senado Square is a mixed-use redevelopment project in the heart of the historic centre of Macau. The project is currently at the advanced planning stage and, on completion, should offer prime, multi-storey mixed-use retail space for a variety of tenants. The Company's holding in Senado Square was valued at US$37,220,022 as at 31 March 2010.

Rua do Laboratório is an entry-level residential high-rise project to be built close to the border with China. Situated in an old industrial area of Macau, this location has recently been emerging as a new residential district, led by government infrastructure initiatives, new road projects and proximity to the proposed Light Rapid Transit System. The Company's holding in the asset was valued at US$40,697,325 as at 31 March 2010.

Zhuhai Logistics Centre, which is currently at the leasing and planning stage, is a warehousing and logistics centre in Zhuhai, in close proximity to Macau, aimed at the needs of Macau's gaming, tourist and MICE industries. This site also benefits from its location adjacent to major infrastructure projects including the new Hong Kong-Zhuhai-Macau bridge, new road infrastructure and a new rail project to Guangzhou. The Company's likely exit strategy for this project will be through sale with long-term leases. The Company's holding was valued at US$14,166,791 as at 31 March 2010.

Other property assets include a number of smaller assets held for sale or for development which were valued at US$10,909,717 as at 31 March 2010.

All valuations referred to above are derived from the valuation report from Savills Valuation and Professional Services Limited contained in Part VI of this document, based on the US$/HK$ exchange rate of 1: 7.76.

Key Risk Factors

- New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws or regulations, in any jurisdiction in which the Company operates may have a material adverse effect on the Company's financial performance and returns to Shareholders.

- Chinese law governs the Company's investment in Zhuhai and is likely to govern any other agreements to invest in Chinese assets. 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.

- Macau law governs the majority of the Company's agreements which relate to Property Investments, 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 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 rates or regulations;

    - measures that may be introduced to control inflation, such as interest rate increases; and

    - changes in the rate or method of taxation.

- The Property Portfolio currently consists of five major property assets, together with a small number of other property assets. It is therefore relatively concentrated at the present time and the poor performance of a particular investment would adversely affect the performance of the Property Portfolio as a whole.

- 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.
- 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.
- Investments in property may be difficult, slow or impossible to realise and involve 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. There is no assurance that there will be either a ready market for the 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.
- 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.
- 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.
- The returns (if any) from the Ordinary Shares are subject to the risks associated with the development of real estate projects. These risks may include the risk or risks:
  - relating to project financing. The release of bank financing is likely to 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 relevant bank may refuse to provide further financing and the development may not be completed;
  - 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;
  - 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;
  - of 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.

RISK FACTORS

AI: 4

AIII: 2

Investment in the Company and its Ordinary Shares should be regarded as long-term in nature and involving a high degree of risk. The Company and its Ordinary Shares are only suitable for investors who understand the potential risk of capital loss, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in the Company and its Ordinary Shares. Accordingly, Shareholders should consider carefully all of the information set out in this Prospectus and the risks attaching to their investment in the Company and its Ordinary Shares including, in particular, the risks described below. The Directors believe that the risks described below are the material risks relating to the Company and the Ordinary Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem to be immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares. Shareholders should consider whether an investment in the Company and its Ordinary Shares is suitable for them in light of the information that is contained in this Prospectus and the financial resources available to them.

The Company's financial condition or operations could be materially and adversely affected by the occurrence of any of the risks described below. In such case, the market price of the Ordinary Shares and/or the value of the Ordinary Shares could decline due to any of these risks and investors could lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors may also have an adverse affect on the Company and its Ordinary Shares

General risks relating to the Ordinary Shares

The value of, and income from, the Ordinary Shares can fluctuate and may go down as well as up. Notwithstanding the existence of share buy-back powers, there is no guarantee that the market price of the Ordinary Shares will reflect fully their underlying Net Asset Value and/or Adjusted NAV. Investors may not get back the full value of their investment.

The market value of the Ordinary Shares, as well as being affected by their Net Asset Value and Adjusted NAV, will also be influenced by their dividend yield (if any), prevailing interest rates and the supply of and demand for the Ordinary Shares in the market. As such, the market value of an Ordinary Share may represent a discount or premium to its underlying Net Asset Value and/or Adjusted NAV. This discount or premium is itself variable as conditions for supply of and demand for the Ordinary Shares change. This means that the share price can fall when the Net Asset Value and/or Adjusted NAV rises, or *vice versa*. Admission to the Official List should not be taken as implying that there will be a liquid market for the Ordinary Shares or that the Ordinary Shares will trade at a price near to their Net Asset Value and/or Adjusted NAV.

Shareholder returns will be dependent on the ability of the Company to achieve its investment objective

There can be no guarantee that the investment objective of the Company, which is to provide Shareholders with an attractive total return, which is intended to comprise capital growth but with the potential for dividends over the medium to long term, will be achieved.

The ability of the Company to achieve its objective is dependent upon, *inter alia*, market conditions and responses to market conditions that are subject to uncertainties due to possible changes in economic conditions, restricted availability of financing, unanticipated expenditures, changes in tax rates, changes in laws, governmental rules and fiscal polices, and other factors beyond the control of the Board or the Manager.

Investment in the Company may only be suitable for sophisticated investors

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 of investing in property in these jurisdictions. Such investments are only suitable for sophisticated investors who fully understand and are willing to accept the risks involved in such investments, including potential illiquidity and volatility. 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.

Before making any investment decision with respect to Ordinary Shares, prospective investors should consult a financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities and carefully review and consider such an investment decision in the light of the foregoing and the prospective investors' personal circumstances.

The past performance of the Company and other investments managed by the Manager is not an indication of future performance.

The Company's Net Asset Value and Adjusted NAV is currently calculated twice a year and may not accurately reflect the value of the Property Portfolio

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 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 currently performs Net Asset Value valuations on a semi-annual basis only, although these will be conducted quarterly following Admission. 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 II of this document.

The Company may employ gearing to part fund the acquisition and development costs of assets within the Property Portfolio, which could magnify any poor investment performance suffered by the Company

The Company, either directly or through its SPVs, may be and is currently geared through borrowings, which are 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 be required to use existing cash reserves in order to make the necessary payments. 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.

The Company has entered into a bank facility agreement in respect of One Central that requires a large payment in May 2012

The Company has entered into the One Central Bank Facility in relation to its One Central properties that contain financial covenants. The facility has a final bullet repayment of US$53 million due in May 2012 in full and final settlement of the facility. The Company intends to refinance all or part of this facility prior to this final repayment becoming due but, if this loan is not refinanced by the time the final repayment is due, the Company may be required to sell, in a limited time, part or all of the Property Portfolio, to provide the funds to make this repayment. The proceeds of any such sales may not reflect the Company's valuation of the Property Investments sold.

The Company has invested in projects that require additional funding before they can be completed. If such funding cannot be obtained at commercially viable rates, the Company may not be able to proceed with its investment plans

The Company's investments at Rua da Penha, Senado Square and Rua do Laboratório involve additional investment. The Company intends to fund part of the costs associated with these projects through debt finance. If such finance cannot be obtained, or cannot be obtained on commercially viable terms, the Company may not be able to proceed with the development of these sites as envisaged when they were acquired and accordingly the opportunity for the Company to profit from such investments may be materially adversely affected.

In the future, the Company may invest in projects that require additional funding before they can be completed. If such funding cannot be obtained at commercially viable rates, the Company may not be able to proceed with its investment plans

In the future, the Company may make investments in properties that require development and therefore involve additional investment beyond the Company's initial commitment. The Company would expect to fund part of the costs associated with these projects through debt finance. If such finance cannot be obtained, or cannot be obtained on commercially viable terms, the Company may not be able to proceed with the development of these sites as envisaged when they were acquired.

In particular, the release of bank financing in relation to a development project may be staged and conditional on milestones in the development being reached. In the event that the development does not proceed as expected (due to e.g. unexpected factors such as landslip, accident, supplier default, planning or title disputes etc.), the relevant bank may refuse to provide further financing. If the Company is unable to arrange alternative financing, it may not be possible to complete the relevant development.

The inability of the Company to proceed with a development project as a result of this risk materialising is likely to materially adversely affect the ability of the Company to profit from its investment in the relevant project.

The Company has no employees and is reliant on the performance of third party service providers

The Company has no employees and the Directors are non-executive. The Company is therefore reliant upon the performance of third party service providers for its executive function. In particular, the Manager, the Investment Adviser and the Administrator will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy.

The Company's portfolio is, and may continue to be, concentrated

As at 21 May 2010, the latest practicable date prior to the publication of this Prospectus, the Company's portfolio consisted of five major property investments with approximately US$31.5 million held in deposit accounts. Whilst the Company aims to manage its assets in a way that diversifies investment risk, the relatively small number and high value of each of the property investments means that if any of those investments were to perform poorly it would be likely to have a material adverse effect on the Company, its Net Asset Value and Adjusted NAV and returns to Shareholders.

The Company's investment at One Central was valued at US$186,885,725 as at 31 March 2010, approximately 71 per cent. of the Company's Adjusted NAV at that date. If this investment were to perform poorly, or the Company suffered a material adverse event in relation to this investment that was not adequately covered by insurance, this would be likely to have a material adverse effect on the Company's Net Asset Value and Adjusted NAV and returns to Shareholders.

Changes in laws and regulations governing the Company's operations may adversely affect the Company's business

The profitability of the Company is 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.

The proposed European Directive on Alternative Investment Fund Managers may adversely affect the Company

A draft European Directive on Alternative Investment Fund Managers (the "AIFM Directive") was published in April 2009. That draft document has been subject to considerable change during the ongoing course of the European legislative process and differing versions have now been approved by the European Parliament on the one hand and the European Council on the other. In its current form, however, the draft AIFM Directive restricts the marketing of non-European Union ("non-EU") Alternative Investment Funds, or funds managed by non-EU investment managers, to investors in the European Union ("EU"). As drafted, the restriction would prohibit such marketing in the EU, save where certain conditions are met. At the moment, it is not possible to establish what amendments to the draft AIFM Directive will be made before its entry into force. Consequently, there may be restrictions on the marketing of the Ordinary Shares to investors in the EU, due to the fact that the Company is incorporated in Guernsey and/or that the Manager is established in the British Virgin Islands and the Investment Adviser is incorporated in Macau, which in turn may have a negative effect on the marketing and liquidity of the Ordinary Shares generally. The Directors propose to keep the position regarding the AIFM Directive under review, as it may impact the Company.

Changes in taxation may adversely affect the Company

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.

Statements in this Prospectus concerning the taxation of the Company, taxation in Guernsey and the UK and taxation of Shareholders are based upon current Guernsey and UK tax law and published practice, any aspect of which is in principle subject to change that could adversely affect the ability of the Company to successfully pursue its investment policy and/or which could adversely affect the taxation of Shareholders.

Changes in taxation may adversely affect Shareholders and the treatment of any returns that they receive from the Company

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 currently, and may in the future, finance the acquisition of its Property Investments, a substantial proportion of the income of the Company may be treated as interest income or as derived from interest income.

As set out above, statements in this Prospectus concerning the taxation of Shareholders are based upon current tax law and published practice in the jurisdictions covered, which law and practice is, in principle, subject to change that could be adverse to Shareholders. In respect of the UK offshore fund rules, based upon the new rules and guidance published by HM Revenue & Customs, the Company should not be an offshore fund. As a result, UK Shareholders should be subject to capital gains tax (or UK corporation tax on gains) on any gain realised on a disposal of Ordinary Shares rather than UK income tax (or UK corporation tax on income). However, if HM Revenue & Customs deems the Company to be an offshore fund, the taxation of Shareholders may be adversely affected.

Shareholders have no right to have their Ordinary Shares redeemed by the Company

The Company is a closed-ended vehicle. Accordingly, Shareholders have no right to have their Ordinary Shares redeemed or repurchased by the Company at any time. While the Directors seek authority from Shareholders to effect repurchases of Ordinary Shares on an annual basis, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company prior to the final liquidation of the Company will therefore be required to dispose of their Ordinary Shares on the market. Accordingly, Shareholders' ability to realise their investment at Net Asset Value, Adjusted NAV or at all is dependent on the existence of a liquid market in the Ordinary Shares.

The existence of a liquid market in the Ordinary Shares cannot be guaranteed

The Company has applied for the Ordinary Shares to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange, and expects the Ordinary Shares to be so admitted on or about 30 June 2010. There can be no guarantee that a liquid market in the Ordinary Shares will develop or that the Ordinary Shares will trade at prices close to their underlying Net Asset Value or Adjusted NAV following

Admission. Accordingly, Shareholders may be unable to realise their investment at or close to Net Asset Value or Adjusted NAV or at all.

As at 21 May 2010, being the latest practicable date before the publication of this document, 75.68 per cent. of the Ordinary Shares were held by 7 Shareholders. This concentration of Ordinary Shares amongst a limited number of holders of Ordinary Shares may mean that there is limited liquidity in such Ordinary Shares which may affect (i) an investor's ability to realise some or all of their investment and/or (ii) the price at which such investor can effect such realisation and/or (iii) the price at which Ordinary Shares trade in the secondary market.

The performance of the Company is dependent upon the Advisers' expertise in pursuing the investment policy and upon the Advisers' key personnel

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, evaluate, negotiate, structure, realise, monitor and service the Company's investments. The Company's performance also depends on the continued service of the Principals. For more information, please refer to Part III (''Directors, Management 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.

There are potential conflicts of interest between the Manager and its affiliates and the Company AXV: 3.5

The Principals (who beneficially own the Manager) may, either on their own or in conjunction with others, establish separate businesses in property related industries. These companies may also provide services to the Company, which could create a conflict of interest for the Principals between their obligations to the Company through the Manager (and in the case of Thomas Ashworth as a Director) and their obligations to any such entities. To date the Principals have established or identified three separate businesses in the property sector outside the Company. The first is the South China Sniper Fund Limited, to which the Manager and Investment Adviser provide services. This fund has an investment policy that may overlap with that of the Company, although it is currently fully invested.

Further, the Manager and the Investment Adviser are currently considering the feasibility of launching a new fund with an investment policy that also covers Macau, although the Directors have been informed that the investment policy of such fund does not materially overlap with that of the Company. Whilst there is no certainty about whether such a fund will be launched, if the proposals do proceed potential conflicts of interest between the Advisers' duties to the new fund and their duties to the Company may arise. The Manager has agreed to keep the Directors informed about the proposed new fund and the Manager and the Company have agreed to put further policies in place to deal with any such conflicts if necessary. Such conflicts of interest are likely to centre on the allocation of investment opportunities and the allocation of the Principals' time and attention.

Further, the Principals are beneficially interested in the share capital of Sniper Land Limited (which is proposed to be renamed Headland Developments Limited), which has entered into the Development Management Services Agreement with the Company, which is conditional upon the approval of Shareholders and is summarised in paragraph 7.8 of Part IX of this document. Whilst the agreement contains provisions intended to address potential conflicts of interest, it is not expected that significant conflicts will arise.

The performance fee is calculated by reference to property values, which may include unrealised gains, and the existence of the performance fee may create incentives for the Manager to make speculative investments

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 is 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.

The Company invests in property and land, which are subject to a number of economic and legal risks

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 each case in Macau or China. In the event of default by a tenant, the Company would suffer a rental shortfall and incur additional costs including legal expenses and the 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 as to the attractiveness, convenience and safety of properties, the inability to collect rents, management fees or expenses 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 it is more difficult, costly and time consuming to realise property investments (if they can be realised at all) than investments in equities or bonds.

The Ordinary Shares are 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 the properties owned by the Company therefore depends on many factors beyond the control of the Company and there is no assurance that there will be either a ready market for the properties held by the Company or that such properties will be sold at a profit or will yield a positive cash flow.

Land and property ownership rights may vary in the territories in which the Company invests

Each territory in which the Company decides to make an investment has different laws and regulations (as well as tax provisions) relating to land and property ownership by foreign companies. Whilst the Company uses 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.

Law and governmental regulation in the jurisdictions in which the Company invests may change, which could adversely affect the Company's financial and operating results AI: 9.2.3

The Company and developers with whom the Company deals must 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 that affect environmental planning, land use and development regulations. Such laws may have retrospective effect.

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.

New legislation or regulations in any relevant jurisdiction may be adopted (including by the European Commission) that may materially adversely affect the Company or the Manager. New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws or regulations, may also require the Company to change its investment policy or strategy which may have a material adverse effect on the Company's financial performance and returns to Shareholders.

The Company's investments may be subject to the legal system of the PRC, which is not as comprehensive as the legal system in the UK or Guernsey. Any difficulty in enforcing the Company's legal rights could have an adverse effect on the Company's financial and operating results

Chinese law governs the Company's investment in Zhuhai and is likely to govern any other agreements to invest in Chinese assets. 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 precedent 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.

Some of the Company's investments are subject to the legal system of Macau, which is not as comprehensive as the legal system in the UK or Guernsey. Any difficulty in enforcing the Company's legal rights could have an adverse effect on the Company's financial and operating results

Macau law governs the majority of the Company's agreements which relate to Property Investments, 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 precedent value. The Macau legal system is nevertheless stable as it has been in place for a long time, there is 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 result in material changes to, 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.

The Company's success in pursuing the investment objective is dependent on economic, political and social conditions in the PRC and Macau

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 status as a special administrative region of China, which gives the Macanese government a high degree of autonomy over all matters except foreign and defence affairs), or the interpretation of laws and regulations;
- changes in the Chinese Government's policy regarding the issuance of visas for travel from mainland China into Macau;
- changes in foreign exchange rates or 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.

The Company may invest in development property. This exposes the Company to risks applicable where property is being developed

The Company's portfolio may include investments in development projects.

The returns (if any) from the Ordinary Shares are subject to the risks associated with the development of real estate projects. These risks include the risk or risks:

- 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;
- 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; and
- that a construction company used on a development becomes insolvent and that it may prove impossible to recover compensation.

The inability of the Company to proceed with the development of any property as a result of any of the risks described above is likely to materially adversely affect the Company's ability to profit from any such investments.

The Company may conduct business in jurisdictions that will generate revenue, expenses and liabilities in currencies other than US dollars (the base currency of the Company), which will expose the Company to potential currency exchange rate risk

The Company reports its results of operations and its financial position in US dollars. The Ordinary Share price is, and following Admission will continue to be, quoted in sterling. The Company invests primarily in HK dollars and other local currencies and the majority of the Company's deposits are denominated in HK dollars. Accordingly, it expects to generate revenue in currencies other than US dollars. The Company declares 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 and Adjusted NAV of the Company, which is, and following Admission will continue to be, expressed in US dollars.

The Company does not hedge the exchange rate risk between HK dollars, other local currencies, sterling and US dollars, save in relation to any proposed dividend payments, where hedging may, but is not guaranteed to be, employed.

The Company may invest in joint ventures, which present additional risks for the Company

While all of the Company's current investments are 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.

IMPORTANT NOTICE

The Company is a closed ended investment fund. Investors should rely only on the information contained in this Prospectus. No broker, dealer or other person has been authorised by the Company, its Directors, the Manager, the Investment Adviser or the Sponsor to issue any advertisement or to give any information or to make any representation in connection with Admission other than those contained in this Prospectus and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, its Directors, the Manager, the Investment Adviser or the Sponsor.

The attention of investors is drawn to the Risk Factors set out on pages 8 to 16 of this Prospectus. Investment in the Company involves certain risks and special considerations. 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. Investors should be able and willing to withstand the loss of their entire investment. The investments of the Company are subject to normal market fluctuations and the risks inherent in all investments and there can be no assurance that an investment will retain its value or that appreciation will occur. The price of Ordinary Shares and the income from such Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment.

Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on applicable law and practice currently in force and are subject to changes therein.

This Prospectus should be read in its entirety. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of Incorporation of the Company.

All times and dates referred to in this Prospectus are, unless otherwise stated, references to London times and dates.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Ordinary Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. In particular, this Prospectus may not be distributed in or into the United States or to or for the account of any US Person. The Company has not been and will not be registered under the Investment Company Act, and investors will not be entitled to the benefits of the Investment Company Act. In addition, the Ordinary Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, the Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, in or into the United States, or to or for the benefit of any US Person, except in transactions that are exempt from registration under the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act.

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.

This Prospectus contains certain forward-looking statements based on assumptions and expectations of future performance, taking into account currently available information. These assumptions and expectations may change as a result of many possible events or factors, not all of which are known. These forward-looking statements speak only as at the date of this Prospectus. The Company is not obliged, and does not intend, to update or revise any forward looking statements, whether as a result of new information, future events or otherwise except to the extent required by any applicable law or regulation, including the Prospectus Rules, the Authorised Closed-ended Collective Investment Schemes Rules 2008, the Listing Rules and the Disclosure and Transparency Rules.

Nothing in the preceding two paragraphs is intended to limit or qualify the working capital statement in paragraph 8 of Part IX of the document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2010
Extraordinary General Meeting	3.00 p.m. on 28 June
Admission and commencement of unconditional dealings in the Ordinary Shares	8.00 a.m. on 30 June
Delisting from AIM	8.00 a.m. on 30 June

DEALING CODES

The dealing codes for the Ordinary Shares will remain as follows: AIII: 4.1

ISIN	GB00B1436N68
SEDOL	B1436N6
Ticker	MPO

DIRECTORS, SECRETARY AND ADVISERS

Directors of the Company AI: 14.1
David Richard Hinde *(Chairman)* AIII: 10.1
Alan Henry Clifton *(Non-executive Director)*
Thomas William Ashworth *(Non-executive Director)*
Timothy James Henderson *(Non-executive Director)*
Richard Hugh Barnes *(Non-executive Director)*

all of:
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British Virgin Islands

Sponsor
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as to Guernsey Law
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Administrator and the Company Secretary
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PART I

LETTER FROM THE CHAIRMAN

Macau Property Opportunities Fund Limited

(Incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 44813)

Directors:	*Registered Office:*
David Richard Hinde *(Chairman)*	Heritage Hall
Alan Henry Clifton	PO Box 225
Thomas William Ashworth	Le Marchant Street
Timothy James Henderson	St. Peter Port, Guernsey
Richard Hugh Barnes	GY1 4HY

3 June 2010

Dear Sir or Madam

Proposed migration of Ordinary Shares from AIM to the Official List
Proposed amendments to the investment policy
Proposed Development Management Services Agreement
Renewal of Share buyback authority
Dis-application of new pre-emption rights

Introduction

Further to the Company's announcement on 4 March 2010 that it intends to seek a Premium Listing of its Ordinary Shares on the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange plc's Main Market for listed securities, the Board has today announced further details of the Migration, which will also involve the adoption of New Articles. The Migration is conditional on the passing of Resolution 1 to be proposed at the Extraordinary General Meeting of the Company to be held on 28 June 2010, as well as the admission of the Ordinary Shares to the Official List and to trading on the Main Market of the London Stock Exchange. AIII: 6.1

As part of the Migration, the Company has taken the opportunity to review its investment policy, the revised terms of which are subject to approval by Shareholders at the Extraordinary General Meeting.

The Extraordinary General Meeting will also consider the approval of the Development Management Services Agreement, which is a new agreement between the Company and Sniper Land Limited (which is proposed to be renamed Headland Developments Limited) to provide development management services to the Company.

Finally, the Extraordinary General Meeting will also consider the renewal of the Company's share buy-back authority, which currently contains specific references to prices derived from AIM, and the dis-application of the pre-emption rights contained in the New Articles to allow the Company to allot up to 10,500,000 Ordinary Shares (10 per cent. of the current issued share capital) without such rights applying.

The purpose of this document is to provide you with details and to explain the benefits of the Proposals and to set out the reasons why the Directors (excluding Thomas Ashworth in respect of Resolution 3 as he is a shareholder of Sniper Land Limited) are recommending that you vote in favour of the Resolutions at the Extraordinary General Meeting.

The Migration and its potential benefits

Since its launch in June 2006, the Company's Ordinary Shares have been admitted to trading on AIM. At this stage of the Company's development, however, the Directors consider that a move to the Main Market will provide a number of potential advantages, including: AIII: 6.2

- improving the liquidity in the Ordinary Shares;
- enhancing the Company's profile amongst the financial and investment community;
- widening the pool of potential investors in the Company;
- providing a more appropriate platform on which the Company can trade given its market capitalisation and state of development; and
- in the longer term, and subject to further conditions, eligibility for inclusion in the FTSE All-Share Index.

The Company is therefore proposing the Migration, under which the listing of the Ordinary Shares on AIM will be cancelled and Admission to the Official List and to trading on the Main Market will be sought.

As a result of the FSA's review of the listing regime, the final rules relating to which were published on 26 February 2010, all overseas companies that apply for a Premium Listing must incorporate pre-emption rights equivalent to those imposed by the Act in their constitutional documents unless such rights are contained in the law of the applicant's jurisdiction of incorporation. As a Guernsey company, the Company is not currently subject to pre-emption rights and must therefore adopt the New Articles, which include such rights. This requires a special resolution of the Company's shareholders and the Migration is therefore conditional on the passing of Resolution 1 at the EGM. Further details of the EGM and the relevant voting procedure are set out below. The New Articles will also contain a number of miscellaneous changes that bring them up to date with best practice, the Law, and the requirements of the UK Listing Authority.

Assuming Resolution 1 is passed, it is expected that Admission will become effective and that dealings will commence on 30 June 2010.

Changes to the Investment Policy

As a result of the proposed Migration, the Company has had to consider whether its investment policy meets the requirements of Chapter 15 of the Listing Rules. These rules require the investment policy to have hard limits in place as to what the Company can and cannot do without having to seek the approval of Shareholders in general meeting. The rules regarding the investment policies of AIM listed companies are not as strict. As a result of this review, the Company is proposing to make two specific changes to its investment policy, as described below.

The first proposed change is the removal of the guideline stating that it was not intended that any single investment would constitute more than 30 per cent. of the Company's Gross Asset Value at the time of investment. It is proposed that this is replaced with a hard limit that prevents the Company from making an investment where it would constitute more than 40 per cent. of the Company's Gross Asset Value at the time of investment.

The reason for this change is that Chapter 15 of the Listing Rules requires all investment companies to have firm exposure limits (as opposed to statements of intention). The Board will continue to closely monitor the position concentration limit in the Company's portfolio and, in the ordinary course of events, it is not expected that any 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. It should however be noted that the Macau property market has increased in value since the Company's launch in 2006 when the 30 per cent. limit was established. The Board believes that a 40 per cent. limit is a more realistic upper limit based on current property values and the potential acquisition opportunities that the Manager has seen in the market, and would give the Company more flexibility to invest in the event that it is offered an opportunity to acquire a larger property.

The second proposed change is to remove the prohibition on the Company investing in third party managed collective investment companies. This restriction was included in the admission document published on the launch of the Company in 2006 but the Directors now consider that it should be removed in order to align the investment restrictions applicable to the Company with those contained in the Listing Rules, as well as to provide flexibility to invest in such companies in the future. The Company will instead be required to comply with the restriction contained in the Listing Rules, which will prevent the Company from investing more than 10 per cent. in aggregate of the value of its total assets in other listed closed ended investment funds (except where such listed closed ended funds have published investment policies to invest no more than 15 per cent. of their total assets in other closed ended listed investment funds).

Both of these changes constitute material amendments to the Company's existing investment policy and therefore require shareholder approval under the AIM Rules. The Company is therefore proposing Resolution 2 at the EGM to approve the amendments.

Development Management Services Agreement

The Property Portfolio currently includes certain properties whose potential value would be enhanced by development. The Company has therefore conditionally entered into the Development Management Services Agreement with Sniper Land Limited (which is proposed to be renamed Headland Developments Limited) (the terms of which are summarised in paragraph 7.8 of Part IX of this document). This agreement provides that Sniper Land will provide development management services to the Company that are outside the scope of the Manager's obligations to the Company under the Management Agreement. Sniper Land Limited is part owned by Thomas Ashworth and Martin Tacon and therefore constitutes a related party of the Company. The Directors have therefore determined that the Development Management Services Agreement should be subject to Shareholder approval.

The Directors (excluding for this purpose Thomas Ashworth) are recommending that you approve the Development Management Services Agreement, which in their view affords the Company a number of benefits. The scope of development management services to be provided by Sniper Land primarily involves taking responsibility for the complete, timely and cost effective delivery of each development project.

The Directors believe that the benefits to the Company from entering this agreement include a higher quality of service than could otherwise be obtained, with a high degree of commitment and dedication to development projects, greater control over the management and monitoring of construction costs and an enhanced communication of the Company's brand from inception to project completion. The objective will be to deliver development projects to a high standard and to position such projects to maximise the promotion and marketing and consequently sales, leasing and exit values.

Accounting treatment of Tower 6, One Central Residences and Net Asset Value

As announced in the Company's unaudited interim results for the six months ended 31 December 2009, Tower Six of One Central was handed over from the developer to the Company during that period. As a result, and to reflect the intention to lease out and earn rentals from the units, the Company's Audit Committee determined that it would be most appropriate to reclassify Tower Six as an investment property, rather than inventory, for the purposes of the interim results. Under International Financial Reporting Standards, development properties classified as inventories are included in the financial statements at the lower of cost and net realisable value, whereas properties classified as investment properties are, after initial recognition, carried at fair value. These accounting policies are described further on page 62 below. The reclassification of Tower Six accordingly resulted in a fair value unrealised gain of US$47.1 million being recognised in the Group's income statement for that period, with a corresponding increase in the Company's Net Asset Value. It should be noted, however, that the reclassification had no impact on the Company's Adjusted Net Asset Value, as this figure is calculated by reference to property valuations rather than cost. It should also be noted that the reclassification had no impact on the amount of fees paid by the Company, as management and administration fees are calculated as a percentage of the Company's Adjusted Net Asset Value.

The Company's auditors have yet to determine whether they intend to adopt the same approach as the Audit Committee in classifying Tower Six as an investment property for the purposes of the Company's next audited accounts, being those in respect of the financial year ending 30 June 2010. If Tower Six of One

Central were to be treated as inventory in the final audited results, rather than as an investment property, the Company would be required to reverse the fair value unrealised gain of US$47.1m that it recognised in the interim results as described above. The Company's Adjusted Net Asset Value will not in any event be affected by the approach adopted by the Company's auditors, as it is based on the most recent valuation of the Company's properties by Savills (Macau) Limited. The amount of fees paid by the Company will also not be affected by the approach adopted by the Company's auditors, as management and administration fees are calculated as a percentage of the Company's Adjusted Net Asset Value.

The Portfolio

There are five major property investments held within the Company's portfolio together with a small number of other property assets and some cash.

Details of the portfolio, which was valued by Savills Valuation and Professional Services Limited at an aggregate US$312,804,023 as at 31 March 2010, are as follows:

One Central is a premier mixed-use property development, of which the Company has acquired Tower Six and a number of other individual units. The Company's strategy for these properties is to seek to enhance their value through leasing and asset management. Tower 6 comprises 59 apartments and is being marketed as an exclusive high end residential enclave called The Waterside. The Company's investment in One Central was valued at US$186,885,725 as at 31 March 2010.

Rua da Penha is a niche market low-rise residential development which is intended to provide attractive accommodation for middle/upper-income locals in a popular and well established neighbourhood. Redevelopment of this property commenced in March 2010 and the intended exit is through pre-sales and sales of completed residential units. The Company's investment in Rua da Penha was valued at US$22,924,443 as at 31 March 2010.

Senado Square is a mixed-use redevelopment project in the heart of the historic centre of Macau. The project is currently at the advanced planning stage and, on completion, will offer prime, multi-storey mixed-use retail space for a variety of tenants. The Company's holding in Senado Square was valued at US$37,220,022 as at 31 March 2010.

Rua do Laboratório is an entry-level residential high-rise project to be built close to the border with China. Situated in an old industrial area of Macau, this location has recently been emerging as a new residential district, led by government infrastructure initiatives, new road projects and proximity to the proposed Light Rapid Transit System. The Company's holding in the asset was valued at US$40,697,325 as at 31 March 2010.

Zhuhai Logistics Centre, which is currently at the leasing and planning stage, is a warehousing and logistics centre in Zhuhai, in close proximity to Macau, aimed at the needs of Macau's gaming, tourist and MICE industries. This site also benefits from its location adjacent to major infrastructure projects including the new Hong Kong-Zhuhai-Macau bridge, new road infrastructure and a new rail project to Guangzhou. The Company's likely exit strategy for this project will be through sale with long-term leases. The Company's holding was valued at US$14,166,791 as at 31 March 2010.

Other property assets include a number of smaller assets held for sale or for development which were valued, in aggregate, at US$10,909,717 as at 31 March 2010.

All valuations referred to above are derived from the valuation report from Savills Valuation and Professional Services Limited contained in Part VI of this document, based on the US$/HK$ exchange rate of 1: 7.76.

Whilst the Company aims to diversify investment risk in accordance with its investment policy, Shareholders should note that the Property Portfolio is at the present time composed of a relatively small number of Property Investments.

Cash

As at 21 May 2010, the Company had a cash balance equivalent to approximately US$31.5 million. The majority of the cash reserves are held in HK dollar fixed deposits and in savings and current accounts across a number of international banks located in Guernsey, Macau and Hong Kong.

Competitive Strengths

The Directors believe that through its long term relationship with the Manager the Company has a number of significant competitive strengths:

- the Manager has proven and established contacts in the markets in which the Company is operating;
- the Manager continues to source attractive investment opportunities through its network of local contacts;
- the Manager has considerable knowledge of the sectors and markets which help the Company make appropriate decisions in relation to the selection and acquisition of properties and asset management;
- the Manager has extensive contacts in the finance and banking sector facilitating attractive financing opportunities for the Company;
- the Manager has the resources to deliver value enhancement through planning, development and asset management;
- the Company's existing portfolio of properties are all well positioned to capitalise on the renewed growth expected to be seen in the Macau markets; and
- the Manager adheres to a high level of corporate governance and compliance standards.

Taxation

The attention of Shareholders is drawn to the summary of Guernsey, UK, Macau and Chinese tax matters set out in Part VIII of this document.

Costs of the Migration

The Company's expenses in connection with the Migration are estimated to amount to approximately £450,000 (inclusive of VAT).

Risk factors

The attention of investors is drawn to the Risk Factors set out on pages 8 to 16 of this document. There can be no guarantee that the investment objectives of the Company will be met.

Extraordinary General Meeting

The Migration is conditional on, amongst other things, the approval by Shareholders of Resolution 1, to be proposed at the Extraordinary General Meeting of the Company, which has been convened for 28 June 2010. If Resolution 1 is approved, the New Articles will be adopted to replace the Existing Articles.

The New Articles will include pre-emption rights and incorporate certain other changes to reflect current best practice, the Law, and UKLA requirements. A more detailed explanation of these amendments is set out in the Appendix to the Notice of Extraordinary General Meeting at the end of this document. The New Articles will be on display at the registered office of the Company from the date of this document until the end of the Extraordinary General Meeting and at the Extraordinary General Meeting itself for the duration of the meeting and for at least 15 minutes prior to the meeting. Resolution 1, which proposes the adoption of the New Articles, will be proposed as a special resolution.

The amended investment policy is set out in full in Part II of this document. The material amendments are the increase in the single investment limit from 30 per cent. to 40 per cent. of Gross Asset Value at the time of investment and the removal of the prohibition on investment in third party managed collective investment schemes, replacing it with the restrictions on investment in closed ended listed investment companies as set out in Chapter 15 of the Listing Rules. Resolution 2, which proposes the amendments to the investment policy, will be proposed as an ordinary resolution.

The Development Management Services Agreement is conditional on the approval of Shareholders. Resolution 3, which proposes the approval of the Development Management Services Agreement, will be proposed as an ordinary resolution.

At the Company's last annual general meeting, Shareholders passed a resolution authorising the Company to repurchase Shares within certain limits, including price limits based on the Share price as traded on AIM. As the Shares will no longer be traded on AIM following Admission, the Company is seeking to obtain a replacement authority to repurchase its Shares. Resolution 4, which is conditional on Admission, will grant the Company authority to repurchase up to 14.99 per cent. of its issued share capital, subject to the requirements of the Listing Rules, until the end of the Company's next annual general meeting. Resolution 4 will be proposed as an ordinary resolution.

Following the adoption of the New Articles, the Company will not be able to allot Shares for cash without offering them to existing Shareholders first in proportion to their shareholdings. Resolution 5, which is conditional on the passing of Resolution 1, will grant the Company authority to dis-apply these pre-emption rights in respect of up to 10,500,000 Shares, which is equal to 10 per cent. of the Company's issued share capital. This will allow the Company flexibility to issue further Shares for cash without conducting a rights issue or other pre-emptive offer. Resolution 5 will be proposed as a special resolution.

The Board is recommending that Shareholders vote in favour of all of the Resolutions.

All Shareholders are entitled to attend and vote at the Extraordinary General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of every Ordinary Share held. In order to ensure that a quorum is present at the Extraordinary General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

The formal notice convening the Extraordinary General Meeting is set out on pages 170 to 174 of this document.

Action to be taken

The only action that you need to take is to complete the accompanying Form of Proxy for use at the Extraordinary General Meeting.

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or deliver them by hand during office hours to the same address so as to be received as soon as possible and by not later than 3.00 p.m. on 24 June 2010.

Shareholders are requested to complete and return a Form of Proxy whether or not they wish to attend the Extraordinary General Meeting.

Recommendation

The Board (excluding Thomas Ashworth in relation to the entry into of the Development Management Services Agreement and the passing of Resolution 3 only) considers that the Proposals and the passing of the Resolutions are in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolutions 1, 2, 4 and 5 to be proposed at the Extraordinary General Meeting. The Board (excluding Thomas Ashworth) also unanimously recommends that Shareholders vote in favour of Resolution 3 to be proposed at the Extraordinary General Meeting.

Those Directors who hold shares intend to vote in favour of the Resolutions in respect of their holdings of Ordinary Shares amounting to 260,000 Ordinary Shares in aggregate (representing 0.2476 per cent. of the issued share capital of the Company as at the Latest Practicable Date).

Yours faithfully

David Hinde
(Chairman)

PART II

THE COMPANY

Introduction

The Company is a closed ended investment company registered in Guernsey.

The Company aims to provide its 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 seeks to maximise the total return on its portfolio, either through selling the properties after development or redevelopment or by generating rental income.

The Company's issued share capital consists of Ordinary Shares. The Ordinary Shares are currently admitted to trading on AIM. It is intended that the Ordinary Shares will be delisted from AIM, subject to admission of the Ordinary Shares to the Official List and to trading on the Main Market.

Application will be made for the Ordinary Shares to be admitted to the Official List (by means of an introduction) and to trading on the Main Market. It is expected that Admission will become effective and that dealings will commence on 30 June 2010.

Manager and Investment Adviser

Responsibility for the day-to-day management of the Company portfolio rests with the Company's Manager, Sniper Capital Limited.

Sniper Capital (Macau) Limited acts 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.

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

New investment policy (subject to shareholder approval) AXV: 1.1

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

Asset allocation AXV: 2.7

The Company aims to achieve its investment objective by investing in property markets in Macau, the Western Pearl River Delta region and, in exceptional circumstances, greater China.

The Company's portfolio may comprise a mixture of asset classes which include residential, retail, leisure, industrial and office properties.

The Company targets types of developments which are often overlooked by large developers and which, in the opinion of the Manager and the Investment Adviser, offer opportunities to achieve an attractive total return through their location, sector or 'value-added' potential. The Company looks to add value through redevelopment, development, refurbishment, change of use and repositioning. In particular, it seeks to acquire undervalued sites in attractive locations where it believes there is a sustainable end-user demand.

The Company seeks to maximise the total return on its portfolio, 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.

Diversification

The Company, as an active investor, will consider concentration risk from both a sector as well as an asset perspective. The Company may wholly own its investments (directly or indirectly) or it may invest through a joint venture arrangement if the terms of the arrangement are deemed suitable. There is no limit on the number of projects in which the Company may invest and there is no minimum or maximum limit on the length of time that any investment may be held.

No single investment in a development will represent more than 40 per cent. of the Gross Asset Value of the Company at the time of investment.

Gearing AXV: 1.2

The Company has the ability to borrow, both at Company level and, if SPVs are used in relation to particular investments, at SPV level as well. The Company, either directly or through its SPVs, may not borrow amounts in relation to any single investment that exceed 75 per cent. of that investment's market value. When the Company is fully invested the maximum amount of net borrowings that the Group may have as a whole (i.e. all principal amounts borrowed by the Group less the Group's cash balances) will not exceed 60 per cent. of the aggregate value of all of the Group's investments at the time that any new borrowings are made. The Group may be required to use its investments as security for the borrowings it puts in place.

The Company's articles do not contain any restriction on borrowings.

Investment restrictions AI: 10.4

The Company will manage and invest its assets in accordance with its investment policy as disclosed above and will comply with the following investment restrictions for so long as they remain requirements of the UK Listing Authority: AXV: 2.1

- the Company and any of its subsidiaries will not conduct any trading activity which is significant in the context of its group as a whole;
- not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time of Admission may be invested in other listed closed ended investment funds, except that this restriction shall not apply to investments in closed ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed ended investment funds; and
- the Company will notify to a Regulatory Information Service within five business days of the end of each quarter, a list of all investments in other listed closed ended investment funds, as at the last business day of that quarter, which themselves do not have stated investment policies to invest no more than 15 per cent. of their total assets in other listed closed ended investment funds.

In the event of any breach of investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager by an announcement issued through a Regulatory Information Service.

Property holding companies

The Company uses wholly owned special purpose vehicles to hold its Property Investments. The Company may use a single SPV for an individual property or may choose to use a single SPV to hold multiple properties. SPVs have been and will continue to be incorporated in such jurisdictions (including Macau) as the Company deems appropriate taking into account taxation advice and investment management risks.

Investment process

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

Sourcing investments

The Investment Adviser sources 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

Potential investments are 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, zoning, land registration, planning approval, title and location;
- work specifications – including refurbishment, development and redevelopment plans, details of cost and timetable;
- 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.

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 made in HK dollars and the returns on those investments in the Property Portfolio (sales proceeds and any net rental income) are also in HK dollars. Property Investments in greater China are made in Renminbi.

The management fee and any performance fee are paid to the Manager in US dollars. Other non-property related costs incurred directly by the Company are 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. The Ordinary Share price is currently and will continue to be quoted in sterling. The Company does not currently hedge the exchange rate risk between HK dollars, other local currencies, sterling and US dollars, although it may do so in relation to any proposed dividend payments.

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

Borrowings

The Company's policy on borrowing is set out in the investment policy on pages 28 and 29 above. As at the Latest Practicable Date, the Group had indebtedness of approximately US$82 million.

The Group's outstanding indebtedness is primarily constituted by the One Central Bank Facility, under which approximately US$82 million had been drawn down as at the Latest Practicable Date. The One Central Bank Facility contains various standard terms and conditions for a facility of this type. In particular, the Group is required to maintain an interest cash reserve equal to six months' interest under the facility. The One Central Bank Facility contains certain financial covenants. The facility provides that units cannot be sold at a price below HK$4,600 per square foot without the lender's consent. Further there is also a covenant that to the extent that the loan to value ratio exceeds 55 per cent., a capital repayment will be triggered to reduce the ratio back to 55 per cent.

The One Central Bank Facility provides for certain capital repayments to be made during the term of the facility but a final repayment of approximately US$53 million is due at the end of the term in May 2012. The Company currently intends to refinance all or part of the One Central Bank Facility at an appropriate point.

Risk management

Set procedures for the regular inspection of the properties and the financial management of the Property Portfolio have been 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 are made and reviewed for ongoing maintenance and/or critical repair programmes. This includes health and safety matters and all services.

Dividend policy AI: 20.7

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.

Before recommending any dividend, the Board will consider the capital position of the Company, the impact on such capital by virtue of paying that dividend, and the solvency of the Company.

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). The Company has not paid any dividends since incorporation. AI: 20.7.1

Profile of a typical investor

AXV: 1.4

The Directors consider that an investment in the Company should be regarded as long term in nature and is suitable only for sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts seeking long term exposure to the property markets of Macau and Southern China, in each case, who can bear the economic risk of a substantial or entire loss of their investment and who can accept that there may be limited liquidity in the Shares.

Life of the Company

At the annual general meeting of the Company to be held in 2014, 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.

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.

Pursuant to a resolution passed at the Company's last annual general meeting, the Company currently has authority to make market purchases of up to 14.99 per cent. of its own issued Ordinary Shares. This authority will expire at the annual general meeting to be held in 2010. A renewal of this authority will be sought from Shareholders at each annual general meeting of the Company.

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 share capital is such that further issues of Ordinary Shares can be made. There are currently no pre-emption rights for existing Shareholders on any such further issue, although Resolution 1, if passed, will incorporate such rights in the New Articles as required by the Listing Rules. If Resolution 1 is not passed the Migration will not proceed.

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.

Valuations of the Property Portfolio

The Property Portfolio is currently valued on a semi-annual basis by an internationally recognised property appraiser appointed by the Company from time to time. Following Admission, the Property Portfolio will be valued in the same way but on a quarterly basis.

Property Investments are, and will continue to 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 per Ordinary Share and the Adjusted NAV per Ordinary Share are currently calculated by the Administrator semi-annually based on the semi-annual valuation of the Property Portfolio 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 most recent Adjusted NAV per Ordinary Share was US$2.49, as at 31 March 2010 (based on exchange rates at that date). This figure is unaudited. Following Admission, these valuations will be calculated on a quarterly basis, with the 31 March and 30 September valuations based on a desktop update of the latest Property Portfolio valuation. AXV: 3.4 6.1,6.2, 8.3

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

PART III

DIRECTORS, MANAGEMENT AND ADMINISTRATION

Board of Directors

The Board consists of five non-executive directors, as follows: AI: 14.1

David Hinde (aged 71) *(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 Asia. 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. From 1994 to 1998, he was an executive director of Dah Sing Financial Holdings Limited, the Hong Kong based banking and financial services group. He is currently a non-executive director of Dah Sing Banking Group Limited and Chairman of Invesco Asia Trust plc. David Hinde is a UK resident.

Alan Clifton (aged 63)

Alan Clifton began his City career at stockbrokers Kitcat & Aitken, first as an analyst, later becoming a Partner and then a Managing Partner prior to the firm's acquisition by The Royal Bank of Canada. He was subsequently invited to be 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 JP Morgan Fleming Japanese Smaller Companies Trust plc and of Schroder UK Growth Fund plc and a Director of several other investment companies. Alan Clifton is a UK resident.

Richard Barnes (aged 47)

Richard Barnes is a Member of the Royal Institution of Chartered Surveyors and has over 20 years of experience in the commercial property sector. He has worked at Hillier Parker (CB Richard Ellis), Vigers (GVA Grimley) and Bernard Thorpe (DTZ) and is now a director of BNP Paribas Real Estate Jersey Limited specialising in Channel Islands 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. He is a Jersey resident.

Tim Henderson (aged 69)

Tim Henderson joined HSBC in 1958 and between 1964 and 1993 held various executive positions in Asia before being appointed Senior Manager, HR Planning and Policy in London. He returned to Guernsey in 1994 to become Chief Executive of Leopold Joseph (Channel Islands) Limited. In 1998 he was appointed Business Manager of the James Capel operation in Guernsey. He has a Personal Fiduciary Licence issued by the Guernsey Financial Services Commission and currently holds a number of non-executive directorships in the financial sector. He is also a Fellow of the Institute of Directors and a Guernsey resident.

Thomas Ashworth (aged 44)

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

Corporate governance AI: 16.4

Currently, as a Guernsey registered AIM listed company, the Company is not required to comply with the Combined Code and it does not currently do so. Similarly there is currently no code of corporate governance in Guernsey with which the Company could comply. Notwithstanding this, the Directors support best practice in corporate governance and its practical application to the Company's structure and decision making processes as is appropriate to the Company's size and current stage of development.

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 has established an audit committee, which has formally delegated duties and responsibilities. The audit committee meets at least twice a year and is 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. AI: 16.3

The Board will review the level of fees paid to the Directors on a regular basis. Following a recent review the Directors concluded that their fees, which have remained unchanged since the Company's launch in 2006, should be increased. The revised fees, which are set out in paragraph 4.2 of Part IX of this document, will take effect from 1 July 2010.

As Thomas Ashworth is also a director of the Manager, he will be subject to annual re-election by the Company's shareholders in accordance with the Listing Rules.

Looking forward (and on the assumption that the Migration is completed), the Company will have a premium listing under the FSA's recently reviewed listing regime. This will require the Company to report in accordance with the "comply or explain" principle of the Combined Code, although this will only be required for the Company's financial years commencing after 30 June 2010 and the Company will not comply with the Combined Code from Admission or thereafter.

In addition, the GFSC has publicly consulted on a draft Guernsey code of corporate governance. It is expected that the draft code will be implemented in Guernsey by the end of 2010 and that the Company will be required to comply with it.

Manager

AXV: 4.1,4.2

Responsibility for the day-to-day management of the Company portfolio rests with Sniper Capital Limited, which was founded in 2004 to focus on capital growth opportunities from property investment, development and redevelopment in niche and undervalued markets.

The Manager is a private limited company and was incorporated in the British Virgin Islands on 1 December 2004 with registered number 627636. Its registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. It is not authorised or regulated by the Financial Services Authority or any similar body.

Since its inception, the Manager has pursued its objectives through the identification, acquisition and development of properties clearly differentiated by their location, their current and potential value and by the sustainability of demand for the accommodation or facilities they offer.

With a team of over 30 professionals, the Manager's and Investment Adviser's operations cover all the required investment and development disciplines, including research, site acquisition, project development, asset management, investor relations and finance.

With its holding of 4.76 per cent. of the Company's issued share capital as at the Latest Practicable Date, Sniper Investments Limited, an investment vehicle associated with the Manager, is the sixth largest shareholder in the Company. This holding reflects the Manager's confidence and belief in the long-term prospects of the Company.

The Principals, Thomas Ashworth and Martin Tacon, have a combined 34 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 46), co-founded Sniper Capital Limited in 2004 with Thomas Ashworth and is a director of all Sniper Group companies. He is a member of the Royal Institution of Chartered Surveyors with over

23 years of experience in transaction driven property investment, 19 of which have been spent in Asia. He holds Masters degrees from both the University of Edinburgh and the University of Reading.

He commenced his career in 1987 with Standard Chartered Bank's Specialist Financing Division in London, before moving to Asia in 1991 to spearhead the expansion of the Hong Kong based Vigers International property consultancy business in Indonesia. After returning to Hong Kong in 1993 he joined HSBC Securities (then James Capel & Co) as a property equity specialist, before moving to Credit Suisse First Boston ("CSFB") in Hong Kong. At CSFB he led the establishment of the property equity research business then moved to head investment banking coverage of the Asian property sector.

His career has involved identifying and capitalising on new investment opportunities, working extensively with real estate funds, investment advisers, property developers and professional debt and equity investors, and he maintains a wide range of contacts and relationships throughout the Asian property and banking industries.

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

Thomas Ashworth (aged 44) co-founded Sniper Capital Limited with Martin Tacon in 2004 after identifying the significant property investment potential for Macau. He is a director of the Company and all Sniper Group companies. Over the past eight years he has established an extensive local network in Macau including property professionals, government departments and Macau-based financial institutions and professionals.

His 24 year career commenced with HSBC Securities in London (formerly James Capel & Co), where he spent eight years specialising in equity derivative products, ultimately heading the UK Derivatives department. In 1995 he moved to Hong Kong to establish an Asian equity derivatives department for the Group before joining Morgan Stanley Asia in 1997. Here he was instrumental in growing their Pan-Asia equity derivatives business.

In 2000 he left Morgan Stanley to establish EGS, a pioneering brokerage business which, unusually at the time, focused on servicing hedge funds. In 2003 he engineered the takeover of EGS's Asia Pacific operations by one of Singapore's most prominent securities houses, Kim Eng Securities. Rebranded as KE Absolute, he continued to manage and grow the business, before departing to form Sniper Capital Limited.

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

Investment Adviser

Sniper Capital (Macau) 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 IX 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, finance professionals 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.

Tony Smith (aged 42), Group Finance Director, joined the Investment Adviser at its inception and is responsible for overseeing all Company and Group financial and operational matters. He has over 20 years experience in finance, initially as an audit supervisor at Deloitte & Touche in the United Kingdom before joining the hedge fund administration firm of Hemisphere Management as a Group Manager in Bermuda. In 2000 he moved to Hong Kong where he joined Bank of Bermuda as a Group Manager, before working as Chief Operating and Compliance Officer at the hedge fund firm of Sofaer Capital. He worked with Thomas Ashworth as Chief Operating Officer at KE Absolute before joining and helping to establish the Investment Adviser. He is a member of the Institute of Chartered Accountants in England and Wales. He is a British national and a permanent resident of Hong Kong.

Joao Carlos de Jesus Afonso (aged 41) is Director of Macau Operations for the Investment Adviser. He joined the Investment Adviser at its inception and has primary responsibility for overseeing all Macau day-to-day operations including sourcing appropriate portfolio acquisitions, liaising with professional bodies and 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. During this period he developed an extensive network of government contacts. In 1994 he established the MIRR Real Estate Company in Macau and since then he has been actively involved in a wide range of residential and commercial property development projects across Macau and has acquired an in depth knowledge of local market conditions and influences. He is a permanent resident of Macau and fluent in English, Portuguese and Cantonese.

Joe Shum (aged 35) joined the Investment Adviser in 2007 and as Chief Financial Officer is responsible for financial control and administration of the Company's operating entities and Asian based SPVs. He has over 10 years experience in finance, initially as an audit manager at Ernst & Young before joining AIG Global Real Estate as the finance manager for the Asia region. Prior to joining the Investment Adviser, he worked in HSBC Alternative Fund Services as Vice President where he specialised in private equity/hedge fund administration services. He is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants.

Victor Lee (aged 36) is an Associate Director – Acquisitions & Research. He joined the Investment Adviser in 2006 and has overall responsibility for sourcing and negotiating portfolio acquisition opportunities for the Company and for overseeing value enhancement programmes through development, refurbishment and positioning. He has over 13 years of private equity and property investment experience in both the United States and across greater China. Before joining Sniper Capital Limited, he was actively involved in private equity investment, which included securing over US$100 million of investments into Macau. He serves on the board of Associate Hotel International, currently developing over US$1 billion of retail projects in Hong Kong.

Cello Chan (aged 30) is an Associate Director – Asset Management and joined the Investment Adviser in 2009. She is responsible for active asset management of all the Company's portfolio of properties. She has almost a decade of development and asset management experience gained from her involvement in a wide range of large residential, retail and mixed-use development projects. Her experience spans estate enhancement and management, property sales and marketing and tenant recruitment and relationships. Prior to joining Sniper Capital Limited, she worked at various leading property developers, including Henderson Land Development and, more recently, Grosvenor Asia Pacific.

Daisy Tang (aged 34) is an Associate Director – Corporate and Investor Communications. She joined the Investment Adviser in 2007 and is responsible for all investor communications, corporate and public relations. She has over 10 years experience in corporate communications, marketing and sales, media relations, branding and event management with a career that spans the exhibition and convention, automotive, property, consumer products and food and beverage industries. Prior to joining Sniper Capital, she was one of the pre-opening team members of AsiaWorld-Expo, where she helped launch Asia's leading exhibition and events centre in 2005.

Role of the Investment Adviser

The Investment Adviser's activities 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.

Administrator and Secretary

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

The Administrator was appointed to provide administration and secretarial services to the Company and any Group Companies incorporated in Guernsey, including the determination and calculation of the Net Asset Value per Ordinary Share and the Adjusted NAV per Ordinary Share, as set out in the Administration Agreement. For these services the Administrator is paid an annual fee of 0.12 per cent. of the Adjusted NAV (subject to a minimum of £75,000 per annum). This fee will increase to 0.125 per cent. per annum of the Adjusted NAV up to US$300 million and 0.1 per cent. of any excess with effect from 1 July 2010 to reflect the additional work involved in providing quarterly valuations.

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

Registrar

The Company has appointed Capita IRG (CI) Limited to provide registrars' services in respect of the Company. For these services the Registrar receives a fee of a minimum of £4,750 per annum. The Registrar Agreement is terminable by either party giving not less than 3 months' notice.

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

Banking and safekeeping arrangements

AXV: 5.1, 5.2

Royal Bank of Scotland International has been appointed as the Company's banker. It is intended it will be appointed as safekeeping agent for any assets of the Company or documents of title to be held in Guernsey if this is required. Title to real property in Macau is formally registered with a centralised government database which can be accessed by the general public.

Cash is 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.

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

Fees and expenses

AXV: 3.1, 3.2

Management fee

The Manager receives an annual management fee of 2 per cent. of the Adjusted NAV, payable quarterly in advance.

Performance fee

In addition to the management fee, the Manager is 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, which 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 100p (the placing price at the time of the Company's launch) 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 (together, if applicable, with an amount equal to the VAT thereon).

In addition, the Manager is 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 100p 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 (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.

Conflicts management AXV: 3.5

The Principals (who beneficially own the Manager) may, either on their own or in conjunction with others, establish separate businesses in property related industries. These companies may also provide services to the Company, which could create a conflict of interest for the Principals between their obligations to the Company through the Manager (and in the case of Thomas Ashworth as a Director) and their obligations to any such entities. To date the Principals have established or identified three separate businesses in the property sector outside the Company. The first is the South China Sniper Fund Limited, to which the Manager and Investment Adviser provide services. This fund has an investment policy that may overlap with that of the Company, although it is currently fully invested.

Further, the Manager and the Investment Adviser are currently considering the feasibility of launching a new fund with an investment policy that also covers Macau although the Directors have been informed that the investment policy of such fund does not materially overlap with that of the Company. Whilst there is no certainty about whether such a fund will be launched, if the proposals do proceed, potential conflicts of interest between the Advisers' duties to the new fund and their duties to the Company may arise. The Manager has agreed to keep the Directors informed about the proposed new fund and the Manager and the

Company have agreed to put further policies in place to deal with any such conflicts if necessary. Such conflicts of interest are likely to centre on the allocation of investment opportunities and the allocation of the Principals' time and attention.

Further, the Principals are beneficially interested in the share capital of Sniper Land Limited, which has entered into the Development Management Services Agreement with the Company, which is summarised in paragraph 7.8 of Part IX of this document. Whilst the agreement contains provisions intended to address potential conflicts of interest, it is not expected that significant conflicts will arise.

Meetings reports and accounts

All general meetings of the Company are held in Guernsey. The Company holds an annual general meeting each year.

The annual report and audited accounts of the Company are made up to 30 June in each year with copies to be sent to Shareholders within the following four months. Shareholders will also receive an unaudited half year financial report for the six months to 31 December in each year which is to be sent to Shareholders within the following two months. Pursuant to the Disclosure Rules and Transparency Rules, the Company will also issue interim management statements in respect of the quarter periods ending on 30 September and 31 March in each year, which will provide Shareholders with an explanation of material events and transactions undertaken by the Company and a general description of the financial position and performance of the Company.

The audited accounts of the Company are prepared under International Financial Reporting Standards which the Directors believe is an acceptable body of generally accepted accounting practice. Under International Financial Reporting Standards, the Company prepares an income statement which discloses revenue and capital results including net investment gains.

The audited accounts of the Company are published in US Dollars.

Other on-going operating costs

The Company bears its own 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, development managers, contractors, 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;
- fees and expenses of corporate finance advisers and public relations advisers;
- 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.

Taxation

Shareholders are referred to Part VIII of this document for details of the taxation of the Company and of Shareholders resident in the UK and Guernsey.

Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK and Guernsey are strongly advised to consult their own professional advisers immediately.

PART IV

THE MACAU AND SOUTHERN CHINA PROPERTY MARKET

Certain information from this section has been sourced from third parties. The Company confirms 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. AI: 23.2 AIII: 10.4

Introduction

The Directors and the Advisers believe that the development of the gaming, tourism and MICE (meeting, incentives, convention and exhibition) 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 seek a listing on the Main Market to continue to leverage on the long term growth story of 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. This investment, allied with increased tourist numbers, a booming gaming industry, new transport infrastructure and new leisure facilities all continue to provide a powerful growth dynamic to the property market;
- a casino and hotel construction boom commenced in Macau in 2003 with the issue of six gaming concessions and subconcessions. Wynn, MGM Mirage, Las Vegas Sands, PBL, Four Seasons, Grand Hyatt, Shangri-La are among the international gaming and hotel groups establishing operations in Macau.
- increased global awareness of Macau caused by the opening of new gaming, hotel and leisure facilities continues to increase interest and demand from both domestic and international investors in the property market;
- the development of new casinos/hotels has increased the number of jobs available in Macau, and a significant number of the new workforce are expatriates who are accustomed to modern living spaces and retail and leisure facilities which are currently in short supply;
- the "Individual Visit Scheme" allowing travellers from mainland China to visit Macau on an individual basis was introduced in 2003, making it easier for mainland Chinese residents to travel to Macau. As at August 2009, the scheme applied to 49 cities in China. Almost 400,000 mainland Chinese visitors travelled to Macau through "Individual Visit Scheme" in 2009, accounting for about 40 per cent. of the total number of mainland Chinese visitors.
- Macau's GDP has grown in recent years with GDP per capita one of the highest in Asia (highest in Asia in 2007).
- 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 still a shortage of well positioned developments located in sought after areas. 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 continue to narrow over time;
- 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 will continue to attract China's emerging high net worth and middle class;
- Macau benefits from a developed legal and regulatory environment which is based on Portuguese law; and
- the neighbouring Zhuhai is rapidly developing as a tourist and vacation centre. The Advisers believe that, similar to Macau, there will be investment opportunities for complementary property developments as the large scale developments are completed and transport between Hong Kong and Macau/Zhuhai becomes easier when the Hong Kong-Zhuhai-Macau bridge completes in 2015/6.

Macau

Background

Macau is a Special Administrative Region of the People's Republic of China (PRC). It comprises some 29.2 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 reclaimed and is now known as the Cotai Strip (where a number of the new casino/hotels are located). At the end of 2009, Macau's resident population was approximately 542,200.

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, 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.

Fernando Chui Sai On, the former Secretary for Social Affairs and Culture, was sworn in as the new Chief Executive of Macau SAR in December 2009. Chui heralds from a prominent and politically well-connected local family.

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*	*2006*	*2007*	*2008*	*2009*
GDP Growth	10.1%	14.2%	28.3%	6.7%	16.5%	26%	12.9%	1.3%
Unemployment	6.3%	6%	4.8%	4.1%	3.8%	3.1%	3%	3.1%
Population Growth	1.13%	1.55%	3.75%	4.8%	6%	4.8%	2.1%	-1.3%
Visitor Arrivals	11.5m	11.9m	16.7m	18.7m	22m	27m	22.9m	21.8m

Source: DSEC

Macau's GDP has increased more than two fold between 2002 and 2009 and its GDP per capita in 2009 was US$38,900, the second highest in Asia after Japan. Expansion of the gaming and hospitality industry had a significant effect on population growth levels in recent years by attracting an influx of expatriate workers. As at February 2010, there are over 74,000 expatriate workers in Macau, up 170 per cent. compared with the end of 2001. As at Q4 2009, there were over 44,000 paid employees working in the Macau gaming industry, an increase of 122 per cent. compared with Q2 2004.

Both local employment levels and personal disposable income levels have also grown rapidly. Macau's unemployment rate was only 2.9 per cent. as at February 2010 while the median monthly income has also increased more than 80 per cent. since 1998.

Gaming 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 world's largest gaming market.

In 2004, Macau's total receipts from all gaming activities were US$5.4 billion. Five years later, the full year gaming revenues reached US$15 billion, surpassing those of Nevada (US$10.4 billion) and New Jersey (US$3.9 billion) combined. As at December 2009, there are 33 casinos offering 4,770 gaming tables in Macau.

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 more casino licences. From 1962 to 2002, the sole concession to own and operate gaming halls and hotel casinos was held by STDM. A total of six gaming concessions and sub-concessions were granted to Sociedade de Jogos de Macau ("SJM"), a subsidiary of STDM, Galaxy Casino, S.A. ("Galaxy"), Wynn Resorts (Macao) S.A. ("Wynn"), the Venetians Macao S.A. ("Venetian"), Melco PBL Jogos (Macau), S.A. ("Melco PBL" – the partnership between Melco and PBL) and MGM Grand Paradise, S.A. ("MGM" – the partnership of MGM Mirage and Pansy Ho). The decision to end the monopoly stimulated new foreign direct investment to construct new casinos, hotels and associated facilities.

As at March 2010, major casino and hotel related developments included the following:

- having already opened the Sands Macao (2004), Venetian Macao (2007) and Four Season Macao (2008), Las Vegas Sands also resumed the construction work of the site 5 and 6 on the Cotai Strip, which will include Shangri-La, Traders, Sheraton, and St. Regis hotels. The 6,400-room complex is set to open in 2011.
- Wynn Macau opened in September 2006 on the Macau Peninsula and its second phase, Encore at Wynn Macau, is scheduled to open by mid 2010. Wynn also indicated its interest to develop a 52 hectare site on the Cotai Strip.
- After the launch of Galaxy Waldo (2004) and StarWorld (2006), Galaxy targets to complete another mega resort project, Galaxy Macau on the Cotai Strip in early 2011.
- SJM opened Grand Lisboa and Ponte 16 in 2008, followed by Oceanus in 2009. SJM also manages the casino in the newly opened L'Arc development. As at December 2009, SJM operated 20 casinos in Macau.
- The 600-room MGM Grand Macau, owned by the partnership joint venture between MGM Mirage and Pansy Ho, opened in December 2007.
- Melco PBL opened its first property, Altira Macao (previously known as Crown Macao), in 2007, followed by its flagship project, City of Dreams, on the Cotai Strip in June 2009. City of Dreams features the Hard Rock Hotel, Grand Hyatt Macau and Crown Towers offering a combined 1,400 guest rooms and suites.

Tourism and Leisure

Macau is already a major holiday destination for China's domestic tourists and has attracted an increasing number of tourists both from Asia and the rest of the world. In 2009, Macau attracted a total of 21.8 million visitors. Among them, over 50 per cent. were from mainland China, up 12 times since 2000.

The Macau government is committed to a number of policies that will see the economy diversify towards a more broad-based mix of commercial and non-gaming activities. Today's Macau already offers a number of non-gaming attractions including Cirque du Soleil's first permanent show in Asia, Zaia, which was launched in Venetian Macao in 2008. Major sports and entertainment events also attracted many visitors to Macau, including the annual Macau Grand Prix, NBA matches, tennis exhibition matches and a wide range of concerts featuring international and local performers.

In the past few years, Macau also witnessed a significant expansion in retail space, mainly developed inside the new casinos/hotels. Driven by the expanding tourism industry and domestic spending, Macau's retail sales increased to US$2.8 billion in 2009, almost 4 times the figure in 2000. The Advisers believe that this trend is likely to continue driven by the positive wealth effect in China in the coming decades as well as the growing tourist and domestic consumption.

The MICE (meeting, incentives, convention and exhibition) industry in Macau and Asia is still relatively undeveloped by Western standards. In the past few years, there has been a significant increase in MICE facilities in Macau, including the 1.2 million square feet exhibition and convention space developed as part of the Venetian Macao. In 2009, a total of 1,485 MICE events were held in Macau attracting over 660,000 participants and attendees. The Advisers believe that, with the new MICE and hotel facilities, improved international and regional transportation networks, combined with positive government policies, Macau should be well placed to establish itself as a major conference and exhibition centre.

With the continued construction and opening of major casino-related developments plus the expansion of existing and new non-gaming attractions, the Advisers believe that Macau will continue to be one of the world's biggest gaming and tourist destinations.

Transport links and infrastructure

Approximately 4.25 million passengers passed through Macau airport in 2009. As well as bringing in visitors from around Asia, the airport is also emerging as a base for discount airlines, such as Air Macau and Air Asia, both of which are commencing or enlarging their existing Macau operations.

High speed ferry services run regularly from Hong Kong, Zhuhai and Shenzhen to Macau, with over 100 scheduled services a day between Hong Kong and Macau alone. Passengers can also travel directly between Hong Kong airport and Macau in just 45 minutes via an efficient high speed ferry service. A helicopter service also operates between Macau and Hong Kong and each flight only takes 16 minutes.

In light of the growing population and expanding tourist market, the Macau Government has started the construction of a new Light Rapid Transit rail system connecting the Macau Peninsula with Taipa Island with stations at all the territory's immigration access points and tourist destinations. Phase 1 of this project is targeted to commence operation by 2014.

To support the long-term development of the Pearl River Delta region, the Chinese Central Government commenced the construction of the Hong Kong-Zhuhai-Macau bridge in December 2009. Scheduled to be completed by 2015/6, the proposed bridge will greatly shorten the travelling time between three cities and further strengthen trade and economic ties within the region, which will make the entire Western Pearl River Delta more accessible and competitive.

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;
- urban regeneration initiatives in the old districts;
- development of the city's first Light Rapid Transit system;
- the construction of the Hong Kong-Zhuhai-Macau bridge;
- the continuous capital inflow on the investment of the integrated resort developments;
- obsolescence of existing properties as new projects complete;
- recent rises in locals' 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);
- an established leasing market; and
- the government's support for the diversification of the local economy.

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 newer units with better facilities as a result of the rise in disposable incomes, low unemployment and positive economic growth. In contrast to the strong rebound experienced in a number of cities in the region, with some markets surpassing their pre-financial crisis records, the Advisers believe that the Macau residential market is still significantly lagging its peers and represents a unique investment opportunity given the strong recovery of the gaming industry and the upcoming resumption of the Cotai developments.

Retail and Leisure

Macau's commercial retail and leisure property markets are smaller than the residential market, but are rapidly growing and becoming increasingly important market segments. The retail market in particular has benefitted from the deregulation of the gaming industry, the significant growth experienced in visitor arrivals, disposable income in both Macau and across the Greater China Region, and overall growth in retail spending. These factors have combined to substantially boost rental and capital values across much of the city's retail properties. Much of the new retail property in Macau over the past few years has been developed within the new casino resort developments, with the Cotai projects incorporating large retail shopping centres, however there is still likely to be a significant shortfall of retail property outside the casino complexes.

With more facilities and improved transportation infrastructure, the Advisers believe that Macau will continue to attract both tourists and MICE attendees from mainland China as well as other Asian centres, such as Japan, Korea, Hong Kong, Taiwan and Thailand.

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.

	Prime Office		*Prime Retail*		*High End Residential*	
	Capital Value (US$ sqf)	*Yield (%)*	*Capital Value (US$ sqf)*	*Yield (%)*	*Capital Value (US$ sqf)*	*Yield (%)*
Hong Kong	4,072	3	16,610	3.8	2,160	2.7
Shanghai	677	5.3	5,026	5.3	587	5.5
Tokyo	3,462	3.75	9,688	4.1	N/A	6
Singapore	1,477	3.9	3,873	6.3	1,608	2.2
Macau	436	4.5-5.5	10,000	3.8-4.5	833	1.8-2.5

Source: CB Richard Ellis, Savills

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 shorter than 25 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. Once the leasehold property has been developed in accordance with the terms and conditions of the lease, the terms of the government lease are subject to automatic and successive renewals for 10 year periods on the payment of a renewal premium.

The joint declaration between the Portuguese and Chinese governments in 1987 established a political understanding with regard to the handover of Macau by Portugal. This declaration determined that government leasehold concessions granted by the Portuguese Government prior to 19 December 1999 may be renewed for additional period(s) until 2049, subject to the payment of renewal premiums to the Macau Government. The term of government leases varies from 10 to 25 years with the term commencing upon the granting of the relevant lease. Upon the expiration of the initial term, a government lease may be renewed upon application by the leaseholder or any interested person. To the extent the Company invests in property with a leasehold interest, it will be subject to the risks normally associated with such assets, including risks relating to the granting and costs of renewal of the lease upon expiry.

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 Zhuhai City, 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 3.6 per cent. of China's population, it accounted for 9.9 per cent. of GDP and 27.1 per cent. of exports in 2008.

Like many other cities in the Western Pearl River Delta region, Zhuhai is experiencing solid GDP growth. In 2008, real GDP growth was 9 per cent., while GDP per capita was US$9,733. 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 helped by the planning and construction of new infrastructure projects in the city.

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's Cotai Strip by the Lotus Bridge border crossing, is one of three designated national economic development zones in China, after Pudong in Shanghai and Binhai in Tianjin. Totalling 106 square kilometres, the area is planned to be developed into an international tourist destination and hi-tech centre and set to support the long-term development of Macau and Hong Kong with the policy support from the Chinese Central Government. Currently, there are three major projects confirmed with a committed capital investment of US$7.3 billion, including Chimelong theme park, the Macau University's new campus, and the 5.77 square kilometre "Shizimen new Central Business District", which will feature convention and exhibition space, world-class hotels, residential zones and Grade A office buildings.

The Advisers expect that the new casino developments in Macau will employ a significant number of Zhuhai residents, who are likely to commute to and from Macau on a daily basis. In addition, many of the mainland Chinese tourists visiting Macau arrive by road or rail having travelled through Zhuhai and other parts of the Western Pearl River Delta region. The future Hong Kong-Zhuhai-Macau bridge will not just shorten the travelling time between the three cities, but also bring economic ties closer as well as enhance the economic competitiveness of the Western Pearl River Delta.

The Advisers also 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 V

THE PORTFOLIO

AXV: 2.7, 8.2

There are five major property investments held within the Company's portfolio together with a small number of other property assets and some cash. Details of the portfolio are as follows. The information in this Part V is provided as at the date of this document, with the exception of the market values, which are provided as at 31 March 2010 and extracted from the valuation report in Part VI of this document. This information is unaudited.

One Central

- Macau's premier mixed-use development
- Acquired Tower Six and a number of individual units
- Current status: Leasing
- Exit strategy: Lease and asset manage

Total Commitment:	US$138 million
Type	Investment
Location	Macau Peninsula
Acquisition Date	November 2006
Gross Floor Area	201,000 ft^2 / 18,700 m^2
Handover	August 2009
Market value as at 31 March 2010	US$186,885,725

One Central is a premier mixed-use property development in Macau, of which the Company has acquired Tower Six and a number of other individual units. The Company's strategy in relation to this property is to lease and asset manage and in due course to realise it, and it is valued on this basis.

The Company has entered into a loan facility in respect of its investment in *One Central*, under which it has drawn down US$82 million. The loan facility is secured on the Company's properties at *One Central*. The facility agreement contains two financial covenants. The first is that the Company's properties in the development cannot be sold below HK$4,600 per square foot. The second is that to the extent the loan to value ratio increases above 55 per cent., a capital repayment will be triggered to reduce the loan to value ratio back to 55 per cent. As at 31 March 2010, the loan to value ratio was 44 per cent.

The Waterside (Prestigious, high end residential)

Marketed as *The Waterside*, Tower Six of One Central Residences comprises 59 apartments with views over Macau's Nam Van Lake and the historic Penha Hill. All apartments in *The Waterside* have been luxuriously appointed by the award-winning interior designer Yasumichi Morita. Occupying a prime location on Macau Peninsula, the 150,000 square foot tower is now at the leasing stage targeted at the premium segment of the residential leasing market in Macau.

Rua da Penha (Niche market residential)

- Low-level residential block
- Targeted at local residents
- Current status: Redevelopment
- Exit strategy: Pre-sell and sell

Total Commitment:	US$20 million
Acquisition Cost:	US$8.6 million
Projected Development Cost:	US$11.4 million
Type	Development
Location	Macau Peninsula
Acquisition Date	October 2006
Projected Gross Floor Area	80,000 ft^2 / 7,430 m^2
Estimated Completion Date	2011
Market value as at 31 March 2010	US$22,924,443

Situated in a sought after neighbourhood of Macau Peninsula, Rua da Penha will provide attractive accommodation for middle/upper-income locals who wish to live close to the city centre. The project is also located in the "Historic Centre of Macao" which was recently declared a UNESCO World Heritage district. Once completed, this low-level residential block will complement the numerous historic buildings in the area which have recently undergone an extensive government restoration programme.

The redevelopment programme for Rua da Penha commenced in March 2010, following the receipt of architectural planning approval and demolition licences. A public sales campaign is expected to be launched in the second half of 2010 while the project's estimated completion date is mid 2011.

Senado Square (Mixed-use development)

- First mixed-use property
- Multi-storey retail complex
- Current status: Advanced planning
- Exit strategy: Lease and sell

Total Commitment:	US$33 million
Acquisition Cost:	US$16 million
Projected Development Cost:	US$17 million
Type	Development
Location	Macau Peninsula
Acquisition Date	October 2007
Projected Gross Floor Area	70,000 ft^2/ 6,500 m^2
Estimated Completion Date	2011
Market value as at 31 March 2010	US$37,220,022

Located in the heart of Macau's historic tourist district, Senado Square will offer prime, multi-storey mixed-use retail space designed to serve a variety of tenant needs. Currently at advanced planning stage, Senado Square's estimated completion date is end 2011.

Rua do Laboratório (Entry level residential)

- High-rise residential block
- Targeting local first-time buyers
- Current status: Planning
- Exit strategy: Pre-sell and sell

Total Commitment:	US$50 million
Acquisition Cost:	US$20.6 million
Projected Development Cost:	US$29.4 million
Type	Development
Location	Macau Peninsula
Acquisition Date	November 2006
Projected Gross Floor Area	220,000 ft^2 / 20,440 m^2
Estimated Completion Date	2011
Market value as at 31 March 2010	US$40,697,325

Close to the border with China and with easy access to the proposed Light Rapid Transit System, Rua do Laboratório is being developed for Macau's first-time buyers. The demolition of the disused buildings was completed in January 2010 and the site cleared and secured. The estimated completion date is late 2011.

Zhuhai Logistics Centre (Warehousing and logistics)

- First acquisition in mainland China
- First warehousing/logistics property
- Current status: Leasing and planning
- Exit strategy: Sell with long-term leases

Total Commitment:	US$45 million
Acquisition Cost:	US$11 million
Projected Development Cost:	US$34 million
Type	Investment/Development
Location	Zhuhai, China
Acquisition Date	August 2008
Projected Gross Floor Area	1.6m ft^2 / 150,000 m^2
Estimated Completion Date	2011/2012
Market value as at 31 March 2010	US$14,166,791

Located just minutes from the Macau border and close to the landing point for the Hong Kong-Zhuhai-Macau bridge, on which construction has recently commenced, Zhuhai Logistics Centre is well placed to serve the growing demand for logistics needs from Macau's gaming, tourist and MICE industries. The project will also prosper from its proximity to the proposed "Shizimen Central Business District" as well as various new developments on Zhuhai's Hengqin Island, including a theme park and University of Macau's new campus. MPO's eventual exit strategy will be through sales with long-term leases.

Other property assets

Other property assets comprise a number of smaller assets acquired by the Company which will collectively add value to the portfolio. The Company's aggregate holding of other property assets is valued at US$10,909,717.

Total Commitment:	US$7.3 million
Location	Macau

Cash

As at 21 May 2010, the Company had a cash balance equivalent to approximately US$31.5 million. The majority of the cash reserves are held primarily in HK$ fixed deposits and in savings and current accounts across a number of international banks located in Guernsey, Macau and Hong Kong.

All information is based on the latest indicated zoning, plot ratios and construction costs and is subject to final planning approval.

PART VI

PORTFOLIO VALUATION BY EXPERT

AXV: 2.7

AIII: 10.3

The Directors
Macau Property Opportunities Fund Limited
Heritage Hall
PO Box 225
Le Marchant Street
St. Peter Port
Guernsey
GY1 4HY
Channel Islands

Collins Stewart Europe Limited
9th Floor
88 Wood Street
London
EC2V 7QR

3 June 2010

Dear Sirs,

RE: VALUATION OF VARIOUS PROPERTIES HELD BY MACAU PROPERTY OPPORTUNITIES FUND LIMITED LOCATED IN MACAU AND THE PEOPLE'S REPUBLIC OF CHINA ("THE PRC")

1. Instructions

In accordance with our engagement letter dated 30th March 2010 with Macau Property Opportunities Fund Limited ("MPOF") and Collins Stewart Europe Limited ("Collins Stewart"), we, Savills Valuation and Professional Services Limited, Chartered Surveyors ("Savills"), confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Values (as defined below) of the freehold and leasehold interests in each of the properties as at 31st March 2010 that are held by Macau Property Opportunities Fund Limited. We have valued each property individually and not as part of a portfolio.

We are required to include an explanation of the differences between the valuations as at 31st March 2010 and the equivalent figure included in the Company's latest published consolidated accounts, which were dated 30th June 2009. This explanation is included in the attached schedule (the "Schedule").

2. Inspection

We have inspected the exterior and where possible, the interior of the properties on 31st March 2010 and 1st April 2010, however, no structural survey has been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that these properties are free from rot, infestation or any other structural defect. No tests were carried out on any of the services.

3. Compliance with Appraisal and Valuation Standards and The Listing Rules

We confirm that the valuations have been made in accordance with the appropriate sections of both the current Practice Statements ("PS"), and United Kingdom Practice Statements ("UKPS") contained in the RICS Appraisal and Valuation Standards, 6th Edition published by the Royal Institution of Chartered Surveyors in the United Kingdom (the "RICS") (the "Red Book") and the HKIS Valuation Standards on

Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors ("HKIS") as well as the Prospectus Rule 5.6.5G and paragraph 130 of CESR.

4. Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the valuations acting as External Valuers as defined in the Red Book, and are qualified for the purpose of the valuation.

We have held a fee earning relationship with MPOF since 2006 and currently value all of the properties of MPOF on a semi-annual basis for accounting purposes.

5. Purpose of the Valuation Letter

We understand that this letter and the Schedule (the "Valuation Letter") are required for inclusion in a prospectus (the "Prospectus") concerning the proposed migration of MPOF's ordinary shares from AIM to the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange plc's Main Market for listed securities.

6. Basis of Valuation

Market Value

Our valuations are prepared on the basis of Market Value and in accordance with the 6th Edition of the RICS Appraisal and Valuation Standards in which Market Value is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In undertaking our valuations, we have applied the interpretive commentary which has been settled by the International Valuation Standards Committee of the RICS and which is included in PS 3.2 of the RICS Appraisal and Valuation Standards.

In arriving at our opinion of values, we have valued all the properties by making reference to comparable sales transactions. In respect of Property No.9, we have also capitalized the incomes derived from the existing tenancies with due allowance for reversionary income potential.

In respect of Property Nos. 1 and 9, we have valued the properties on the basis that they will be developed in accordance with the latest development proposals provided to us. We have assumed that all necessary approvals for the proposals have been obtained from the relevant government authorities without onerous conditions or restrictions. In arriving at our opinion of values, we have adopted the direct comparison method by making reference to the comparable transactions as available in the market and have taken into account the construction costs that will be expended to complete the developments to reflect the intended quality of the projects.

In respect of Property No. 5, we have valued the constituent units of the property on the basis that each of them is considered and sold individually.

Property No. 6 has been valued on the basis that it is held for investment purposes. It has been valued by capitalisation of the rent passing derived from the existing tenancy and provisions for reversionary income potential (if any).

7. Taxation and Costs

We have not allowed for any expenses or taxation which may be incurred in effecting a sale of any of the properties.

8. Assumptions and Sources of Information

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("Assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, MPOF has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect, then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuations are referred to below:

Title

We have caused land searches to be made at the Conservatória do Registo Predial of Macau on the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any lease amendments which do not appear on the copies handed to us.

We have been provided with copies of the title documents relating to the properties in the PRC but no legal due diligence reports on the title to these properties have been obtained.

In undertaking our valuations, we have assumed that the properties have good and marketable titles which are free from any encumbrances, charges, mortgages or outgoings that may materially affect their values.

Tenure

There is only a small amount of private freehold land in Macau, with the rest being owned by the government of Macau. The government may dispose of interests in its land by various legal means, one of which is by grants of government leasehold interests for a period of years.

The term of government leases varies from 10 to 25 years. The term commences upon the granting of the lease. Upon the expiration of the initial term, the government lease may be renewed upon application by the leaseholder or any interested person. Normally, upon the application for renewal, the government will renew for another 10 years upon payment of a renewal fixed premium provided that the leaseholder has (i) complied with the development of the land use under the government lease and (ii) settled the annual Government Rent.

The Joint Declaration between the Portuguese and PRC Governments establishing the political understanding between the two countries in respect of the Macau handover, determined that Government Leasehold Concessions granted by the Portuguese Government prior to 19th December 1999, may be renewed for additional period(s) until 2049, subject to the payment of the respective renewal premiums.

In the PRC, all land is owned by the state or owned collectively. However, private individuals, businesses and other organizations are permitted to hold, lease and develop land for which they are granted land use rights.

The land use rights are granted for terms ranging from 40 to 70 years depending on the purpose for which the land is to be used.

Typically, land use rights are granted for 70 years, 50 years and 40 years for residential, industrial and commercial uses respectively.

Condition of Structure and Services, Deleterious Materials and Plant and Machinery

We have not undertaken condition surveys of the properties nor have we inspected woodwork or other parts of their structures which are covered, unexposed or inaccessible. We have assumed that the properties are free from any rot, infestation or structural and design defects.

We have not arranged for any investigations to be made to determine whether any deleterious materials have been used in the construction or alterations, if any, of the properties. We have assumed that the properties are free of such materials.

No mining, geological or other investigations have been undertaken to certify that the sites of the properties with existing buildings are free from any defect as to foundations. We have assumed that the load bearing capacities of the grounds of the properties are sufficient to support the buildings and no abnormal ground conditions are present which may affect the occupation, development or values of the properties.

We have not carried out any investigation on site to determine the ground conditions and services for the properties which are under development. Our valuations are prepared on the assumption that these aspects are satisfactory and no extraordinary expenses will be incurred during the development period.

No tests have been carried out on any of the plant and machinery, services or drains of the properties. We have assumed that they are satisfactory and have no adverse impact on the values of the properties.

We would emphasize that our Valuation Letter does not provide any warranties on the conditions of any buildings, structures, services, foundations and the ground of the properties.

Environmental Matters

We have not compiled or caused to compile any environmental reports in relation to the properties nor have we been provided with any such reports from MPOF. In undertaking our valuation, we have assumed that there is no actual or potential contamination of the land and buildings of the properties.

Areas

We have relied on the information given by MPOF on site and floor areas. Dimensions, measurements and areas included in the Valuation Letter are based on such information.

Information

We have relied to a very considerable extent on information given by MPOF in relation to the letting, development proposals, incurred/estimated development costs and programme, interest attributable to MPOF in each property and other relevant matters in relation to our valuations.

We have assumed that all information supplied to us in respect of the properties is full and correct.

9. Valuation

Unless otherwise stated, all amounts are stated in Hong Kong Dollars ("HK$").

We are of the opinion that the aggregate of the Market Values as at 31st March 2010 of the freehold and leasehold interests in the properties attributable to MPOF, subject to the Assumptions and comments in this Valuation Letter was HK$2,428,810,000 (Hong Kong Dollars Two Billion Four Hundred Twenty Eight Million Eight Hundred and Ten Thousand) made up as follows:

Private Freehold Land
HK$496,710,000

Leasehold Land
HK$1,932,100,000

Total
HK$2,428,810,000

10. No material change

We confirm that in our opinion, there has been no material change in the Market Values of the properties from 31st March 2010 to the date of this Valuation Letter.

11. Confidentiality and Disclosure

This Valuation Letter is made for the use of MPOF and Collins Stewart for the purposes as specified herein. Any reference to our valuation or Valuation Letter or any disclosure or publication of the Valuation Letter or any part thereof requires our written approval and consent.

12. Confirmation

We confirm that, as at the date of this letter:

(1) we do not have any shareholding in MPOF or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of MPOF;

(2) we do not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of MPOF or are proposed to be acquired or disposed of by or leased to any member of MPOF; and

(3) we are not (and do not intend to be) a director, officer or employee of MPOF. However, MPOF may in the future retain Savills as a professional advisor.

13. Consent AI: 23.1

We hereby give our consent for the purposes of the inclusion of this Valuation Letter and the references to our name, in the form and context in which they appear, in the Prospectus. For the purposes of Rule 5.5.3 (2)(f) of the Prospectus Rules, we are responsible for this letter as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this letter is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully
For and on behalf of
Savills Valuation and Professional Services Limited

Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Chartered Surveyor
Managing Director

Notes:

Mr. Charles C K Chan is a Registered Professional Surveyor (General Practice), a fellow member of each of the Royal Institution of Chartered Surveyors of the United Kingdom and the Hong Kong Institute of Surveyors. He has over 25 years' valuation experience in Hong Kong and approximately 20 years' valuation experience in Macau and the PRC.

Schedule to the Valuation Letter

No.	*Address*	*Description and Tenure*	*Occupational Tenancies*	*Market Value as at 30 June 2009*	*Explanation for change in valuation between 30 June 2009 and 31 March 2010*	*Market Value as at 31 March 2010*
1.	A Development Site situated at Rua do Padre Antonio, Nºs 41, 43, 45, 47 in S. Lourenço, Macao	The property comprises a construction site of approximately 1,197 sq.m. (12,885 sq.ft.). The property shall be developed into a 7-storey (including a 2-storey basement) residential development with a total gross floor area of 6,832.98 sq.m. (73,550 sq.ft.) It will comprise 25 car parking spaces. The property is held as private freehold land.	Vacant	HK$170,000,000	The property value has risen in line with the rise in the property market.	HK$178,000,000
2.	A Development site (excluding a basement level) situated at Travessa do Roquete Nº 11, Rua da Se Nºs 9 – 11 in Sé, Macao	The property comprises Units BR/C to GR/C, H1 to M1, N2 to S2, T3 to Y3 of a 4-storey tenement building of unknown age. It has a site area of approximately 948 sq.m. (10,204 sq.ft.). The property is held as private freehold land.	Vacant	HK$257,000,000	The property value has risen in line with the rise in the property market.	HK$289,000,000
3.	A Development Site situated at Rua do Padre Antonio, Nº 26-A in São Lourenço, Macao	The property comprises a vacant site of approximately 198 sq.m. (2,131 sq.ft.). The property is held as private freehold land.	Vacant	HK$25,700,000	The property value has risen in line with the rise in the property market.	HK$27,000,000
4.	A Development Site situated at Pátio do Padre Antonio, Nº 8 in São Lourenço, Macao	The property comprises a 2-storey dilapidated building of unknown age. It has a site area of approximately 37 sq.m. (398 sq.ft.). The property is held as private freehold land.	Vacant	HK$2,660,000	The property value has risen in line with the rise in the property market.	HK$2,710,000
5.	24 Residential Units in Tower 1, 2, 3, 5 & 7 of One Central Residences situated at Avenida Dr. Sun Yat-Sen, Edifício Complexo, "Iat Hou Kuong Cheong" (One Central), Macao	The property comprises 24 residential units, namely 19F, 20F, 23E, 27F, 31E, 36F, 43F in Tower 1, Units 14A, 14B, 23A, 26B, 31B, 33B, 40B in Tower 2, Units 14A, 24B, 29A, 31A, 34A in Tower 3, Units 22B, 33A, 33B in Tower 5, 29F and 35F in Tower 7 of One Central Residences. The property was completed in late of 2009. The total gross floor area of the property is approximately 52,008 sq.ft. (4,831.66 sq.m) The property is held under Concessão Por Arrendamento (leasehold) for a term of 25 years commencing on 7th June 2006 and is renewable for further terms until 19th December 2049.	Vacant	HK$298,100,000	The property value has risen in line with the rise in the property market.	HK$340,100,000
6.	Tower 6 of One Central Residences situated at Avenida Dr. Sun Yat-Sen, Edifício Complexo "Iat Hou Kuong Cheong" (One Central), Macao	The property comprises Tower 6 of One Central Residences. It comprises 57 simplex residential units and 2 duplex residential units. The property was completed in late 2009. The total gross floor area of the property is approximately 147,999 sq.ft. (13,749.44 sq.m.). The Property is held under Concessão Por Arrendamento (leasehold) for a term of 25 years commencing on 7th June 2006 and is renewable for further terms until 19th December 2049.	Vacant	HK$927,000,000	The property value has risen in line with the rise in the property market.	HK$1,111,000,000

No.	*Address*	*Description and Tenure*	*Occupational Tenancies*	*Market Value as at 30 June 2009*	*Explanation for change in valuation between 30 June 2009 and 31 March 2010*	*Market Value as at 31 March 2010*
7.	Moradia – II, Estrada da Penha Nº 431, São Lourenço, Macao	The property comprises a 3-storey building together with 2 basement levels of unknown age. According to our on site measurement, the internal area of the property is approximately 465.13 sq.m. (5,006.66 sq.ft.) together with ancillary area of 212.47 sq.m. (2,287.03 sq.ft.). The property is held under Concessão Por Arrendamento (leasehold) for a term of 10 years commencing on 7th September 2000 and is renewable for terms until 19th December 2049.	Vacant	HK$51,200,000	The property value has risen in line with the rise in the property market.	HK$55,000,000
8.	A Development Site Situated at Rua do Laboratório N°4, Travessa do Laboratório N°S 23-25, Rua Marginal do Canal dos Patos N°8 in N. Senhora de Fátima of Macao	The property comprises a vacant site of approximately 1,793 sq.m. (19,300 sq.ft.). The property is held under Concessão Por Arrendamento (leasehold) for a term of 10 years commencing on 30th August 2003 and is renewable for further terms until 19th December 2049.	Vacant	HK$296,000,000	The property value has risen in line with the rise in the property market.	HK$316,000,000
9.	An industrial and logistics complex located at Zhuhai Free Trade Zone, Wanzai Town, Xiangzhou District, Zhuhai, Guangdong Province, PRC	The industrial and logistics complex (the "Development") comprises two parcels of land with a total site area of approximately 99,889.00 sq.m. (1,075,205 sq. ft.), including 79,889.00 sq.m. (859,925 sq.ft.) for industrial/ logistics use and 20,000 sq.m. (215,280.00 sq.ft.) for dormitory use. According to the information provided, the Development will have two phases upon completion. **Phase I** Phase I of the Development involves three 3-storey industrial and logistics buildings with a total gross floor area of approximately 19,267.59 sq.m. (207,396 sq. ft.) of reinforced concrete structure completed in various stages between 2003 and 2004. **Phase II** Phase II of the Development is currently a vacant site and is planned to be developed into various industrial and logistics buildings and dormitories with a total gross floor area of 137,156.58 sq.m. (1,476,353 sq.ft.). Details of the breakdown of the use and corresponding gross floor area of the property are as follows: *Use* — *Approximate gross floor area* *(sq.m.)* *(sq.ft.)* Industrial 100,942.70 1,086,547 Dormitory 30,806.20 331,598 Facilities 5,407.68 58,208 Total 137,156.58 1,476,353 It is scheduled for completion at the end of 2011. The land use rights of the Development have been granted for a term of 50 years expiring on 18 April 2052 for industrial use and 70 years expiring on 27 February 2073 for dormitory use.	Portion of Phase I with a total gross floor area of approximately 10,947.00 sq.m. had been leased to various tenants under various tenancy agreements with the latest one expiring in May 2012. The remaining portion of Phase I is currently vacant. Phase II is currently a vacant site.	HK$100,000,000	The property value has risen in line with the rise in the property market.	HK$110,000,000

PART VII(A)

OPERATING AND FINANCIAL REVIEW

AI: 9.1

Overview

The Company is a closed ended investment company incorporated in Guernsey on 18 May 2006 with an unlimited life. The Company has one class of share in issue, being US Dollar denominated Ordinary Shares with a par value of US$0.01. On incorporation, two founder Ordinary Shares were issued by the Company. On 5 June 2006, the Company raised approximately £105 million through a placing of 105,000,000 Ordinary Shares at a price of £1.00 each. In connection with this placing the two founder Ordinary Shares were transferred to one of the placees as part satisfaction of the placee's application for Ordinary Shares. The Ordinary Shares were admitted to listing and trading on AIM.

The Company's investment objective is to provide Shareholders with an attractive total return, which is intended to comprise capital growth but with the potential for dividends over the medium to long term. The Company aims to achieve its investment objective by investing in property markets in Macau, the Western Pearl River Delta region and, in exceptional circumstances, greater China.

Progress since incorporation

Following its launch on 5 June 2006, the initial focus of the Company was on identifying and acquiring properties in accordance with its stated investment objective. Using the Manager's established contacts in the markets in which the Company is operating, over a period of approximately two years the Company was able to source, negotiate and acquire a selected number of investments to achieve a Property Portfolio in line with the Company's investment policy. There are currently five major property investments held within the Company's portfolio together with a small number of other property assets. The Company is now substantially fully invested but retains cash balances of approximately US$31.5 million. The Company has also entered into the One Central Bank Facility, under which it has drawn down US$82 million.

Following the acquisition of these properties, the Company is seeking to maximise the returns it receives from its investments through rental income and positioning for exit through sales at an appropriate future point. The redevelopment programme for Rua da Penha commenced in March 2010, following the receipt of architectural planning approval and demolition licences. The development of Senado Square is currently at an advanced planning stage, and the demolition of the disused buildings at Rua do Laboratório was completed in January 2010 and the site cleared and secured with detailed architectural design currently underway. Tower 6 of One Central is now at the leasing stage and is being targeted at the premium segment of the residential leasing market in Macau. The Zhuhai Logistics Centre (warehousing and logistics) is currently partially leased with planning and design for the development of later phases of the property underway. As properties are developed, leased and disposed of, the Company may use the proceeds to acquire additional properties in accordance with its stated investment policy.

Results of operations

The Company's latest published unaudited interim financial statements as at 31 December 2009 have been prepared in accordance with International Financial Reporting Standards. All properties have been valued by Savills (Macau) Limited as at 31 December 2009.

A summary of the key financial information for the Company for the period to 31 December 2009 is set out below. The information has been extracted without material adjustment from the statutory accounts of the Company for the period ended 31 December 2009 extracts of which are set out in Part VIII(B) of this Prospectus. The information set out below should be read in conjunction with the financial information appearing in Part VIII(B) of this Prospectus, in particular the accounting policies and notes which accompany that financial information.

Capital	*As at 31 December 2009 US$'000*
Total assets	288,377*
Total assets less current liabilities	278,493*
Net assets	204,652*
Net asset value per Ordinary Share	$1.95*

Earnings and Dividends	*for the six month period ended 31 December 2009*
Earnings per Ordinary Share	$0.4682
Dividends per Ordinary Share	N/A

* Assuming Tower Six at One Central Residences is accounted for as an investment property. See the information under the heading "Accounting Treatment of Tower 6, One Central Residences and Net Asset Value" below.

The market valuation of the Company's interests in its properties, as reported by Savills as at 31 December 2009, was US$309.0 million. This represents an uplift of US$99.7 million or 47.7 per cent. over the cost of the properties. The Adjusted NAV per Ordinary Share resulting from this uplift is US$2.49 or 157p at 31 December 2009, which translates to a respective 38.54 per cent. and 62.74 per cent. increase since the Company's admission to AIM.

As at 31 December 2009, MPO's total assets stood at US$288.4 million comprising US$96.1 million* of development properties, US$155.3 million* of investment property and cash of US$36.8 million.

* Assuming Tower Six at One Central Residences is accounted for as an investment property. See the information under the heading "Accounting Treatment of Tower 6, One Central Residences and Net Asset Value" below.

The Company's total liabilities as at 31 December 2009 were US$83.7 million, mainly consisting of the bank financing for One Central.

Accounting treatment of Tower 6, One Central Residences and Net Asset Value

As announced in the Company's unaudited interim results for the six months ended 31 December 2009, Tower Six of One Central was handed over from the developer to the Company during that period. As a result, and to reflect the intention to lease out and earn rentals from the units, the Company's Audit Committee determined that it would be most appropriate to reclassify Tower Six as an investment property, rather than inventory, for the purposes of the interim results. Under International Financial Reporting Standards, development properties classified as inventories are included in the financial statements at the lower of cost and net realisable value, whereas properties classified as investment properties are, after initial recognition, carried at fair value. These accounting policies are described further on page 62 below. The reclassification of Tower Six accordingly resulted in a fair value unrealised gain of US$47.1 million being recognised in the Group's income statement for that period, with a corresponding increase in the Company's Net Asset Value. It should be noted, however, that the reclassification had no impact on the Company's Adjusted Net Asset Value, as this figure is calculated by reference to property valuations rather than cost. It should also be noted that the reclassification had no impact on the amount of fees paid by the Company, as management and administration fees are calculated as a percentage of the Company's Adjusted Net Asset Value.

The Company's auditors have yet to determine whether they intend to adopt the same approach as the Audit Committee in classifying Tower Six as an investment property for the purposes of the Company's next audited accounts, being those in respect of the financial year ending 30 June 2010. If Tower Six of One Central were to be treated as inventory in the final audited results, rather than as an investment property, the Company would be required to reverse the fair value unrealised gain of US$47.1m that it recognised in the interim results as described above. The Company's Adjusted Net Asset Value will not in any event be affected by the approach adopted by the Company's auditors, as it is based on the most recent valuation of the Company's properties by Savills (Macau) Limited. The amount of fees paid by the Company will also not be affected by the approach adopted by the Company's auditors, as management and administration fees are calculated as a percentage of the Company's Adjusted Net Asset Value.

Investment performance

The Company's investment performance may be measured by its Adjusted NAV and by the price of its Ordinary Shares. The tables below illustrate the Company's performance over relevant periods as measured by these metrics.

Historical Adjusted NAV

The following table sets out the Adjusted NAV and the Adjusted NAV per Ordinary Share for the Company's most recent Adjusted NAV calculation date, most recent interim reporting date and the last three financial year end dates.

	Adjusted NAV [1]		*Adjusted NAV per Ordinary Share* [1]	
	US$	*£* [2]	*US$*	*£* [2]
31 March 2010	$261.57m	£182.23m	$2.49	173.55p
31 December 2009	$261.86m	£164.40m	$2.49	156.58p
30 June 2009	$236.45m	£143.13m	$2.25	136.31p
30 June 2008	$295.56m	£148.12m	$2.81	141.07p
30 June 2007	$232.81m	£116.34m	$2.22	110.80p

(1) Adjusted NAV is shown after accruing for the performance fee (if any).

(2) Adjusted NAV in Sterling terms is based on the exchange rate as of the respective reporting period end date.

(Source: Administrator, unaudited)

Share Price

The Company's share price performance, on various dates to the Latest Practicable Date, was as follows:

	Share Price (p)	*Share Price Return (%)*
Latest Practicable Date	118.5	–
3 months	114	3.9
6 months	101	17.3
1 year	75.25	57.5
3 years	127.5	(7.1)

(Source: Administrator, unaudited)

Financing

In August 2009, the Company entered into the One Central Bank Facility, under which approximately US$82 million has been drawn down, arranged with a consortium of international and Macanese banks, which has been used to finance the Company's investment in The Waterside and other units in One Central Residences. The loan facility extends until May 2012 at an interest rate of 3-month HIBOR plus 2.4 per cent. per annum. The loan-to-value for the project is 44.6 per cent. as at 31 December 2009, which is comfortably within the loan covenant, while the Company has an overall loan-to-value ratio of 23.8 per cent. as at 31 December 2009.

Significant factors affecting results of operations and financial conditions AI: 9.2.1

There are a number of factors or risks which could adversely affect the Company's performance going forward. In particular, the Company's activities expose it to market price risk, liquidity risk, interest rate risk and credit risk. The risk management objectives and policies of the Company are discussed in detail in Note 2 of the statutory accounts of the Company for the year ended 30 June 2009 extracts of which are set out in Part VIII(B) of this Prospectus. Certain of the Company's investments have been made in development property. This exposes the Company to the risks involved with investing in development property. The

Company's portfolio currently consists of a relatively small number of investments, which gives rise to some concentration risk. All material risks of which the Company and the Directors are aware as at the date of this document are disclosed in the Risk Factors section of this document.

The Company's results of operational and financial condition are influenced by, and will continue to be influenced by, trends and uncertainties that make it challenging to predict its future performance based on historical results. General economic conditions in the Macau and the Western Pearl River Delta region real estate markets in which the Company is invested directly affect the Company's performance. Such conditions may be influenced, amongst other things, by investment activity, GDP and employment growth in the relevant area, consumer spending, interest rate levels, fluctuations in the price of oil, inflationary pressures, the availability of credit to finance transactions, the impact of tax and regulatory policies, the political environment and market risks. AI: 9.2.3

Critical accounting policies

The discussion and analysis of the Company's financial condition and results of operations are based on the Company's consolidated financial statements prepared in accordance with IFRS. The preparation of financial statements requires the Company to make estimates and judgements that affect the reported amounts of assets, liabilities and contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, the Company evaluates these estimates based on historical experience and assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions. The Company has identified the following critical accounting policies.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. To date, valuations have been prepared semi-annually by Savills (Macau) Limited. Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. Changes in fair values are recorded in the statement of comprehensive income.

Inventories

Properties and land that are being held or developed for future sale are classified as inventories. They are individually carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses. Cost is the acquisition cost together with subsequent capital expenditure incurred, including capitalised interest where relevant.

PART VII(B)

HISTORICAL FINANCIAL INFORMATION

1. STATUTORY ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009

AI: 3.1
AI: 20.1
20.3
20.4

Independent Auditors' Report to the Members of Macau Property Opportunities Fund Limited

We have audited the accompanying financial statements of Macau Property Opportunities Fund Limited which comprise the company and consolidated balance sheets as at 30 June 2009, the company and consolidated income statements, the company and consolidated statements of changes in equity and the company and consolidated cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company and the Group as of 30 June 2009, and of the financial performance and cash flows of the Company and the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other legal and regulatory requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Introduction, the Highlights of the Year, the Chairman's Statement, the Strength of Our Portfolio, the Manager's Report, the Director's information, the Manager and Advisers Information, the Investment Policy, the Directors' Report and the Directors and Company Information.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
18 September 2009

Consolidated Balance Sheet
As at 30 June 2009

	Note	*2009* *US$'000*	*2008* *US$'000*
ASSETS			
Non-current assets			
Investment property	6	12,903	–
		12,903	–
Current assets			
Inventories	5	181,047	104,599
Trade and other receivables	7	37	27
Prepayments		20	26
Cash and cash equivalents		47,010	80,555
		228,114	185,207
Total assets		241,017	185,207
EQUITY			
Capital and reserves attributable to the Company's equity-holders			
Share capital	10	1,050	1,050
Distributable reserves		187,960	187,960
Accumulated losses		(33,527)	(18,310)
Foreign exchange on consolidation		23	(14)
Total equity		155,506	170,686
LIABILITIES			
Current liabilities			
Trade and other payables	8	85,511	14,521
Total liabilities		85,511	14,521
Total equity and liabilities		241,017	185,207

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 18 September 2009.

Company Balance Sheet
As at 30 June 2009

	Note	*2009* *US$'000*	*2008* *US$'000*
ASSETS			
Non-current assets			
Investment in subsidiaries	9	–	–
Current assets			
Loans to subsidiaries	14	133,137	125,539
Trade and other receivables	7	11,411	5,928
Prepayments		19	25
Cash and cash equivalents		33,049	60,282
		177,616	191,774
Total assets		177,616	191,774
EQUITY			
Capital and reserves attributable to the Company's equity-holders			
Share capital	10	1,050	1,050
Distributable reserves		187,960	187,960
Accumulated losses		(21,242)	(18,329)
Total equity		167,768	170,681
LIABILITIES			
Current liabilities			
Investment in subsidiaries	9	9,611	6,772
Trade and other payables	8	237	14,321
Total liabilities		9,848	21,093
Total equity and liabilities		177,616	191,774

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 18 September 2009.

Consolidated Income Statement
Year ended 30 June 2009

	Note	*2009 US$'000*	*2008 US$'000*
Income			
Bank and other interest		511	3,640
Rental income		233	–
Unrealised gain on investment property	6	1,811	–
Gains/(losses) on foreign currency exchange		1,138	(711)
		3,693	2,929
Expenses			
Management fee	15	5,154	5,153
Performance fee	15	–	14,043
Non-executive Directors' fees		200	251
Auditors' remuneration		116	107
Unrealised loss on inventories	5	12,296	–
General and administration expenses	11	1,144	1,161
		(18,910)	(20,715)
Loss for the year		(15,217)	(17,786)
Attributable to:			
Equity-holders of the Company		(15,217)	(17,786)
		2009 US$	*2008 US$*
Basic and diluted loss per Ordinary Share attributable to the equity-holders of the Company during the year	13	(0.1449)	(0.1694)

The accompanying notes are an integral part of these consolidated financial statements.

Company Income Statement
Year ended 30 June 2009

	Note	*2009 US$'000*	*2008 US$'000*
Income			
Bank and other interest		5,923	9,453
Gains/(losses) on foreign currency exchange		283	(378)
		6,206	9,075
Fair value adjustment of subsidiaries	9	(2,839)	(6,517)
Expenses			
Management fee	15	5,154	5,153
Performance fee	15	–	14,043
Non-executive Directors' fees		200	251
Auditors' remuneration		96	97
General and administration expenses	11	830	850
		(6,280)	(20,394)
Loss for the year		(2,913)	(17,836)
Attributable to:			
Equity-holders of the Company		(2,913)	(17,836)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
Year ended 30 June 2009

2009

Movements during the year	*Share capital US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Balance brought forward at 1 July 2008	1,050	(18,310)	187,960	(14)	170,686
Foreign exchange on consolidation	–	–	–	37	37
Loss for the year	–	(15,217)	–	–	(15,217)
Balance carried forward at 30 June 2009	1,050	(33,527)	187,960	23	155,506

2008

Movements during the year	*Share capital US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Balance brought forward at 1 July 2007	1,050	(524)	187,960	(247)	188,239
Foreign exchange on consolidation	–	–	–	233	233
Loss for the year	–	(17,786)	–	–	(17,786)
Balance carried forward at 30 June 2008	1,050	(18,310)	187,960	(14)	170,686

The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity
Year ended 30 June 2009

2009

Movements during the year	*Share capital US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Total US$'000*
Balance brought forward at 1 July 2008	1,050	(18,329)	187,960	170,681
Loss for the year	–	(2,913)	–	(2,913)
Balance carried forward at 30 June 2009	1,050	(21,242)	187,960	167,768

2008

Movements during the year	*Share capital US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Total US$'000*
Balance brought forward at 1 July 2007	1,050	(493)	187,960	188,517
Loss for the year	–	(17,836)	–	(17,836)
Balance carried forward at 30 June 2008	1,050	(18,329)	187,960	170,681

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement
Year ended 30 June 2009

	Note	*2009* *US$'000*	*2008* *US$'000*
Net cash used in operating activities	12	(24,464)	(63,975)
Cash flows from investing activities			
Acquisition of subsidiary		(9,118)	–
Net cash used in investing activities		(9,118)	–
Net decrease in cash and cash equivalents		(33,582)	(63,975)
Cash and cash equivalents at beginning of year		80,555	144,297
Effect of foreign exchange rate changes		37	233
Cash and cash equivalents at end of year		47,010	80,555

The accompanying notes are an integral part of these consolidated financial statements.

Company Cash Flow Statement
Year ended 30 June 2009

	Note	*2009* *US$'000*	*2008* *US$'000*
Net cash used in operating activities	12	(19,635)	(6,424)
Cash flows from investing activities			
Loans to subsidiaries		(7,598)	(71,084)
Net cash used in investing activities		(7,598)	(71,084)
Net decrease in cash and cash equivalents		(27,233)	(77,508)
Cash and cash equivalents at beginning of year		60,282	137,790
Cash and cash equivalents at end of year		33,049	60,282

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
Year ended 30 June 2009

General information

Macau Property Opportunities Fund Limited (the "Company") is a company incorporated and registered in Guernsey under The Companies (Guernsey) Law, 1994. This law was replaced by The Companies (Guernsey) Law, 2008 on 1 July 2008. The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. The address of the registered office is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY.

The consolidated financial statements for the year ended 30 June 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

The Group invests in commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region.

These consolidated financial statements have been approved for issue by the Board of Directors on 18 September 2009.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a historical cost basis, with the exception of investment properties which are measured at fair value, and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee and applicable legal and regulatory requirements of Guernsey Law.

Interpretations effective in 2008/2009 but not relevant for the Group's operations

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2008 but they are not relevant to the Group's operations:

- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008); and
- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008).

Standards and interpretation to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and interpretation to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods, which the Group has not early adopted:

- IAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009);
- IAS 16 (Amendment), "Property, plant and equipment" (effective from 1 January 2009);
- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009);
- IAS 27 (Amendment), "Consolidated and separate financial statements" (effective from 1 January 2009);

- IAS 27 (Revised), "Consolidated and separate financial statements" (effective from 1 July 2009);
- IAS 28 (Amendment), "Investments in associates" (effective from 1 January 2009);
- IAS 32 (Amendment), "Financial instruments: Presentation", and IAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2009);
- IAS 36 (Amendment), "Impairment of assets" (effective from 1 January 2009);
- IAS 39 (Amendment), "Financial instruments: Recognition and measurement" (effective from 1 January 2009);
- IAS 40 (Amendment), "Investment property" (effective from 1 January 2009);
- IFRIC 15, "Agreements for construction of real estates" (effective from 1 January 2009);
- IFRS 3 (Revised), "Business combinations" (effective from 1 July 2009); and
- IFRS 8, "Operating segments" (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'.

Standards that are not yet effective and not relevant for the Group's operations

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods but are not relevant for the Group's operations:

- IAS 19 (Amendment), "Employee benefits" (effective from 1 January 2009);
- IAS 20 (Amendment), "Accounting for government grants and disclosure of government assistance" (effective from 1 January 2009);
- IAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (effective from 1 January 2009);
- IAS 31 (Amendment), "Interests in joint ventures" (effective from 1 January 2009);
- IAS 38 (Amendment), "Intangible assets" (effective from 1 January 2009);
- IAS 41 (Amendment), "Agriculture" (effective from 1 January 2009);
- IFRS 1 (Amendment), "First time adoption of IFRS", and IAS 27 "Consolidated and separate financial statements" (effective from 1 January 2009);
- IFRS 2 (Amendment), "Share-based payment" (effective from 1 January 2009); and
- IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations" (effective from 1 July 2009).

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have material impact on the financial statements of the Company or the Group.

IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these financial statements. Complex areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all special-purpose entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of a special-purpose entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and related business. The Group invests in commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region.

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet are presented at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates; and

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Valuations are prepared semi-annually by Savills (Macau) Limited. Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement.

Inventories

Properties and land that are being held or developed for future sale are classified as inventories. They are individually carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses. Cost is the acquisition cost together with subsequent capital expenditure incurred, including capitalised interest where relevant.

Investment in subsidiaries

Investments in subsidiaries are designated at fair value through profit or loss. Gains and losses arising from changes in fair value are included in the income statement.

Loans to subsidiaries

Loans to subsidiaries are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The loans accrue interest at the six month US$ LIBOR interest rate plus 1.5 per cent., the rate is fixed every six months. The loans are repayable on demand.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group or the Company will not collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Shares issued by the Company are recorded based upon the proceeds received, net of incremental costs directly attributable to the issue of new shares.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and includes rental income and income from property trading.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Financial asset interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Expenses

Property and contract expenditure, including bid costs, incurred prior to the exchange of a contract is expensed as incurred, with the exception of expenditure on long-term development contracts which are capitalised.

Taxation

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinances, 1989 to 1992, and is charged an annual exemption fee of £600 (US$832).

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

The Board of Directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and liquidity risk.

Financial instruments by category

The accounting polices for financial instruments have been applied to the line items below:

Group

As at 30 June 2009	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Trade and other receivables	37	37
Cash and cash equivalents	47,010	47,010
Total	47,047	47,047

	Other financial liabilities US$'000	*Total US$'000*
Liabilities as per balance sheet		
Trade and other payables	85,511	85,511
Total	85,511	85,511

As at 30 June 2008	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Trade and other receivables	27	27
Cash and cash equivalents	80,555	80,555
Total	80,582	80,582

	Other financial liabilities US$'000	*Total US$'000*
Liabilities as per balance sheet		
Trade and other payables	14,521	14,521
Total	14,521	14,521

Company

As at 30 June 2009	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Loans to subsidiaries	133,137	133,137
Trade and other receivables	11,411	11,411
Cash and cash equivalents	33,049	33,049
Total	177,597	177,597

	Other financial liabilities US$'000	*Total US$'000*
Liabilities as per balance sheet		
Trade and other payables	237	237
Total	237	237

As at 30 June 2008	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Loans to subsidiaries	125,539	125,539
Trade and other receivables	5,928	5,928
Cash and cash equivalents	60,282	60,282
Total	191,749	191,749

	Other financial liabilities US$'000	Total US$'000
Liabilities as per balance sheet		
Trade and other payables	14,321	14,321
Total	14,321	14,321

Market risk

Market risk is the risk that value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual financial instrument or all factors affecting all financial instruments traded in the market including foreign exchange risk, price risk and cash flow interest rate risk as detailed below.

The Group's market risk is managed by the Manager in accordance with policies and procedures in place. The Group's overall market positions are monitored on a quarterly basis by the Board of Directors.

(a) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The Group's policy is not to enter into any currency hedging transactions.

The table below summarises the Group's exposure to foreign currency risk as at 30 June 2009 and 30 June 2008. The Group's assets and liabilities are included in the table, categorised by their currency at their carrying amount in US$'000.

Group

As at 30 June 2009	*US$'000*	*£'000*	*HK$'000*	*MOP'000*	*RMB'000*	*Total*
Trade and other receivables	–	–	37	–	–	37
Cash and cash equivalents	1,944	59	44,908	3	96	47,010
Total financial assets	1,944	59	44,945	3	96	47,047
Trade and other payables	71	166	85,272	2	–	85,511
Total financial liabilities	71	166	85,272	2	–	85,511
On balance sheet financial position	1,873	(107)	(40,327)	1	96	(38,464)

As at 30 June 2008	*US$'000*	*£'000*	*HK$'000*	*MOP'000*	*RMB'000*	*Total*
Trade and other receivables	22	–	5	–	–	27
Cash and cash equivalents	2,445	147	77,962	1	–	80,555
Total financial assets	2,467	147	77,967	1	–	80,582
Trade and other payables	14,136	166	219	–	–	14,521
Total financial liabilities	14,136	166	219	–	–	14,521
On balance sheet financial position	(11,669)	(19)	77,748	1	–	66,061

The table above presents financial assets and liabilities denominated in foreign currencies held by the Group as at 30 June 2009 and 30 June 2008 and can be used to monitor foreign currency risk as at that date.

If the US Dollar weakened/strengthened by 10 per cent. against Sterling with all other variables held constant, the post-tax loss for the year would have been US$10,700 higher/lower (2008: US$1,900 higher/lower).

If the US Dollar weakened/strengthened by 10 per cent. against the HK Dollar with all other variables held constant, the post-tax loss for the year would have been US$4,032,700 higher/lower (2008: US$7,774,800 lower/higher).

The Macanese Pataca is fixed to the HK Dollar at a rate of MOP:HK$ of 1.03, due to the low level of assets held in this currency 10 per cent. change in value would not have a significant affect on the financial statements.

If the US Dollar weakened/strengthened by 10 per cent. against Chinese Yuan with all other variables held constant, the post-tax loss for the year would have been US$9,600 (2008: Nil) lower/higher.

Company

At the year end date the Company has substantial net assets denominated in HK Dollar totalling HK$33,064,000 (2008: nil). If the US Dollar weakened/strengthened by 10 per cent. against the HK Dollar with all other variables held constant, the post-tax loss for the year would have been US$3,306,400 lower/higher (2008: nil).

All other net balances of financial instruments denominated in other currencies at the year end date were immaterial.

(b) *Price risk*

The Group is not exposed to the market risk with regards to financial instruments as it does not hold equity instruments.

(c) *Cash flow interest rate risk*

The success of any investment is affected by general economic conditions which may affect the level and volatility of interest rates and the extent and timing of investor participation in the asset markets. Unexpected volatility or illiquidity in the markets in which the Group holds positions can impair the Group's ability to conduct its business or cause it to incur losses.

The Group's interest rate risk is managed by the Manager in accordance with policies and procedures in place. The Group's overall positions and exposures are monitored on a quarterly basis by the Board of Directors.

Group

The Group has entered into a credit facility agreement for a club loan facility of HK$642.82m (US$82.94m). This facility will be used to finance the remaining consideration of the One Central Residences apartments held in Tower 6 and the individual apartments upon handover of the project in the second half of 2009. As at 30 June 2009, the Group has not utilised this credit facility. Subsequently on 27 August 2009, the Group has made drawdown on the credit facility as detailed in note 16.

The following table details the Group's exposure to interest rate risks:

As at 30 June 2009	*Interest bearing US$'000*	*Non-interest bearing US$'000*	*Total US$'000*
Trade and other receivables	–	37	37
Cash and cash equivalents	47,010	–	47,010
Total financial assets	47,010	37	47,047
Trade and other payables	–	85,511	85,511
Total financial liabilities	–	85,511	85,511

As at 30 June 2008	*Interest bearing US$'000*	*Non-interest bearing US$'000*	*Total US$'000*
Trade and other receivables	–	27	27
Cash and cash equivalents	80,555	–	80,555
Total financial assets	80,555	27	80,582
Trade and other payables	–	14,521	14,521
Total financial liabilities	–	14,521	14,521

An increase of 100 basis points in interest rates as at the reporting date would have increased the net assets attributable to the Group's equity-holders and changes in net assets attributable to the Group's equity-holders by US$470,100 (2008: US$805,550). A decrease of 100 basis points would have had an equal but opposite effect.

Company

The Company has an exposure to interest rate risks as the loans to its subsidiaries are determined in accordance with agreements which have a variable interest rate based on the 6 months US Dollar LIBOR plus 1.5 per cent. The loans are held as due on demand.

The following table details the Company's exposure to interest rate risks:

As at 30 June 2009	*Interest bearing US$'000*	*Non-interest bearing US$'000*	*Total US$'000*
Loans to subsidiaries	133,137	–	133,137
Trade and other receivables	–	11,411	11,411
Cash and cash equivalents	33,049	–	33,049
Total financial assets	166,186	11,411	177,597
Trade and other payables	—	(237)	(237)
Total financial liabilities	–	(237)	(237)

As at 30 June 2008	*Interest bearing US$'000*	*Non-interest bearing US$'000*	*Total US$'000*
Loans to subsidiaries	125,539	–	125,539
Trade and other receivables	–	5,928	5,928
Cash and cash equivalents	60,282	–	60,282
Total financial assets	185,821	5,953	191,749
Trade and other payables	–	(14,321)	(14,321)
Total financial liabilities	–	(14,321)	(14,321)

An increase of 100 basis points in interest rates as at the reporting date would have increased the net assets attributable to the Company's equity-holders and changes in net assets attributable to the Company's equity-holders by US$1,661,860 (2008: US$1,858,210). A decrease of 100 basis points would have had an equal but opposite effect.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The Group is not exposed to significant credit risk, as the income of the Group is derived from bank deposits only through the use of high credit quality financial institutions.

The Group has deposits with the below banks:

Bank	*Credit Rating**
HSBC	AA
Barclays Bank plc	AA-
The Royal Bank of Scotland plc	A+
The Royal Bank of Scotland International**	A+
CITIC Ka Wah Bank Limited	BBB+

*From Standard & Poor's/Fitch

**A subsidiary of The Royal Bank of Scotland plc

The Company has intercompany loans of US$133,137,000 (2008: US$125,539,000) due from its subsidiaries. During the year interest income of US$5,490,000 (2008: US$5,901,000) was accrued on these loans. Accrued interest income of US$11,391,000 (2008: US$5,901,000) was outstanding at the year end date.

The Directors have considered the recoverability of these intercompany loans and the related accrued interest and do not consider there will be any issue surrounding their recoverability due to the assets held by the Group companies.

Interest receivable per Note 7 is split into two categories, bank interest and interest due on inter-company loans. The bank interest related to accrued interest on fixed deposits held at the year end which have now matured. The inter-company loan interest is repayable on demand with the loan, no loans have been called for repayment.

Liquidity risk

The Group adopts a prudent approach to liquidity management and maintains sufficient cash reserves and borrowings to meet its obligations. The Group maintains sufficient cash and obtains funding through credit facilities to meet its current property development liabilities. The Group has entered into a credit facility agreement for a club loan facility of HK$642.82m (US$82.94m). This facility will be used to finance the remaining consideration of the One Central Residences apartments held in Tower 6 and the individual apartments upon handover of the project in the second half of 2009. The amount outstanding on these properties that were due as at 30 June 2009 was US$82.94m (2008: US$82.46m). The outstanding amount on these properties was paid on 27 August 2009.

The Group's liquidity position is monitored by the Manager and is reviewed quarterly by the Board of Directors.

The table below analyses the Group's financial assets and liabilities into relevant maturity profiles based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

	2009	*2008*
	US$'000	*US$'000*
Financial assets – current		
Trade and other receivables – maturity less than 1 year	37	27
Cash and cash equivalents – maturity less than 1 year	47,010	80,555
	47,047	80,582
Financial liabilities – current		
Trade and other payables – maturity less than 1 year	85,511	14,521

Company

	2009	*2008*
	US$'000	*US$'000*
Financial assets – current		
Loans to subsidiaries	133,137	125,539
Trade and other receivables – maturity less than 1 year	11,411	5,928
Cash and cash equivalents – maturity less than 1 year	33,049	60,282
	177,597	191,749
Financial liabilities – current		
Trade and other payables – maturity less than 1 year	237	14,321

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 30 June 2009 there were no borrowings other than trade and other payables and the Group had a credit facility in place as well as sufficient cash and cash equivalents to pay these as they fell due.

The Group has entered into a credit facility agreement for a club loan facility of HK$642.82m (US$82.94m) to finance the remaining consideration of the One Central Residences apartments as detailed in Note 5.

3. Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Fair value of the investment property, net realisable value and adjusted net asset value are based on the current market valuation provided by Savills (Macau) Limited, an independent valuer. Savills are required to make assumptions on establishing the current market valuation.

(b) The performance fees, management fees and administration fees are based on adjusted net asset value.

4. Subsidiaries

All special-purpose vehicles (SPVs) are owned 100 per cent. by the Company. The following subsidiaries have a year end of 31 December to coincide with the Macanese tax year:

MPOF Macau (Site 1) Limited	MPOF Macau (Site 2) Limited	MPOF Macau (Site 3) Limited
MPOF Macau (Site 4) Limited	MPOF Macau (Site 5) Limited	MPOF Macau (Site 6) Limited
MPOF Macau (Site 7) Limited	MPOF Macau (Site 8) Limited	MPOF Macau (Site 9) Limited
MPOF Macau (Site 10) Limited		

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed below:

	Ownership	*Incorporation*		*Ownership*	*Incorporation*
MPOF Macau (Site 1) Limited	100%	Macau	Magic Bright International Limited	100%	BVI
MPOF Macau (Site 2) Limited	100%	Macau	Manage Gain Investments Limited	100%	BVI
MPOF Macau (Site 3) Limited	100%	Macau	Mega League Investments Limited	100%	BVI
MPOF Macau (Site 4) Limited	100%	Macau	Multi Gold International Limited	100%	BVI
MPOF Macau (Site 5) Limited	100%	Macau	Phoenixville Holdings Limited	100%	BVI
MPOF Macau (Site 6) Limited	100%	Macau	Poly Advance Management Limited	100%	BVI
MPOF Macau (Site 7) Limited	100%	Macau	Prominent Group Limited	100%	BVI
MPOF Macau (Site 8) Limited	100%	Macau	Richsville Investment Limited	100%	BVI
MPOF Macau (Site 9) Limited	100%	Macau	Right Year International Limited	100%	BVI
MPOF Macau (Site 10) Limited	100%	Macau	See Lucky Enterprises Limited	100%	BVI
MPOF (Penha) Limited	100%	Guernsey	Smooth Run Group Limited	100%	BVI
MPOF (Taipa) Limited	100%	Guernsey	Swift Link Limited	100%	BVI
MPOF (Jose) Limited	100%	Guernsey	Talent Empire International Limited	100%	BVI
MPOF (Sun) Limited	100%	Guernsey	Tycoon Villa International Limited	100%	BVI
MPOF (Senado) Limited	100%	Guernsey	Worthy Way Limited	100%	BVI
MPOF (Domingos) Limited	100%	Guernsey	Yield Return Limited	100%	BVI
MPOF (Monte) Limited	100%	Guernsey	Capital Full Limited	100%	Hong Kong
MPOF (Paulo) Limited	100%	Guernsey	China City Properties Limited	100%	Hong Kong
MPOF (Guia) Limited	100%	Guernsey	China Crown Properties Limited	100%	Hong Kong
MPOF (Antonio) Limited	100%	Guernsey	East Base Properties Limited	100%	Hong Kong
MPOF (6A) Limited	100%	Guernsey	Eastway Properties Limited	100%	Hong Kong
MPOF (6B) Limited	100%	Guernsey	Elite Gain Limited	100%	Hong Kong
MPOF (7A) Limited	100%	Guernsey	Excelsior Properties Limited	100%	Hong Kong
MPOF (7B) Limited	100%	Guernsey	Glory Properties Limited	100%	Hong Kong
MPOF (8A) Limited	100%	Guernsey	Gold Century Properties Limited	100%	Hong Kong

	Ownership	Incorporation		Ownership	Incorporation
MPOF (8B) Limited	100%	Guernsey	Golden City Properties Limited	100%	Hong Kong
MPOF (9A) Limited	100%	Guernsey	Golden Properties Limited	100%	Hong Kong
MPOF (9B) Limited	100%	Guernsey	Goldex Properties Limited	100%	Hong Kong
MPOF (10A) Limited	100%	Guernsey	Honway Properties Limited	100%	Hong Kong
MPOF (10B) Limited	100%	Guernsey	Maxland Properties Limited	100%	Hong Kong
MPOF Mainland Company 1 Limited	100%	Barbados	New Perfect Properties Limited	100%	Hong Kong
Bream Limited	100%	Guernsey	Newton Properties Limited	100%	Hong Kong
Cannonball Limited	100%	Guernsey	Orient Land Properties Limited	100%	Hong Kong
Civet Limited	100%	Guernsey	Pacific Asia Properties Limited	100%	Hong Kong
Aim Top Enterprises Limited	100%	BVI	Pacific Link Properties Limited	100%	Hong Kong
Championway International Limited	100%	BVI	Pacific Success Properties Limited	100%	Hong Kong
Extra Able International Limited	100%	BVI	Platinum Properties Limited	100%	Hong Kong
Fondue International Limited	100%	BVI	Queensland Properties Limited	100%	Hong Kong
Gainsun Investments Limited	100%	BVI	Sky Century Properties Limited	100%	Hong Kong
Go Gain International Limited	100%	BVI	Top Century Properties Limited	100%	Hong Kong
Gorey Hills International Limited	100%	BVI	Top Faith Properties Limited	100%	Hong Kong
Hillsleigh Holdings Limited	100%	BVI	Union Century Properties Limited	100%	Hong Kong
Honeypot International Limited	100%	BVI	Victory Star Properties Limited	100%	Hong Kong
Jin Mei International Limited	100%	BVI	Weltex Properties Limited	100%	Hong Kong
Lucan Investments Limited	100%	BVI	Windex Properties Limited	100%	Hong Kong
Lucky Go International Limited	100%	BVI	World Pacific Properties Limited	100%	Hong Kong
			*Sailing Logistics (Zhuhai Free Trade Zone) Co. Ltd.	100%	PRC

*New subsidiary was added during the year, other subsidiaries were part of the Group as at 30 June 2008.

5. Inventories

	2009 *US$'000* *Group*	*2008* *US$'000* *Group*
Cost of properties brought forward	104,599	56,084
Additions	88,744	48,515
Write down to net realisable value	(12,296)	–
Cost of properties carried forward	181,047	104,599

Additions include new properties purchased, capital expenditure and development costs.

During the year there has been reduction in the values of the inventories held due to a general decline in the market value of properties in Macau. Write-down of inventories amounted US$12,296,372 has been recognised as an expense in the Consolidated Income Statement to bring the carrying value of inventories at the lower of costs and net realisable value.

The Company is guarantor for its subsidiary company MPOF Macau (Site 5) Limited in respect of outstanding amounts due on Tower 6 of One Central Residences. The total of the guarantee was HK$471,370,716 (US$60,818,999) (2008: HK$471,370,716 (US$60,403,328)) and was paid on completion of the property on 27 August 2009.

Subsidiaries of the Company purchased additional units in One Central Residence and outstanding amount due on these units as at 30 June 2009 was HK$171,450,641 (US$22,121,590) (2008: HK$171,450,641 (US$21,970,370)).

Subsequent to the year end on 27 August 2009, the Group has utilised the credit facility to fund the remaining payments due on the One Central Residence properties.

6. Investment property

	2009 US$'000 Group	*2008 US$'000 Group*
Cost of investment properties	11,092	–
Unrealised gain from fair value adjustments on investment property	1,811	–
	12,903	–

During the year, the Group acquired a subsidiary in Zhuhai, China which owns investment properties located in the Zhuhai Free Trade Zone. Rental income of US$233,256 was received during the year. Direct operating expenses of US$159,157 arising from investment properties that generated rental income were incurred during the year.

The Group's investment properties were revalued at 30 June 2009 by independent professionally qualified valuers Savills (Macau) Limited. The valuation has been carried out in accordance with the current Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition.

7. Trade and other receivables

	2009 US$'000 Company	*2009 US$'000 Group*	*2008 US$'000 Company*	*2008 US$'000 Group*
Interest receivable	11	28	27	27
Inter-company loan interest	11,391	–	5,901	–
Other debtors	9	9	–	–
	11,411	37	5,928	27

The Directors believe the above amounts to be recoverable.

8. Trade and other payables

	2009 US$'000 Company	*2009 US$'000 Group*	*2008 US$'000 Company*	*2008 US$'000 Group*
Payments due for acquired property	–	82,941	–	–
Payable to the Manager	–	–	14,043	14,043
Trade and other payables	237	2,570	278	478
	237	85,511	14,321	14,521

Other payables principally comprise amounts outstanding for ongoing costs.

9. Investment in subsidiaries

	2009 US$'000 Company	*2008 US$'000 Company*
Opening balance	(6,772)	(255)
Cost of subsidiaries	–	–
Fair value adjustment for elimination of subsidiary equity	–	(6,517)
Closing balance after elimination of subsidiary equity	(6,772)	–
Fair value adjustment of subsidiaries	(2,839)	(6,772)
Investment in subsidiaries	(9,611)	(6,772)

The cost of subsidiaries as at 30 June 2009 was US$91 (2008: US$91). The fair value adjustment for elimination of subsidiary equity is equal and opposite to the cost of the subsidiaries, the purpose of this adjustment is to show the investment as US$ nil as shown in non-current assets on the Company balance sheet.

The fair value adjustment of subsidiaries is an adjustment to show the true negative value of the investment in subsidiaries as shown in current liabilities on the Company balance sheet.

The investment in subsidiaries is accounted for as stated in Note 1. The fair value is based on the net asset value of the Hong Kong, British Virgin Islands, Macanese and Guernsey SPVs as at the year end date.

10. Share capital

	2009 US$'000 Company	*2009 US$'000 Group*	*2008 US$'000 Company*	*2008 US$'000 Group*
Authorised:				
300 million Ordinary Shares of US$0.01 each	3,000	3,000	3,000	3,000
Issued and fully paid:				
105 million Ordinary Shares of US$0.01 each	1,050	1,050	1,050	1,050

The Company has one class of Ordinary Share which carry no right to fixed income.

11. General and administration expenses

	2009 US$'000 Company	*2009 US$'000 Group*	*2008 US$'000 Company*	*2008 US$'000 Group*
Legal and Professional	231	233	165	338
Holding Company administration	198	198	229	229
Guernsey SPV administration	99	99	114	114
BVI, HK, & Macau SPV administration	–	112	–	87
Insurance costs	30	30	42	42
Other operating expenses	272	472	300	351
General and administration expenses	830	1,144	850	1,161

Administration fees for the British Virgin Islands, Hong Kong and Macanese SPVs are payable to Adept Capital Partners Services Limited in which Thomas Ashworth is a shareholder and Director.

12. Net cash used in operating activities

	2009 US$'000 Company	*2009 US$'000 Group*	*2008 US$'000 Company*	*2008 US$'000 Group*
Loss for the year	(2,913)	(15,217)	(17,836)	(17,786)
Adjustments for:				
Unrealised gain on investment property	–	(1,811)	–	–
Unrealised loss on inventories	–	12,296	–	–
Fair value adjustment for investment in subsidiaries	2,839	–	6,517	–
Operating cash flows before movements in working capital	(74)	(4,732)	(11,319)	(17,786)
Movement in receivables	(5,477)	(4)	(5,445)	459
Movement in payables	(14,084)	(13,971)	10,340	10,483
Expenditure on inventories	–	(5,757)	–	(57,131)
Net change in working capital	(19,561)	(19,732)	4,895	(46,189)
Net cash used in operating activities	(19,635)	(24,464)	(6,424)	(63,975)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

13. Basic and diluted loss per Ordinary Share

The basic and diluted loss per equivalent Ordinary Share is based on the loss attributable to equity-holders for the year of US$(15,217,000) (2008: US$(17,786,000)) and on the 105,000,000 (2008: 105,000,000) weighted average number of Ordinary Shares in issue during the year.

	30 June 2009			*30 June 2008*		
	Loss Attributable US$'000	*Weighted Average No. of Shares '000s*	*EPS US$*	*Loss Attributable US$'000*	*Weighted Average No. of Shares '000s*	*EPS US$*
Basic	(15,217)	105,000	(0.1449)	(17,786)	105,000	(0.1694)
Diluted	(15,217)	105,000	(0.1449)	(17,786)	105,000	(0.1694)

14. Related party transactions

In the year to 30 June 2009 Directors' fees of US$nil (2008: US$ nil) were paid by the Guernsey incorporated subsidiaries. AI: 19

	2009 US$'000 Company	*2009 US$'000 Group*	*2008 US$'000 Company*	*2008 US$'000 Group*
Directors' Fees	200	200	251	251
	200	200	251	251

Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Company and received fees during the year as detailed in the income statement and in Note 15.

Thomas Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Macanese, Hong Kong and British Virgin Islands SPVs and received fees during the year as detailed in Note 11.

The Company makes loans to its subsidiaries which are detailed in the table below:

	2009	*2008*
	US$'000	*US$'000*
MPOF (Antonio) Limited	13,952	13,487
MPOF (Domingos) Limited	10,830	10,829
MPOF (Guia) Limited	13,952	13,487
MPOF (Jose) Limited	4,224	4,139
MPOF (Monte) Limited	48	48
MPOF (Paulo) Limited	48	48
MPOF (Penha) Limited	8,083	8,082
MPOF (Senado) Limited	10,830	10,829
MPOF (Sun) Limited	4,223	4,139
MPOF (Taipa) Limited	8,083	8,082
MPOF (6A) Limited	5,691	5,755
MPOF (6B) Limited	5,691	5,755
MPOF (7A) Limited	1,856	34
MPOF (7B) Limited	1,856	34
MPOF (8A) Limited	26	24
MPOF (8B) Limited	26	24
MPOF (9A) Limited	26	24
MPOF (9B) Limited	26	24
MPOF (10A) Limited	26	24
MPOF (10B) Limited	26	24
MPOF Mainland Company 1 Limited	9	6
Bream Limited	28,943	28,908
Cannonball Limited	3,572	3,536
Civet Limited	11,090	8,197
	133,137	125,539

During the year interest income of US$5,490,000 (2008: US$5,901,000) was accrued on these intercompany loans. Accrued interest income of US$11,391,000 (2008: US$5,901,000) was outstanding at the year end date.

15. Material contracts

Management Fee

Under the terms of an appointment made by the Board of Directors of Macau Property Opportunities Fund Limited on 23 May 2006, Sniper Capital Limited ("SCL") was appointed as Manager to the Company. The Manager is paid quarterly in advance a fee of 2.0 per cent. of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. Management fees paid for the year were US$5,154,000 (2008:US$5,153,000).

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 began on Admission and ended 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 amounts accrued in the financial statements are as follows:

	2009	*2008*
Performance Fee	US$ Nil	US$14,043,700
Super Performance Fee	US$ Nil	US$ Nil

In the year ended 30 June 2009, a performance fee of US$14,043,700 (2008: US$3,807,300) was paid by the Group.

16. Post Balance Sheet Event

On 27 August 2009 the Group paid the remaining amounts due on the One Central Residences apartments held in Tower 6 and the individual apartments for a total amount of US$82.46m. The payment was financed by a credit facility with a consortium of banks lead by HSBC (the "Lenders").

The credit facility is secured by means of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences. The credit facility is to be repaid in four half-yearly instalments commencing on 27 November 2010 with 65 per cent. of the principal due on the final repayment date. The loan-to-value covenant is 55 per cent. In addition, the Group is required to maintain a cash reserve equal to 6 months' interest with the Lenders.

Interest rate applicable to the credit facility is 2.4 per cent. per annum over the 3-month HIBOR, payable quarterly in arrears.

2. STATUTORY ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACAU PROPERTY OPPORTUNITIES FUND LIMITED

We have audited the accompanying financial statements of Macau Property Opportunities Fund Limited which comprise the Company and consolidated balance sheets as at 30 June 2008, and the Company and consolidated income statements, statements of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company and the Group as of 30 June 2008, and of financial performance and cash flows of the Company and the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 1994.

Report on other legal and regulatory requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Introduction, the Highlights of the Year, the Our Property Portfolio report, the Chairman's Statement, the Manager's Report, the Directors' information, the Manager and Advisers information, the Directors' Report and the Directors and Company information.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 64 of The Companies (Guernsey) Law, 1994 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants Guernsey, Channel Islands, 23 September 2008

Consolidated Balance Sheet
As at 30 June 2008

	Note	*2008* *US$'000*	*2007* *US$'000*
ASSETS			
Current assets			
Inventories	5	104,599	56,084
Trade and other receivables	6	27	458
Prepayments		26	54
Cash and cash equivalents		80,555	144,297
		185,207	200,893
Total assets		185,207	200,893
EQUITY			
Capital and reserves attributable to the Company's equity-holders			
Share capital	9	1,050	1,050
Distributable reserves		187,960	187,960
Accumulated losses		(18,310)	(524)
Foreign exchange on consolidation		(14)	(247)
Total equity		170,686	188,239
LIABILITIES			
Current liabilities			
Trade and other payables	7	14,521	12,654
Total liabilities		14,521	12,654
Total equity and liabilities		185,207	200,893

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 23 September 2008.

The accompanying notes are an integral part of these consolidated financial statements.

Company Balance Sheet
As at 30 June 2008

	Note	*2008* *US$'000*	*2007* *US$'000*
ASSETS			
Non-current assets			
Investment in subsidiaries	8	–	–
Loans to subsidiaries		125,539	54,455
		125,539	54,455
Current assets			
Trade and other receivables	6	5,928	455
Prepayments		25	54
Cash and cash equivalents		60,282	137,790
		66,235	138,299
Total assets		191,774	192,754
EQUITY			
Capital and reserves attributable to the Company's equity-holders			
Share capital	9	1,050	1,050
Distributable reserves		187,960	187,960
Accumulated losses		(18,329)	(493)
Total equity		170,681	188,517
LIABILITIES			
Current liabilities			
Investment in subsidiaries	8	6,772	256
Trade and other payables	7	14,321	3,981
Total liabilities		21,093	4,237
Total equity and liabilities		191,774	192,754

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 23 September 2008.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Income Statement
Year ended 30 June 2008

	Note	*Year ended 30 June 08 US$'000*	*Period from 18 May 06 to 30 June 07 US$'000*
Revenue			
Bank and other interest		3,640	8,876
(Losses)/gains on foreign currency exchange		(711)	18
		2,929	8,894
Expenses			
Management fee	15	5,153	4,319
Performance fee	15	14,043	3,807
Non-executive Directors' fees		251	338
Auditors' remuneration		107	52
General and administration expenses	11	1,161	902
		(20,715)	(9,418)
Loss for the year/period		(17,786)	(524)
Attributable to:			
Equity-holders of the Company		(17,786)	(524)

		Year ended 30 June 08 US$	*Period from 18 May 06 to 30 June 07 US$*
Basic and diluted loss per share for loss attributable to the equity-holders of the Company during the year/period	13	(0.1694)	(0.0050)

The accompanying notes are an integral part of these consolidated financial statements.

Company Income Statement
Year ended 30 June 2008

	Note	*Year ended 30 June 08 US$'000*	*Period from 18 May 06 to 30 June 07 US$'000*
Revenue			
Bank and other interest		9,453	8,815
(Losses)/gains on foreign currency exchange		(378)	16
		9,075	8,831
Fair value adjustment of subsidiaries		(6,517)	(256)
Expenses			
Management fee	15	5,153	4,319
Performance fee	15	14,043	3,807
Non-executive Directors' fees		251	258
Auditors' remuneration		97	52
General and administration expenses	11	850	632
		(20,394)	(9,068)
Loss for the year/period		(17,836)	(493)
Attributable to:			
Equity-holders of the Company		(17,836)	(493)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
Year ended 30 June 2008

2008

Movements during the year	*Share capital US$'000*	*Share premium US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Balance brought forward at 1 July 2007	1,050	–	(524)	187,960	(247)	188,239
Foreign exchange on consolidation	–	–	–	–	233	233
Loss for the year	–	–	(17,786)	–	–	(17,786)
Balance carried forward at 30 June 2008	1,050	–	(18,310)	187,960	(14)	170,686

2007

Movements during the period	*Note*	*Share capital US$'000*	*Share premium US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Issue of shares		1,050	195,410	–	–	–	196,460
Cancellation of share premium	10	–	(195,410)	–	195,410	–	–
Placing fees and formation costs		–	–	–	(7,450)	–	(7,450)
Foreign exchange on consolidation		–	–	–	–	(247)	(247)
Loss for the period		–	–	(524)	–	–	(524)
Balance carried forward at 30 June 2007		1,050	–	(524)	187,960	(247)	188,239

The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity
Year ended 30 June 2008

2008

Movements during the year	*Share capital US$'000*	*Share premium US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Total US$'000*
Balance brought forward at 1 July 2007	1,050	–	(493)	187,960	188,517
Loss for the year	–	–	(17,836)	–	(17,836)
Balance carried forward at 30 June 2008	1,050	–	(18,329)	187,960	170,681

2007

Movements during the period	*Note*	*Share capital US$'000*	*Share premium US$'000*	*Accumulated losses US$'000*	*Distributable reserves US$'000*	*Total US$'000*
Issue of shares		1,050	195,410	–	–	196,460
Cancellation of share premium	10	–	(195,410)	–	195,410	–
Placing fees and formation costs		–	–	–	(7,450)	(7,450)
Loss for the period		–	–	(493)	–	(493)
Balance carried forward at 30 June 2007		1,050	–	(493)	187,960	188,517

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement
Year ended 30 June 2008

	Note	*Year ended 30 June 08 US$'000*	*Period from 18 May 06 to 30 June 07 US$'000*
Net cash used in operating activities	12	(6,844)	3,002
Cash flows from investing activities			
Expenditure on inventories		(57,131)	(47,468)
Net cash used in investing activities		(57,131)	(47,468)
Cash flows from financing activities			
Proceeds on issue of shares		–	196,460
Placing fees and formation costs		–	(7,450)
Net cash generated from financing activities		–	189,010
Net (decrease)/increase in cash and cash equivalents		(63,975)	144,544
Cash and cash equivalents at beginning of year/period		144,297	–
Effect of foreign exchange rate changes		233	(247)
Cash and cash equivalents at end of year/period		80,555	144,297

The accompanying notes are an integral part of these consolidated financial statements.

Company Cash Flow Statement
Year ended 30 June 2008

	Note	*Year ended 30 June 08 US$'000*	*Period from 18 May 06 to 30 June 07 US$'000*
Net cash used in operating activities	12	(12,941)	2,979
Cash flows from investing activities			
Loans to subsidiaries		(71,084)	(54,455)
Fair value adjustment for investment in subsidiaries		6,517	256
Net cash used in investing activities		(64,567)	(54,199)
Cash flows from financing activities			
Proceeds on issue of shares		–	196,460
Placing fees and formation costs		–	(7,450)
Net cash generated from financing activities		–	189,010
Net (decrease)/increase in cash and cash equivalents		(77,508)	137,790
Cash and cash equivalents at beginning of year/period		137,790	–
Cash and cash equivalents at end of year/period		60,282	137,790

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
Year ended 30 June 2008

General information

Macau Property Opportunities Fund Limited is a company incorporated and registered in Guernsey under The Guernsey Company Law. The address of the registered office is given on the inside back cover.

The consolidated financial statements for the year ended 30 June 2008 comprise the financial statements of Macau Property Opportunities Fund Limited and its subsidiaries (together referred to as the "Group").

The Group invests in commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region.

These consolidated financial statements have been approved for issue by the Board of Directors on 23 September 2008.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee and applicable legal and regulatory requirements of Guernsey Law.

In the current year, the Company and the Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual financial reporting periods beginning on or after 1 January 2007, and the related amendment to IAS1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

Five interpretations issued by the International Financial Reporting Interpretation Committee are effective for the current period. These are:

IFRIC 7 Applying the Restatement Approach under IAS 29;
Financial Reporting in Hyper inflationary Economies; IFRIC 8 Scope of IFRS 2;
IFRIC 11 – IFRS 2 – Group and Treasury Share Transaction;
IFRIC 9 Reassessment of Embedded Derivatives; and
IFRIC 10 Interim Financial Reporting and Impairment.

The adoption of these Interpretations has not led to any changes in the Company's or the Group's accounting policies. At the date of authorization of these financial statements, the following standards and interpretations, which have not been applied, were in issue but not yet effective:-

IFRS 8: Operating Segments – for accounting periods commencing on or after 1 January 2009

IAS 1 Revised: Presentation of Financial Statements – for accounting periods commencing on or after 1 January 2009

IAS 23 Revised: Borrowing Costs – for accounting periods commencing on or after 1 January 2009; and

IFRIC 12 – Service Concession Agreements – for accounting periods commencing on or after 1 January 2008.

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have material impact on the financial statements of the Company or the Group.

IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these financial statements. Complex areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and special-purpose entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of a special-purpose entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and related business. The Group invests in commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region.

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollars, which is the Company's functional and presentational currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet are presented at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates; and

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity.

Inventories

Properties and land that are being held or developed for future sale are classified as inventories. They are individually carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses. Cost is the acquisition cost together with subsequent capital expenditure incurred, including capitalised interest where relevant.

Investment in subsidiaries

Investments in subsidiaries are designated at fair value through profit or loss. Gains and losses arising from changes in fair value are included in the income statement.

The comparative figures have been reclassified to show investment in subsidiaries as a current liability, having previously been shown as a negative non-current asset.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Shares issued by the Company are recorded based upon the proceeds received, net of incremental costs directly attributable to the issue of new shares.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and includes income from property trading.

Financial asset interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Expenses

Property and contract expenditure, including bid costs, incurred prior to the exchange of a contract is expensed as incurred, with the exception of expenditure on long-term development contracts.

Taxation

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinances, 1989 and is charged an annual exemption fee of £600.

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey has abolished exempt status for the majority of companies with effect from January 2008, and has introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business. The Company, is not classified as one of the regimes deemed as harmful and will continue to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007.

The Company's subsidiaries are subject to corporate income tax on any taxable income, calculated in accordance with applicable legislation in the jurisdictions in which each entity operates.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest risk), credit risk and liquidity risk.

The Board of Directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and liquidity risk.

Financial instruments by category

The accounting polices for financial instruments have been applied to the line items below:

Group

30 June 2008	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Trade and other receivables	27	27
Prepayments	26	26
Cash and cash equivalents	80,555	80,555
Total	80,608	80,608

	Other financial liabilities US$'000	*Total US$'000*
Liabilities as per balance sheet		
Trade and other payables	14,521	14,521
Total	14,521	14,521

30 June 2007	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Trade and other receivables	458	458
Prepayments	54	54
Cash and cash equivalents	144,297	144,297
Total	144,809	144,809

	Other financial liabilities US$'000	*Total US$'000*
Liabilities as per balance sheet		
Trade and other payables	12,654	12,654
Total	12,654	12,654

Company

30 June 2008	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Trade and other receivables	5,928	5,928
Prepayments	25	25
Cash and cash equivalents	60,282	60,282
Loans to subsidiaries	125,539	125,539
Total	191,774	191,774

	Other financial liabilities US$'000	*Total US$'000*
Liabilities as per balance sheet		
Trade and other payables	14,321	14,321
Total	14,321	14,321

30 June 2007	*Loans and receivables US$'000*	*Total US$'000*
Assets as per balance sheet		
Trade and other receivables	455	455
Prepayments	54	54
Cash and cash equivalents	137,790	137,790
Loans to subsidiaries	54,455	54,455
Total	192,754	192,754

	Other financial liabilities US$'000	*Total US$'000*
Liabilities as per balance sheet		
Trade and other payables	3,981	3,981
Total	3,981	3,981

Market risk

Market risk is the risk that value of instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment or all factors affecting all instruments traded in the market including foreign exchange risk, price risk and cash flow interest rate risk as detailed below.

The Group's market risk is managed by the Manager in accordance with policies and procedures in place. The Group's overall market positions are monitored on a quarterly basis by the Board of Directors.

(a) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The Group's policy is not to enter into any currency hedging transactions.

The table below summarises the Group's exposure to foreign currency risk as at 30 June 2008 and 30 June 2007. The Group's assets and liabilities are included in the table, categorised by their currency at their carrying amount in US$.

Group

As at 30 June 2008	*US$'000*	*£'000*	*HK$'000*	*MOP'000*	*Total*
Trade and other receivables	22	–	5	–	27
Prepayments	–	25	1	–	26
Cash and cash equivalents	2,445	147	77,962	1	80,555
Total financial assets	2,467	172	77,968	1	80,608
Trade and other payables	14,136	166	219	–	14,521
Total financial liabilities	14,136	166	219	–	14,521
On balance sheet financial position	(11,669)	6	77,749	1	66,087

As at 30 June 2007	*US$'000*	*£'000*	*HK$'000*	*MOP'000*	*Total*
Trade and other receivables	458	–	–	–	458
Prepayments	–	54	–	–	54
Cash and cash equivalents	123,570	192	20,535	–	144,297
Total financial assets	124,028	246	20,535	–	144,809
Trade and other payables	3,841	197	8,616	–	12,654
Total financial liabilities	3,841	197	8,616	–	12,654
On balance sheet financial position	120,187	49	11,919	–	132,155

The table above presents financial assets and liabilities denominated in foreign currencies held by the Group as at 30 June 2008 and 30 June 2007 and can be used to monitor foreign currency risk as at that date.

If the US Dollar weakened/strengthened by 10% against the HK Dollar with all other variables held constant, the post-tax loss for the year would have been US$7,774,900 (2007: US$1,191,900) higher/lower.

The Macanese Pataca is fixed to the HK Dollar at a rate of MOP:HK$ of 1.03, due to the low level of assets held in this currency 10% change in value would not have a significant affect on the financial statements.

If the US Dollar weakened/strengthened by 10% against Sterling with all other variables held constant, the post-tax loss for the year would have been US$600 (2007: US$5,000) higher/lower.

(b) *Price risk*

The Group is exposed to property price risk. The Group is not exposed to the market risk with regards to financial instruments as it does not hold equity instruments.

(c) *Cash flow interest rate risk*

The success of any investment is affected by general economic conditions which may affect the level and volatility of interest rates and the extent and timing of investor participation in the asset markets. Unexpected volatility or illiquidity in the markets in which the Group holds positions can impair the Group's ability to conduct its business or cause it to incur losses.

The Group's interest rate risk is managed by the Manager in accordance with policies and procedures in place. The Group's overall positions and exposures are monitored on a quarterly basis by the Board of Directors.

Group

The Group has an in principle agreement for a club loan facility of HK$642.82m (US$82.5m). This facility will be used to finance the remaining consideration of The One Central Residences apartments held in Tower 6 and the 25 individual apartments upon handover of the project in 2009.

The following table details the Group's exposure to interest rate risks:

As at 30 June 2008

	Interest bearing US$'000	*Non-interest bearing US$'000*	*Total US$'000*
Inventories	–	104,599	104,599
Trade and other receivables	–	27	27
Prepayments	–	26	26
Cash and cash equivalents	80,555	–	80,555
Total assets	80,555	104,652	185,207
Trade and other payables	–	14,521	14,521
Total liabilities	–	14,521	14,521

As at 30 June 2007

	Interest bearing US$'000	*Non-interest bearing US$'000*	*Total US$'000*
Inventories	–	56,084	56,084
Trade and other receivables	–	458	458
Prepayments	–	54	54
Cash and cash equivalents	144,297	–	144,297
Total assets	144,297	56,596	200,893
Trade and other payables	–	12,654	12,654
Total liabilities	–	12,654	12,654

An increase of 100 basis points in interest rates as at the reporting date would have increased the net assets attributable to the Company's equity-holders and changes in net assets attributable to the Company's equity-holders by US$805,550 (2007: US$1,442,970). A decrease of 100 basis points would have had an equal but opposite effect.

Company

The Company has an exposure to interest rate risks as the loans to its subsidiaries are determined in accordance with agreements which have a variable interest based on the 6 months US Dollar LIBOR plus 1.5%. The loans are held as due on demand.

The following table details the Company's exposure to interest rate risks:

As at 30 June 2008

	Interest bearing US$'000	*Non-interest bearing US$'000*	*Total US$'000*
Investment in subsidiaries	–	–	–
Loans to subsidiaries	125,539	–	125,539
Trade and other receivables	–	5,928	5,928
Prepayments	–	25	25
Cash and cash equivalents	60,282	–	60,282
Total assets	185,821	5,953	191,774
Investment in subsidiaries	–	(6,772)	(6,772)
Trade and other payables	–	(14,321)	(14,321)
Total liabilities	–	(21,093)	(21,093)

As at 30 June 2007

	Interest bearing US$'000	*Non-interest bearing US$'000*	*Total US$'000*
Investment in subsidiaries	–	–	–
Loans to subsidiaries	–	54,455	54,455
Trade and other receivables	–	455	455
Prepayments	–	54	54
Cash and cash equivalents	137,790	–	137,790
Total assets	137,790	54,964	192,754
Investment in subsidiaries	–	(256)	(256)
Trade and other payables	–	(3,981)	(3,981)
Total liabilities	–	(4,237)	(4,237)

An increase of 100 basis points in interest rates as at the reporting date would have increased the net assets attributable to the Company's equity-holders and changes in net assets attributable to the Company's equity-holders by US$1,858,210 (2007: US$1,377,900). A decrease of 100 basis points would have had an equal but opposite effect.

The investment in subsidiaries of US$(6,772,000) (2007: US$(256,000)) consists of cash placed in interest bearing bank accounts and interest bearing loans from group companies. Any movement in interest rates will have an immaterial effect.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The Group is not exposed to significant credit risk, as the income of the Group is derived from bank deposits only through the use of high credit quality financial institutions.

The Group has deposits with the below banks:

Bank	*Credit Rating**
HSBC	AA
The Royal Bank of Scotland plc	AA
CITIC Ka Wah Bank Limited	BBB
The Royal Bank of Scotland International**	AA

*From Standard & Poor's

**A subsidiary of The Royal Bank of Scotland plc

Interest receivable per Note 6 is split in to two categories, bank interest and interest due on inter-company loans. The bank interest related to accrued interest on fixed deposits held at the year end which have now matured. The inter-company loan interest is repayable on demand with the loan, no loans have been called for repayment.

Liquidity risk

The Group adopts a prudent approach to liquidity management and maintains sufficient cash reserves and borrowings to meet its obligations. The Group maintains sufficient cash and obtains funding through credit facilities, to meet its current property development liabilities. The Group has an in principle agreement for a club loan facility of HK$642.82m (US$82.5m). This facility will be used to finance the remaining consideration of The One Central Residences apartments held in Tower 6 and the 25 individual apartments upon handover of the project in 2009. The amounts outstanding on these properties that are due between 1 and 2 years is US$82.4m (2007: US$60.4m).

The Group's liquidity position is monitored by the Manager and is reviewed quarterly by the Board of Directors.

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

	2008	*2007*
	US$'000	*US$'000*
Financial assets – current		
Trade and other receivables – maturity less than 1 year	53	512
Cash and cash equivalents – maturity less than 1 year	80,555	144,297
	80,608	144,809
Financial liabilities – current		
Trade and other payables – maturity less than 1 year	14,521	12,654

Company

	2008	*2007*
	US$'000	*US$'000*
Financial assets – non-current		
Loans to subsidiaries	125,539	54,455
Financial assets – current		
Trade and other receivables – maturity less than 1 year	5,953	509
Cash and cash equivalents – maturity less than 1 year	60,282	137,790
	66,235	138,299
Financial liabilities – current		
Trade and other payables – maturity less than 1 year	14,321	3,981

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 30 June 2008 there were no borrowings other than trade and other payables and there was sufficient cash and cash equivalents to pay these as they fell due.

The Group has an in principle agreement for a club loan facility of HK$642.82m (US$82.5m) to finance the remaining consideration of The One Central Residences apartments as detailed in Note 5.

3. Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Net realisable value and net asset value are based on the current market valuation provided by Savills (Macau) Limited, an independent valuer. Savills are required to make assumptions on establishing the current market valuation.

(b) The performance fees, management fees and administration fees are based on adjusted net asset value.

4. Subsidiaries

All special-purpose vehicles (SPVs) are owned 100% by Macau Property Opportunities Fund Limited. The following subsidiaries have a year end of 31 December to coincide with the Macanese tax year:

MPOF Macau (Site 1) Limited
MPOF Macau (Site 2) Limited
MPOF Macau (Site 3) Limited
MPOF Macau (Site 4) Limited
MPOF Macau (Site 5) Limited
MPOF Macau (Site 6) Limited
MPOF Macau (Site 7) Limited
MPOF Macau (Site 8) Limited
MPOF Macau (Site 9) Limited
MPOF Macau (Site 10) Limited

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

	Ownership	*Incorporation*		*Ownership*	*Incorporation*
MPOF Macau (Site 1) Limited	100%	Macau	Magic Bright International Limited	100%	BVI
MPOF Macau (Site 2) Limited	100%	Macau	Manage Gain Investments Limited	100%	BVI
MPOF Macau (Site 3) Limited	100%	Macau	Mega League Investments Limited	100%	BVI
MPOF Macau (Site 4) Limited	100%	Macau	Multi Gold International Limited	100%	BVI
MPOF Macau (Site 5) Limited	100%	Macau	Phoenixville Holdings Limited	100%	BVI
MPOF Macau (Site 6) Limited	100%	Macau	Poly Advance Management Limited	100%	BVI
MPOF Macau (Site 7) Limited	100%	Macau	Prominent Group Limited	100%	BVI
MPOF Macau (Site 8) Limited	100%	Macau	Richsville Investment Limited	100%	BVI
MPOF Macau (Site 9) Limited	100%	Macau	Right Year International Limited	100%	BVI
MPOF Macau (Site 10) Limited	100%	Macau	See Lucky Enterprises Limited	100%	BVI
MPOF (Penha) Limited	100%	Guernsey	Smooth Run Group Limited	100%	BVI
MPOF (Taipa) Limited	100%	Guernsey	Swift Link Limited	100%	BVI
MPOF (Jose) Limited	100%	Guernsey	Talent Empire International Limited	100%	BVI
MPOF (Sun) Limited	100%	Guernsey	Tycoon Villa International Limited	100%	BVI
MPOF (Senado) Limited	100%	Guernsey	Worthy Way Limited	100%	BVI
MPOF (Domingos) Limited	100%	Guernsey	Yield Return Limited	100%	BVI
MPOF (Monte) Limited	100%	Guernsey	Capital Full Limited	100%	Hong Kong
MPOF (Paulo) Limited	100%	Guernsey	China City Properties Limited	100%	Hong Kong
MPOF (Guia) Limited	100%	Guernsey	China Crown Properties Limited	100%	Hong Kong
MPOF (Antonio) Limited	100%	Guernsey	East Base Properties Limited	100%	Hong Kong
MPOF (6A) Limited	100%	Guernsey	Eastway Properties Limited	100%	Hong Kong
MPOF (6B) Limited	100%	Guernsey	Elite Gain Limited	100%	Hong Kong
MPOF (7A) Limited	100%	Guernsey	Excelsior Properties Limited	100%	Hong Kong
MPOF (7B) Limited	100%	Guernsey	Glory Properties Limited	100%	Hong Kong
MPOF (8A) Limited	100%	Guernsey	Gold Century Properties Limited	100%	Hong Kong
MPOF (8B) Limited	100%	Guernsey	Golden City Properties Limited	100%	Hong Kong
MPOF (9A) Limited	100%	Guernsey	Golden Properties Limited	100%	Hong Kong
MPOF (9B) Limited	100%	Guernsey	Goldex Properties Limited	100%	Hong Kong

MPOF (10A) Limited	100%	Guernsey	Honway Properties Limited	100%	Hong Kong
MPOF (10B) Limited	100%	Guernsey	Maxland Properties Limited	100%	Hong Kong
	Ownership	*Incorporation*		*Ownership*	*Incorporation*
MPOF Mainland Company 1 Limited	100%	Barbados	New Perfect Properties Limited	100%	Hong Kong
Bream Limited	100%	Guernsey	Newton Properties Limited	100%	Hong Kong
Cannonball Limited	100%	Guernsey	Orient Land Properties Limited	100%	Hong Kong
Civet Limited	100%	Guernsey	Pacific Asia Properties Limited	100%	Hong Kong
Aim Top Enterprises Limited	100%	BVI	Pacific Link Properties Limited	100%	Hong Kong
Championway International Limited	100%	BVI	Pacific Success Properties Limited	100%	Hong Kong
Extra Able International Limited	100%	BVI	Platinum Properties Limited	100%	Hong Kong
Fondue International Limited	100%	BVI	Queensland Properties Limited	100%	Hong Kong
Gainsun Investments Limited	100%	BVI	Sky Century Properties Limited	100%	Hong Kong
Go Gain International Limited	100%	BVI	Top Century Properties Limited	100%	Hong Kong
Gorey Hills International Limited	100%	BVI	Top Faith Properties Limited	100%	Hong Kong
Hillsleigh Holdings Limited	100%	BVI	Union Century Properties Limited	100%	Hong Kong
Honeypot International Limited	100%	BVI	Victory Star Properties Limited	100%	Hong Kong
Jin Mei International Limited	100%	BVI	Weltex Properties Limited	100%	Hong Kong
Lucan Investments Limited	100%	BVI	Windex Properties Limited	100%	Hong Kong
Lucky Go International Limited	100%	BVI	World Pacific Properties Limited	100%	Hong Kong

5. Inventories

	Year ended 30 June 08 US$'000	*Period from 18 May 06 to 30 June 07 US$'000*
Cost of properties at the beginning of the year/period	56,084	–
Cost of properties purchased during the year/period	48,515	56,084
Cost of properties at the end of the year/period	104,599	56,084

Macau Property Opportunities Fund Limited is guarantor for its subsidiary company MPOF Macau (Site 5) Limited in respect of outstanding amounts due on Tower 6 of One Central Residences. The total of the guarantee is HK$471,370,716 (US$60,403,328) (2007: HK$572,379,000 (US$73,233,000)) and is due on completion of the property development

During the year subsidiaries of Macau Property Opportunities Fund Limited purchased additional units in One Central Residence and there are further payments of HK$171,450,641 (US$21,970,370) due by the subsidiaries on completion of the units.

The Group has an in principle agreement for a club loan facility of HK$642.82m (US$82.5m) to meet the further payments due on the One Central Residence properties.

6. Trade and other receivables

	2008 US$'000 Company	*2008 US$'000 Group*	*2007 US$'000 Company*	*2007 US$'000 Group*
Interest receivable	27	27	455	458
Inter-company loan interest	5,901	–	–	–
	5,928	27	455	458

7. Trade and other payables

	2008 US$'000 Company	*2008 US$'000 Group*	*2007 US$'000 Company*	*2007 US$'000 Group*
Payments due for acquired property	–	–	–	8,616
Payable to the Manager	14,043	14,043	3,801	3,801
Trade and other payables	278	478	180	237
	14,321	14,521	3,981	12,654

Other payables principally comprise amounts outstanding for ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

8. Investment in subsidiaries

	2008 US$'000	*2007 US$'000*
Opening balance	–	–
Cost of subsidiaries	–	–
Fair value adjustment for elimination of subsidiary equity	–	–
Closing balance after elimination of subsidiary equity	–	–
Fair value adjustment of subsidiaries	(6,772)	(256)
Investment in subsidiaries	(6,772)	(256)

The cost of subsidiaries as at 30 June 2008 was US$91 (2007: US$79). The fair value adjustment for elimination of subsidiary equity is equal and opposite to the cost of the subsidiaries, the purpose of this adjustment is to show the investment as US$ nil as shown in non-current assets on the Company balance sheet.

The fair value adjustment of subsidiaries is an adjustment to show the true negative value of the investment in subsidiaries as shown in current liabilities on the Company balance sheet.

The investment in subsidiaries is accounted for as stated in Note 2. The fair value is based on the net asset value of the HK, BVI, Macanese and Guernsey SPVs as at 30 June 2008.

9. Share capital

	2008 US$'000 Company	2008 US$'000 Group	2007 US$'000 Company	2007 US$'000 Group
Authorised:				
300 million Ordinary Shares of US$0.01 each	3,000	3,000	3,000	3,000
Issued and fully paid:				
105 million Ordinary Shares of US$0.01 each	1,050	1,050	1,050	1,050

The Company has one class of Ordinary Shares which carry no right to fixed income.

10. Share premium

In accordance with the Listing prospectus and under Guernsey Statute, on 7 June 2006 an application was made to the Royal Court of Guernsey to have the share premium cancelled and re-designated as a distributable reserve. As such the share premium account was reduced by US$195.41 million and a distributable reserve created for this amount.

11. General and administration expenses

	Year ended 30 June 08 US$'000 Company	*Year ended 30 June 08 US$'000 Group*	*Period from 18 May 06 to 30 June 07 US$'000 Company*	*Period from 18 May 06 to 30 June 07 US$'000 Group*
Legal and Professional	165	338	225	237
Holding Company administration	229	229	208	208
Guernsey SPV administration	114	114	–	99
BVI, HK, & Macau SPV administration	–	87	–	42
Insurance costs	42	42	40	40
Other operating expenses	300	351	159	276
General and administration expenses	850	1,161	632	902

Administration fees for the BVI, Hong Kong and Macanese SPVs are payable to Adept Capital Partners Services Limited (formerly Adept Capital Services Limited) in which Tom Ashworth is a shareholder and Director.

12. Net cash used in operating activities

	Year ended 30 June 08 US$'000 Company	Year ended 30 June 08 US$'000 Group	Period from 18 May 06 to 30 June 07 US$'000 Company	Period from 18 May 06 to 30 June 07 US$'000 Group
Operating loss from continuing operations	(17,836)	(17,786)	(493)	(524)
Operating cash flows before movements in working capital	(17,836)	(17,786)	(493)	(524)
(Increase)/decrease in receivables	(5,445)	459	(509)	(512)
Increase in payables	10,340	10,483	3,981	4,038
Net change in working capital	4,895	10,942	3,471	3,526
Net cash used in operating activities	(12,941)	(6,844)	2,979	3,002

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

13. Basic and diluted loss per Ordinary Share

The basic and diluted loss per equivalent Ordinary Share is based on the loss attributable to equity-holders for the year of US$(17,786,000) (2007: US$(524,000)) and on the 105,000,000 (2007: 105,000,000) weighted average number of Ordinary Shares in issue during the year.

	Year ended30 June 2008			Period from 18 May 2006 to 30 June 2007		
	Loss Attributable US$'000	Weighted Average No. of Shares '000s	EPS US$	Loss Attributable US$'000	Weighted Average No. of Shares '000s	EPS US$
Basic	(17,786)	105,000	(0.1694)	(524)	105,000	(0.0050)
Diluted	(17,786)	105,000	(0.1694)	(524)	105,000	(0.0050)

14. Related party transactions

On 8 March 2007 Tim Henderson was appointed as a Director of all of the Guernsey incorporated subsidiaries of Macau Property Opportunities Fund Limited. In the year to 30 June 2008 Directors' fees of US$ nil (2007: US$80,000) were paid by the Guernsey incorporated subsidiaries.

	Year ended 30 June 08 US$'000 Company	Year ended 30 June 08 US$'000 Group	Period from 18 May 06 to 30 June 07 US$'000 Company	Period from 18 May 06 to 30 June 07 US$'000 Group
Directors' Fees	251	251	258	258
Subsidiary Directors' Fees	–	–	–	80
	251	251	258	338

Tom Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Company and received fees during the year as detailed in the income statement and in Note 15.

Tom Ashworth is a shareholder and Director of Adept Capital Partners Services Limited (formerly Adept Capital Services Limited). Adept Capital Partners Services Limited provides administrative services to the

Macanese, Hong Kong and British Virgin Islands SPVs and received fees during the year as detailed in Note 11.

The Company makes loans to its subsidiaries which are detailed in the table below:

	2008	*2007*
	US$'000	*US$'000*
MPOF (Antonio) Limited	13,487	11,314
MPOF (Domingos) Limited	10,829	10,723
MPOF (Guia) Limited	13,487	11,314
MPOF (Jose) Limited	4,139	4,044
MPOF (Monte) Limited	48	48
MPOF (Paulo) Limited	48	48
MPOF (Penha) Limited	8,082	666
MPOF (Senado) Limited	10,829	10,723
MPOF (Sun) Limited	4,139	4,043
MPOF (Taipa) Limited	8,082	666
MPOF (6A) Limited	5,755	342
MPOF (6B) Limited	5,755	342
MPOF (7A) Limited	34	23
MPOF (7B) Limited	34	23
MPOF (8A) Limited	24	23
MPOF (8B) Limited	24	22
MPOF (9A) Limited	24	22
MPOF (9B) Limited	24	22
MPOF (10A) Limited	24	22
MPOF (10B) Limited	24	22
MPOF Mainland Company 1 Limited	6	3
Bream Limited	28,908	–
Cannonball Limited	3,536	–
Civet Limited	8,197	–
	125,539	54,455

15. Material contracts

Management Fee

Under the terms of an appointment made by the Board of Directors of Macau Property Opportunities Fund Limited on 23 May 2006, Sniper Capital Limited ("SCL") was appointed as Manager to the Company. The Manager is paid quarterly in advance a fee of 2.0% of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. Management fees paid for the year were US$5,153,000 (2007:US$4,319,000).

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 amounts accrued in the financial statements are as follows:

	2008	*2007*
	US$	*US$*
Performance Fee	14,043,700	3,807,300
Super Performance Fee	Nil	Nil

16. Post Balance Sheet Event

On 4 August 2008, the Group acquired two properties located in Macau for a total consideration of HK$27.6m (US$3.5m).

On 21 August 2008, the Group acquired a property through a wholly-foreign owned enterprise in Mainland China for a total consideration of HK$83m (US$10.6m). Of the total consideration HK$68.3m (US$8.7m) was paid in cash with the remainder of HKD14.7m (US$1.9m) made up of liabilities in the wholly-foreign owned enterprise.

3. STATUTORY ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2007

Independent Auditors' Report to the Members of Macau Property Opportunities Fund Limited

We have audited the consolidated financial statements of Macau Property Opportunities Fund Limited for the period ended 30 June 2007 which comprise the consolidated and company balance sheets, consolidated and company income statements, consolidated and company statements of changes in equity, consolidated and company cash flow statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 64 of The Companies (Guernsey) Law, 1994 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's Statement, the Manager's Report, the Directors' Report and the Directors and Company information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 30 June 2007 and of its loss and cash flows for the period then ended; the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 1994; and the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers CI LLP, Chartered Accountants, Guernsey, Channel Islands, 14 September 2007

Consolidated Balance Sheet
As at 30 June 2007

	Notes	2007 US$'000
ASSETS		
Current assets		
Inventories	5	56,084
Trade and other receivables	6	458
Prepayments		54
Cash and cash equivalents		144,297
		200,893
Total assets		200,893
EQUITY		
Capital and reserves attributable to the Company's equity-holders		
Share capital	8	1,050
Distributable reserves		187,960
Revaluation reserves		–
Retained earnings/(accumulated losses)		(524)
Foreign exchange on consolidation		(247)
Total equity		188,239
LIABILITIES		
Current liabilities		
Trade and other payables	7	12,654
Total liabilities		12,654
Total equity and liabilities		200,893

The financial statements were approved by the Board of Directors and authorised for issue on 14 September 2007.

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Company Balance Sheet
As at 30 June 2007

	Notes	*2007* *US$'000*
ASSETS		
Non-current assets		
Investment in subsidiaries		(256)
Loans to subsidiaries		54,455
		54,199
Current assets		
Trade and other receivables	6	455
Prepayments		54
Cash and cash equivalents		137,790
		138,299
Total assets		192,498
EQUITY		
Capital and reserves attributable to the Company's equity-holders		
Share capital	8	1,050
Distributable reserves		187,960
Revaluation reserves		(256)
Retained earnings/(accumulated losses)		(237)
Total equity		188,517
LIABILITIES		
Current liabilities		
Trade and other payables	7	3,981
Total liabilities		3,981
Total equity and liabilities		192,498

The financial statements were approved by the Board of Directors and authorised for issue on 14 September 2007.

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Consolidated Income Statement
Period ended 30 June 2007

	Notes	*18 May 06 – 30 June 07 US$'000*
Revenue		
Bank and other interest		8,876
Gains on foreign currency exchange		18
		8,894
Expenses		
Management fee		4,319
Performance fee		3,807
Non-Executive Directors' fees		338
Auditors' remuneration		52
General and administration expenses	10	902
		(9,418)
Loss before tax		(524)
Tax		–
Loss for the period		(524)
Attributable to:		
Equity-holders of the Company		(524)
		(524)

	Notes	*18 May 06-30 June 07 US$*
Basic and diluted loss per share for loss attributable to the equity-holders of the Company during the period	12	(0.0050)

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Company Income Statement
Period ended 30 June 2007

	Notes	18 May 06-30 June 07 US$'000
Revenue		
Bank and other interest		8,815
Gains on foreign currency exchange		16
		8,831
Expenses		
Management fee		4,319
Performance fee		3,807
Non-Executive Directors' fees		258
Auditors' remuneration		52
General and administration expenses	10	632
		(9,068)
Loss before tax		(237)
Tax		–
Loss for the period		(237)
Attributable to:		
Equity-holders of the Company		(237)
		(237)

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
Period ended 30 June 2007

Movements during the period	*Notes*	*Share capital US$'000*	*Share premium US$'000*	*Retained earnings/ (accumulated losses) US$'000*	*Distributable reserves US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Issue of shares		1,050	195,410	–	–	–	196,460
Cancellation of share premium	9	–	(195,410)	–	195,410	–	–
Placing fees and formation costs		–	–	–	(7,450)	–	(7,450)
Foreign exchange on consolidation		–	–	–	–	(247)	(247)
Loss for the period		–	–	(524)	–	–	(524)
Balance carried forward at 30 June 2007		1,050	–	(524)	187,960	(247)	188,239

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity
Period ended 30 June 2007

Movements during the period	*Notes*	*Share capital US$'000*	*Share premium US$'000*	*Retained earnings/ (accumulated losses) US$'000*	*Distributable reserves US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Issue of shares		1,050	195,410	–	–	–	196,460
Cancellation of share premium	9	–	(195,410)	–	195,410	–	–
Placing fees and formation costs		–	–	–	(7,450)	–	(7,450)
Loss on investment in subsidiaries		–	–	–	–	(256)	(256)
Loss for the period		–	–	(237)	–	–	(237)
Balance carried forward at 30 June 2007		1,050	–	(237)	187,960	(256)	188,517

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement
Period ended 30 June 2007

	Notes	*18 May 06- 30 June 07 US$'000*
Net cash used in operating activities	11	(5,434)
Cash flows from investing activities		
Expenditure on inventories		(47,468)
Interest received		8,418
Net cash used in investing activities		(39,050)
Cash flows from financing activities		
Proceeds on issue of shares		196,460
Placing fees and formation costs		(7,450)
Net cash generated from financing activities		189,010
Net increase in cash and cash equivalents		144,526
Cash and cash equivalents at beginning of period		–
Effect of foreign exchange rate changes		(229)
Cash and cash equivalents at end of period		144,297

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Company Cash Flow Statement
Period ended 30 June 2007

	Notes	*18 May 06-30 June 07 US$'000*
Net cash used in operating activities	11	(5,141)
Cash flows from investing activities		
Loans to subsidiaries		(54,455)
Interest received		8,360
Net cash used in investing activities		(46,095)
Cash flows from financing activities		
Proceeds on issue of shares		196,460
Placing fees and formation costs		(7,450)
Net cash generated from financing activities		189,010
Net increase in cash and cash equivalents		137,774
Cash and cash equivalents at beginning of period		–
Effect of foreign exchange rate changes		16
Cash and cash equivalents at end of period		137,790

The notes on pages 126 to 133 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
Period ended 30 June 2007

General information

Macau Property Opportunities Fund Limited is a company incorporated and registered in Guernsey under the Companies (Guernsey) Law, 1994 (as amended) on 18 May 2006. The address of the registered office is given on the inside back cover. The consolidated financial statements for the period ended 30 June 2007 comprise the financial statements of Macau Property Opportunities Fund Limited and its subsidiaries (together referred to as the 'Group'). The Group invests in commercial property and property-related ventures primarily in Macau and potentially in the Western Pearl River Delta region. These consolidated financial statements have been approved for issue by the Board of Directors on 14 September 2007.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout the current period, unless otherwise stated.

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis.

IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these financial statements. Complex areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The Directors have opted for the early adoption of IFRS7 – Financial Instruments: Disclosures, and the complementary Amendment to IAS1, Presentation of Financial Statements – Capital Disclosures which is in issue for companies with an accounting period beginning on or after 1 January 2007.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and special-purpose entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of a special-purpose entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and related business. The Group invests in commercial property and property-related ventures primarily in Macau and potentially in the Western Pearl River Delta region.

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in US Dollars, which is the Company's functional and presentational currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet are presented at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates; and

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity.

Inventories

Properties and land that are being held or developed for future sale are classified as inventories at their deemed cost. They are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete redevelopment and selling expenses. Deemed cost is the acquisition cost together with subsequent capital expenditure incurred, including capitalised interest where relevant.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Cash and cash equivalents

Cash and cash equivalents in the balance sheets comprise cash at banks and on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with an original maturity of three months or less. For the purpose of the cash flow statements, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Shares issued by the Company are recorded at the amount of the proceeds received, net of incremental costs directly attributable to the issue of new shares.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and includes income from property trading.

Financial asset interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Expenses

Property and contract expenditure, including bid costs, incurred prior to the exchange of a contract is expensed as incurred, with the exception of expenditure on long-term development contracts.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Board of Directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and liquidity risk.

Market risk

(a) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the HK Dollar. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The Group's policy is not to enter into any currency hedging transactions.

The table below summarises the Group's exposure to foreign currency risk as at 30 June 2007. The Group's assets and liabilities at carrying amounts are included in the table, categorised by the currency at their carrying amount.

As at 30 June 2007	*US$'000*	*£'000*	*HK$'000*	*Total*
Inventories	–	–	56,084	56,084
Trade and other receivables	458	–	–	458
Prepayments	–	54	–	54
Cash and cash equivalents	123,570	192	20,535	144,297
Total assets	124,028	246	76,619	200,893
Trade and other payables	3,841	197	8,616	12,654
Total liabilities	3,841	197	8,616	12,654
Net assets	120,187	49	68,003	188,239

The table above presents financial assets and liabilities denominated in foreign currencies held by the Group as at 30 June 2007 and can be used to monitor foreign currency risk as at that date. If the US Dollar weakened/strengthened by 10 per cent. against the HK Dollar with all other variables held constant, the post-tax loss for the period would have been US$6,800,000 higher/lower. If the US Dollar weakened/strengthened by 10 per cent. against Sterling with all other variables held constant, the post-tax loss for the period would have been US$5,000 higher/lower.

The above sensitivity analysis does not take into consideration the effect of exchange rate movements on the shareholder equity if measured in Sterling.

(b) *Price risk*

The Group is exposed to property price risk. The Group is not exposed to market risk with regard to financial instruments as it does not hold equity instruments.

(c) *Cash flow and fair value interest rate risk*

The Group has significant interest-bearing assets in the form of bank deposits. Its income and operating cash flows are substantially independent of market interest rates.

Credit risk

The Group is not exposed to significant credit risk, as the income of the Group is derived from bank deposits only through the use of high credit quality financial institutions.

Liquidity risk

The Group adopts a prudent approach to liquidity management and maintains sufficient cash reserves to meet its obligations. The Group maintains sufficient cash reserves to meet its current property development liabilities.

	2007
	US$'000
Financial liabilities – current	
Trade and other payables – maturity within one year	12,654
	12,654

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3. Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined as follows:

Net realisable value is based on the current market valuation provided by Savills (Macau) Limited, an independent valuer. Savills are required to make assumptions on establishing the current market valuation.

4. Subsidiaries

All special-purpose vehicles are owned 100 per cent. by Macau Property Opportunities Fund Limited. The following subsidiaries have a year end of 31 December to coincide with the Macanese tax year:

MPOF Macau (Site 1) Limited	MPOF Macau (Site 2) Limited	MPOF Macau (Site 3) Limited
MPOF Macau (Site 4) Limited	MPOF Macau (Site 5) Limited	MPOF Macau (Site 6) Limited
MPOF Macau (Site 7) Limited	MPOF Macau (Site 8) Limited	MPOF Macau (Site 9) Limited
MPOF Macau (Site 10) Limited		

The consolidated financial statements include the financial statements of Macau Property Opportunities Fund Limited and the subsidiaries listed in the following table:

	Ownership	*Incorporation*
MPOF Macau (Site 1) Limited	100%	Macau
MPOF Macau (Site 2) Limited	100%	Macau
MPOF Macau (Site 3) Limited	100%	Macau
MPOF Macau (Site 4) Limited	100%	Macau
MPOF Macau (Site 5) Limited	100%	Macau
MPOF Macau (Site 6) Limited	100%	Macau
MPOF Macau (Site 7) Limited	100%	Macau
MPOF Macau (Site 8) Limited	100%	Macau
MPOF Macau (Site 9) Limited	100%	Macau
MPOF Macau (Site 10) Limited	100%	Macau
MPOF (Penha) Limited	100%	Guernsey
MPOF (Taipa) Limited	100%	Guernsey
MPOF (Jose) Limited	100%	Guernsey
MPOF (Sun) Limited	100%	Guernsey
MPOF (Senado) Limited	100%	Guernsey
MPOF (Domingos) Limited	100%	Guernsey
MPOF (Monte) Limited	100%	Guernsey
MPOF (Paulo) Limited	100%	Guernsey
MPOF (Guia) Limited	100%	Guernsey
MPOF (Antonio) Limited	100%	Guernsey
MPOF (6A) Limited	100%	Guernsey
MPOF (6B) Limited	100%	Guernsey
MPOF (7A) Limited	100%	Guernsey
MPOF (7B) Limited	100%	Guernsey
MPOF (8A) Limited	100%	Guernsey
MPOF (8B) Limited	100%	Guernsey
MPOF (9A) Limited	100%	Guernsey
MPOF (9B) Limited	100%	Guernsey
MPOF (10A) Limited	100%	Guernsey
MPOF (10B) Limited	100%	Guernsey
MPOF Mainland Company 1 Limited	100%	Barbados

5. Inventories

	2007
	US$'000
Cost of properties	56,084
	56,084

Cost of properties includes payments due on Tower Six of One Central Residences in the next 12 months totalling HK$67,339,000 (US$8,616,000). Macau Property Opportunities Fund Limited is guarantor for its subsidiary company in respect of this property. The total of the guarantee is HK$572,379,000 (US$73,233,000), of which HK$67,339,000 (US$8,616,000) is due within the next 12 months, and the balance is due on completion of the property development. As at 30 June 2007, HK$33,669,500 (US$4,308,000) is due to subsidiaries from the Company.

6. Trade and other receivables

	2007 US$'000 Company	2007 US$'000 Group
Interest receivable	455	458
	455	458

Other receivables do not carry any interest and are short-term in nature, and are accordingly stated at their nominal value.

7. Trade and other payables

	2007 US$'000 Company	2007 US$'000 Group
Payments due for acquired property	–	8,616
Payable to the Manager	3,801	3,801
Trade and other payables	180	237
	3,981	12,654

The trade payable for acquired property represents contractual instalments of HK$67,339,000 (US$8,616,000) that are due within the next 12 months on the purchase of Tower Six of One Central Residences.

Other payables principally comprise amounts outstanding for ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

8. Share capital

	2007 US$'000 Company	2007 US$'000 Group
Authorised:		
300 million Ordinary Shares of US$0.01 each	3,000	3,000
Issued and fully paid:		
105 million Ordinary Shares of US$0.01 each	1,050	1,050

The Company has one class of Ordinary Shares which carry no right to fixed income.

9. Share premium

In accordance with the Listing prospectus and under Guernsey Statute, on 7 June 2006 an application was made to the Royal Court of Guernsey to have the share premium cancelled and re-designated as a distributable reserve. As such the share premium account was reduced by US$195.41 million and a distributable reserve created for this amount.

10. General and administration expenses

	18 May 06- 30 June 07 US$'000 Company	*18 May 06- 30 June 07 US$'000 Group*
Legal and professional	225	237
Holding Company administration	208	208
Guernsey SPV administration	–	99
Macau SPV administration	–	42
Insurance costs	40	40
Other operating expenses	159	276
General and administration expenses	632	902

11. Net cash used in operating activities

	18 May 06- 30 June 07 US$'000 Company	*18 May 06- 30 June 07 US$'000 Group*
Operating loss from continuing operations	(9,068)	(9,418)
Adjustments for:		
Increase/(decrease) in provisions	–	–
	(9,068)	(9,418)
Operating cash flows before movements in working capital		
(Increase) in receivables	(54)	(54)
Increase in payables	3,981	4,038
Cash used in operations	(5,141)	(5,434)
Interest paid	–	–
Net cash used in operating activities	(5,141)	(5,434)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

12. Basic and diluted loss per ordinary share

The basic and diluted loss per equivalent Ordinary Share is based on the loss attributable to equity-holders for the period of US$(524,000) and on the 105,000,000 weighted average number of Ordinary Shares in issue during the period.

	Loss attributable US$'000	*Weighted average no. of shares '000s*	*EPS US$*
Basic	(524)	105,000	(0.0050)
Diluted	(524)	105,000	(0.0050)

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

On 8 March 2007 Tim Henderson was appointed as a Director of all of the Guernsey incorporated subsidiaries of Macau Property Opportunities Fund Limited. In the period to 30 June 2007 Directors' fees of US$80,000 were paid by the Guernsey incorporated subsidiaries, of which Mr Henderson received US$13,000.

	18 May 06-30 June 07 US$'000 Company	*18 May 06-30 June 07 US$'000 Group*
Directors' fees	258	258
Subsidiary Directors' fees	–	80
	258	338

Tom Ashworth received no Directors' fees from the Company.

Tom Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Company and received fees in the period as detailed in the Income Statement.

Tom Ashworth is a shareholder and Director of Adept Capital Services Limited. Adept Capital Services Limited provides administrative services to the Macanese SPVs and received fees in the period as detailed in Note 10.

14. Material contracts

Under the terms of an appointment made by the Board of Directors of Macau Property Opportunities Fund Limited on 23 May 2006, Sniper Capital Limited was appointed as Manager to the Company. The Manager is paid quarterly in advance a fee of 2.0 per cent. of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. In addition, Sniper Capital Limited is entitled to receive a Performance Fee of 20 per cent. of any return above the Basic Performance Hurdle as stated in the prospectus. A further 15 per cent. Super Performance Fee is payable if the Super Performance Hurdle is met, as stated in the Prospectus.

The first calculation period ends on 30 June 2007 and the amounts accrued in the financial statements are as follows:

	US$
Performance Fee	3,807,300
Super Performance Fee	Nil

4. UNAUDITED INTERIM ACCOUNTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2009

AI: 3.2
20.6.1
20.6.2

Consolidated Statement of Financial Position (Unaudited)
At 31 December 2009

	Note	*31 Dec 09* *US$'000*	*31 Dec 08* *US$'000*	*30 Jun 09* *US$'000*
ASSETS				
Non-current assets				
Investment property	3	155,253	11,702	12,903
		155,253	11,702	12,903
Current assets				
Inventories	4	96,115	177,728	181,047
Trade and other receivables		147	38	37
Prepayments		94	385	20
Cash and cash equivalents		36,768	50,263	47,010
		133,124	228,414	228,114
Total assets		288,377	240,116	241,017
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		1,050	1,050	1,050
Distributable reserve		187,960	187,960	187,960
Retained earnings/(accumulated losses)		15,639	(34,107)	(33,527)
Foreign exchange on consolidation		3	38	23
Total equity		204,652	154,941	155,506
LIABILITIES				
Non-current liabilities				
Interest-bearing loans	5	73,841	–	–
		73,841	–	–
Current liabilities				
Trade and other payables		1,595	85,175	85,511
Interest-bearing loans	5	8,289	–	–
		9,884	85,175	85,511
Total liabilities		83,725	85,175	85,511
Total equity and liabilities		288,377	240,116	241,017

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 February 2010.

Consolidated Statement of Comprehensive Income (Unaudited)
For the period from 1 July 2009 to 31 December 2009

	Note	*1 Jul 09- 31 Dec 09 US$'000*	*1 Jul 08- 31 Dec 08 US$'000*	*1 Jul 08- 30 Jun 09 US$'000*
Revenue				
Bank and other interest		16	417	511
Rental income		111	120	233
Net gain from fair value adjustment on investment property	3	48,367	625	1,811
Sale of inventories	4	760	–	–
(Losses)/gains on foreign currency exchange		(138)	1,132	1,138
Other income		66	–	–
		49,182	2,294	3,693
Expenses				
Management fee		2,368	2,940	5,154
Non-executive Directors' fees		99	103	200
Auditors' remuneration		44	49	116
(Reversal of write-down)/write-down of inventories	4	(4,239)	14,371	12,296
Cost of inventories sales	4	931	–	–
General and administration expenses		813	628	1,144
		(16)	(18,091)	(18,910)
Profit/(loss) for the period		49,166	(15,797)	(15,217)
Other comprehensive income		(20)	52	37
Total comprehensive income for the period		49,146	(15,745)	(15,180)
Profit/(loss) attributable to:				
Equity holders of the Company		49,166	(15,797)	(15,217)
Total comprehensive income attributable to:				
Equity holders of the Company		49,146	(15,745)	(15,180)

		1 Jul 09- 31 Dec 09 US$	*1 Jul 08- 31 Dec 08 US$*	*1 Jul 08- 30 Jun 09 US$*
Basic and diluted profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period	6	0.4682	(0.1504)	(0.1449)

Consolidated Statement of Changes in Equity (Unaudited)
For the period from 1 July 2009 to 31 December 2009

Movement for the period from 1 July 2009 to 31 December 2009

	Share capital US$'000	*Retained earnings/ (accumulated losses) US$'000*	*Distributable reserve US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Balance brought forward at 1 July 2009	1,050	(33,527)	187,960	23	155,506
Profit for the period	–	49,166	–	–	49,166
Other comprehensive income – Foreign exchange differences on consolidation	–	–	–	(20)	(20)
Total comprehensive income for the period	–	49,166	–	(20)	49,146
Balance carried forward at 31 December 2009	1,050	15,639	187,960	3	204,652

Movement for the period from 1 July 2008 to 31 December 2008

	Share capital US$'000	*Accumulated losses US$'000*	*Distributable reserve US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Balance brought forward at 1 July 2008	1,050	(18,310)	187,960	(14)	170,686
Loss for the period	–	(15,797)	–	–	(15,797)
Other comprehensive income – Foreign exchange differences on consolidation	–	–	–	52	52
Total comprehensive income for the period	–	(15,797)	–	52	(15,745)
Balance carried forward at 31 December 2008	1,050	(34,107)	187,960	38	154,941

Movement for the year from 1 July 2008 to 30 June 2009

	Share capital US$'000	*Accumulated losses US$'000*	*Distributable reserve US$'000*	*Foreign exchange on consolidation US$'000*	*Total US$'000*
Balance brought forward at 1 July 2008	1,050	(18,310)	187,960	(14)	170,686
Loss for the year	–	(15,217)	–	–	(15,217)
Other comprehensive income – Foreign exchange differences on consolidation	–	–	–	37	37
Total comprehensive income for the year	–	(15,217)	–	37	(15,180)
Balance carried forward at 30 June 2009	1,050	(33,527)	187,960	23	155,506

Consolidated Cash Flow Statement (Unaudited)
For the period from 1 July 2009 to 31 December 2009

	Note	*1 Jul 09- 31 Dec 09 US$'000*	*1 Jul 08- 31 Dec 08 US$'000*	*1 Jul 08- 30 Jun 09 US$'000*
Net cash used in operating activities	7	(8,081)	(21,259)	(24.464)
Cash flows from investing activities				
Acquisition of subsidiary		(1,861)	(9,085)	(9,118)
Final instalment on acquisition of properties		(82,410)	–	–
Net cash used in investing activities		(84,271)	(9,085)	(9,118)
Cash flows from financing activities				
Proceeds from bank borrowing	5	82,130	–	–
Net cash generated from financing activities		82,130	–	–
Net decrease in cash and cash equivalents		(10,222)	(30,344)	(33,582)
Cash and cash equivalents at beginning of period		47,010	80,555	80,555
Effect of foreign exchange rate changes		(20)	52	37
Cash and cash equivalents at end of period		36,768	50,263	47,010

Notes to the Consolidated Financial Statements (Unaudited)
For the period from 1 July 2009 to 31 December 2009

General information

Macau Property Opportunities Fund Limited (the "Company") is a company incorporated and registered in Guernsey under applicable Guernsey law. The address of the registered office is Heritage Hall, PO Box 225, Le Marchant Street, St. Peter Port, Guernsey, Channel Islands GY1 4HY.

The consolidated financial statements for the period ended 31 December 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

The Group invests in commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta Region. These consolidated financial statements have been approved for issue by the Board of Directors on 26 February 2010.

1. Significant accounting policies

Basis of accounting

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

The interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements. The presentation of the interim financial statements is consistent with the annual financial statements.

Seasonal & cyclical variations

The Group operates in an industry where significant seasonal or cyclical variations in total income are not experienced during the financial year.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all special-purpose entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of a special-purpose entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Accounting policies

Except as described below, the accounting policies applied for this interim period are consistent with those of the annual financial statements for the year ended 30 June 2009, as described in those annual financial statements.

Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six-month period ended on 31 December 2009.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Segmental reporting

The Group has adopted IFRS 8 Operating Segments with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segments and to assess their performance. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed.

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and related business. The Group invests in commercial property and property related ventures primarily in Macau and in the Western Pearl River Delta region.

2. Subsidiaries

AI: 7.1, 7.2

All special-purpose vehicles (SPVs) are owned 100% by Macau Property Opportunities Fund Limited. The following subsidiaries have a year end of 31 December to coincide with the Macanese tax year:

MPOF Macau (Site 1) Limited	MPOF Macau (Site 2) Limited	MPOF Macau (Site 3) Limited
MPOF Macau (Site 4) Limited	MPOF Macau (Site 5) Limited	MPOF Macau (Site 6) Limited
MPOF Macau (Site 7) Limited	MPOF Macau (Site 8) Limited	MPOF Macau (Site 9) Limited
MPOF Macau (Site 10) Limited	The Waterside Company Limited	

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

	Ownership	*Incorporation*		*Ownership*	*Incorporation*
MPOF Macau (Site 1) Limited	100%	Macau	Magic Bright International Limited	100%	BVI
MPOF Macau (Site 2) Limited	100%	Macau	Manage Gain Investments Limited	100%	BVI
MPOF Macau (Site 3) Limited	100%	Macau	Mega League Investments Limited	100%	BVI
MPOF Macau (Site 4) Limited	100%	Macau	Multi Gold International Limited	100%	BVI
MPOF Macau (Site 5) Limited	100%	Macau	Phoenixville Holdings Limited	100%	BVI
MPOF Macau (Site 6) Limited	100%	Macau	Poly Advance Management Limited	100%	BVI
MPOF Macau (Site 7) Limited	100%	Macau	Prominent Group Limited	100%	BVI
MPOF Macau (Site 8) Limited	100%	Macau	Richsville Investment Limited	100%	BVI
MPOF Macau (Site 9) Limited	100%	Macau	Right Year International Limited	100%	BVI
MPOF Macau (Site 10) Limited	100%	Macau	See Lucky Enterprises Limited	100%	BVI
The Waterside Company Limited	100%	Macau	Smooth Run Group Limited	100%	BVI
MPOF (Penha) Limited	100%	Guernsey	Swift Link Limited	100%	BVI
MPOF (Taipa) Limited	100%	Guernsey	Talent Empire International Limited	100%	BVI
MPOF (Jose) Limited	100%	Guernsey	Tycoon Villa International Limited	100%	BVI
MPOF (Sun) Limited	100%	Guernsey	Worthy Way Limited	100%	BVI
MPOF (Senado) Limited	100%	Guernsey	Yield Return Limited	100%	BVI
MPOF (Domingos) Limited	100%	Guernsey	Capital Full Limited	100%	Hong Kong
MPOF (Monte) Limited	100%	Guernsey	China City Properties Limited	100%	Hong Kong
MPOF (Paulo) Limited	100%	Guernsey	China Crown Properties Limited	100%	Hong Kong
MPOF (Guia) Limited	100%	Guernsey	East Base Properties Limited	100%	Hong Kong
MPOF (Antonio) Limited	100%	Guernsey	Eastway Properties Limited	100%	Hong Kong
MPOF (6A) Limited	100%	Guernsey	Elite Gain Limited	100%	Hong Kong
MPOF (6B) Limited	100%	Guernsey	Excelsior Properties Limited	100%	Hong Kong
MPOF (7A) Limited	100%	Guernsey	Glory Properties Limited	100%	Hong Kong
MPOF (7B) Limited	100%	Guernsey	Gold Century Properties Limited	100%	Hong Kong
MPOF (8A) Limited	100%	Guernsey	Golden City Properties Limited	100%	Hong Kong
MPOF (8B) Limited	100%	Guernsey	Golden Properties Limited	100%	Hong Kong
MPOF (9A) Limited	100%	Guernsey	Goldex Properties Limited	100%	Hong Kong
MPOF (9B) Limited	100%	Guernsey	Honway Properties Limited	100%	Hong Kong
MPOF (10A) Limited	100%	Guernsey	Maxland Properties Limited	100%	Hong Kong
MPOF (10B) Limited	100%	Guernsey	New Perfect Properties Limited	100%	Hong Kong
MPOF Mainland Company 1 Limited	100%	Barbados	Newton Properties Limited	100%	Hong Kong
Bream Limited	100%	Guernsey	Orient Land Properties Limited	100%	Hong Kong
Cannonball Limited	100%	Guernsey	Pacific Asia Properties Limited	100%	Hong Kong

	Ownership	*Incorporation*
Civet Limited	100%	Guernsey
Aim Top Enterprises Limited	100%	BVI
Championway International Limited	100%	BVI
Extra Able International Limited	100%	BVI
Fondue International Limited	100%	BVI
Gainsun Investments Limited	100%	BVI
Go Gain International Limited	100%	BVI
Gorey Hills International Limited	100%	BVI
Hillsleigh Holdings Limited	100%	BVI
Honeypot International Limited	100%	BVI
Jin Mei International Limited	100%	BVI
Lucan Investments Limited	100%	BVI
Lucky Go International Limited	100%	BVI
Pacific Link Properties Limited	100%	Hong Kong
Pacific Success Properties Limited	100%	Hong Kong
Platinum Properties Limited	100%	Hong Kong
Queensland Properties Limited	100%	Hong Kong
Sky Century Properties Limited	100%	Hong Kong
Top Century Properties Limited	100%	Hong Kong
Top Faith Properties Limited	100%	Hong Kong
Union Century Properties Limited	100%	Hong Kong
Victory Star Properties Limited	100%	Hong Kong
Weltex Properties Limited	100%	Hong Kong
Windex Properties Limited	100%	Hong Kong
World Pacific Properties Limited	100%	Hong Kong
Sailing Logistics (Zhuhai Free Trade Zone) Co. Ltd.	100%	PRC

3. Investment property

	31 Dec 09 *US$'000*	*31 Dec 08* *US$'000*	*30 Jun 09* *US$'000*
Cost of investment properties	105,075	11,077	11,092
Net gain from fair value adjustments on investment properties	50,178	625	1,811
	155,253	11,702	12,903

During the period, full handover of Tower Six of One Central Residences, The Waterside, has occurred and to reflect the intention to lease out and earn rentals from the units, the property has been classified as an investment property in the Consolidated Statement of Financial Position. Carrying value amounted to US$93.9 million was transferred from inventories and fair value gain of US$47.1 million was recognised in the Consolidated Statement of Comprehensive Income.

The Group's investment properties were revalued at 31 December 2009 by independent professionally qualified valuers Savills (Macau) Limited. The valuation has been carried out in accordance with the current Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition.

4. Inventories

	31 Dec 09 *US$'000*	*31 Dec 08* *US$'000*	*30 Jun 09* *US$'000*
Cost of properties	104,172	192,099	193,343
Write down to net realisable value	(8,057)	(14,371)	(12,296)
	96,115	177,728	181,047

During the period there has been reduction to the write down in the values of the inventories held due to a general increase in the market values of properties in Macau. This decrease in the write-down of inventories amounted to US$4,239,115 and has been recognised as an income in the Consolidated Statement of Comprehensive Income.

During the period an apartment in One Central Residences was sold for US$759,827 against a total cost of US$930,979.

5. Interest bearing loans

	31 Dec 09 US$'000	31 Dec 08 US$'000	30 Jun 09 US$'000
Bank loans – Secured			
– Current portion	8,289	–	–
– Non-current portion	73,841	–	–
	82,130	–	–

The Group has a credit facility of US$82.8 million with a consortium of banks lead by HSBC (the "Lenders"). On 27 August 2009, HK$636,930,000 (US$82,130,469) of the credit facility was drawndown to finance the remaining payments due on the One Central Residences apartments held in Tower Six and the individual apartments.

The credit facility is secured by means of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences. The credit facility is to be repaid in four half-yearly instalments commencing on 27 November 2010 with 65% of the principal due on the final repayment date. The loan-to-value covenant is 55%. In addition, the Group is required to maintain a cash reserve equal to 6 months' interest with the Lenders. As at 31 December 2009, the property had a loan-to-value ratio of 44.6%.

Interest rate applicable to the credit facility is 2.4% per annum over the 3-month HIBOR, payable quarterly in arrears.

6. Basic and diluted earnings/(losses) per Ordinary Share

The basic and diluted earnings/(losses) per equivalent Ordinary Share is based on the profit/(loss) attributable to equity holders for the period of US$49,166,000 (31 December 2008: US$(15,797,000) and 30 June 2009: US$(15,217,000)) and on 105,000,000 (31 December 2008 and 30 June 2009: 105,000,000) weighted average number of Ordinary Shares in issue during the period.

7. Net cash used in operating activities

	1 Jul 09- 31 Dec 09 US$'000	1 Jul 08- 31 Dec 08 US$'000	1 Jul 08- 30 Jun 09 US$'000
Profit/(loss) for the period	49,166	(15,797)	(15,217)
Adjustments for:			
Unrealised gain on investment property	(48,367)	(625)	(1,811)
Unrealised (gain)/loss on inventories	(4,239)	14,371	12,296
Operating cash flows before movements in working capital	(3,440)	(2,051)	(4,732)
Movement in receivables	(184)	(370)	(4)
Movement in payables	(424)	(14,174)	(13,971)
Expenditure on properties	(4,033)	(4,664)	(5,757)
Net change in working capital	(4,641)	(19,208)	(19,732)
Net cash used in operating activities	(8,081)	(21,259)	(24,464)

8. Related party transactions

Tom Ashworth received no Directors' fees from the Company.

Tom Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager of the Company and received fees during the period as detailed in the Consolidated Statement of Comprehensive Income.

Tom Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Hong Kong, BVI and Macanese SPVs and received fees during the period of US$56,114 of which US$nil was outstanding at the period end (31 December 2008: US$47,285 of which US$19,353 was outstanding at the period end).

PART VIII

TAXATION

The following information, which relates only to Guernsey, UK, Macau and Chinese 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, Macau and the People's Republic of China. 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

The Company has applied for and has been granted exempt status for Guernsey tax purposes.

In return for the payment of a fee, currently £600, an authorised closed-ended investment scheme and its subsidiaries, such as the 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.

It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liabilities to Guernsey tax. AIII: 4.11

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey abolished exempt status for the majority of companies with effect from January 2008 and has introduced a zero rate of tax for companies carrying on all but a few specified types of activity. However, because investment funds, including closed-ended investment companies, such as the Company, were not one of the regimes in Guernsey that were classified by the European Union Code of Conduct Group as being harmful, investment funds including closed-ended investment companies continue to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007. Therefore, the Company will be entitled to apply and intends to continue applying, for tax exempt status in Guernsey.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures, including, possibly, the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time. Again in response to recent comments from the European Union, the States of Guernsey has announced a review of its tax regime and consideration is being given to raising the standard rate of tax on companies to around ten per cent. Meanwhile it is currently not anticipated that there will be any change to the current exemption for investment funds and as such the Company is expected to be able to remain tax exempt.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any duties, save for an *ad valorem* fee for the grant of probate or letters of administration.

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares.

The Shareholders

Shareholders will receive dividends without deduction of Guernsey income tax.

Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid on Ordinary Shares owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status. The Company is required to provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey.

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.

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. No indexation allowance will be available to such holders. Individual Shareholders are entitled to an annual exemption from capital gains. For the 2010/11 tax year this is £10,100.

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.

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. The UK Government has announced that it is currently examining options to reform this legislation. UK corporate shareholders are therefore advised to consult their independent professional tax advisers as to the implications of any future changes.

The attention of individuals ordinarily resident in the UK is drawn to the provisions of Chapter 2, Part 13 of the Income Tax Act 2007 which may render such individuals liable to tax on the income of the Company (taken before any deduction for interest) in certain circumstances.

The attention of UK residents and domiciled investors is drawn to Part 15 of the Corporation Tax Act 2010 and section 684 of the Income Tax Act 2007 under which HM Revenue and Customs may seek to cancel tax advantages from certain transactions in securities.

Admission of the Ordinary Shares to the Official List will not constitute a disposal of the Ordinary Shares held by existing Shareholders. However, as the Ordinary Shares will no longer be listed on AIM, this could have an adverse impact on the reliefs available from inheritance tax to individual Shareholders. Shares that are listed on AIM may qualify for business property relief (a relief from UK inheritance tax), depending on the circumstances of the Shareholder and the nature of the investments held. It is unlikely that the Ordinary Shares would (while listed on AIM) qualify for business property relief. However, Ordinary Shares listed on the Official List will not benefit from business property relief from inheritance tax. Individual Shareholders who are in any doubt about the impact of this change on their tax position should obtain detailed tax advice from their own professional advisers.

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

Ordinary Shares in the Company will be eligible to be held in the stocks and shares component of an ISA once the shares are admitted to the Official List.

Self-invested Personal Pension Schemes ("SIPPs")

Ordinary Shares in the Company will be permitted investments for the purposes of a SIPP.

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. 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 and Property 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 and Property Tax Regime, then possibly other related tax regimes including, for example, the Stamp Duty 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. 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 Taxes are generally levied on income and profits arising in or derived from commercial and/or industrial activities carried on in Macau, irrespective of where their residence and headquarters are situated.

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. For the tax year 2009, the tax free income threshold has been increased to MOP200,000. The Macau Complementary Tax rate is 9 per cent. for the next MOP100,000 of taxable profits and 12 per cent. for taxable profits over MOP300,000. Please note that the tax free income threshold has been increased to MOP200,000 since the tax year 2007 and the changes in the tax free income threshold and the tax brackets beyond the tax year 2009 are subject to approval by the Legislative Assembly on an annual basis unless such amendments are written into the relevant tax laws.

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.

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.

Non-Macau entities which derive income or profits from commercial/industrial activities in Macau would be subject to Macau Complementary Tax. Should the non-Macau entity be regarded as conducting commercial and/or industrial activities in Macau, the income generated from such activities carried out in Macau, including the associated interest income/capital gain, would be considered as normal business income and subject to Macau Complementary Tax.

In general, 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, particularly as there is currently no withholding tax regime in Macau. Nevertheless, the MFB may adopt an aggressive approach in their interpretation of what constitutes "the conducting of commercial and/or industrial activities in Macau" in that any activity that generates a Macau sourced income (such as disposal of shares of a Macau company or disposal of real estate property in Macau) would be considered as the conducting of commercial and/or industrial activities in Macau for Macau Complementary Tax purposes. However, in the absence of a withholding tax regime and a tax reporting mechanism in the Macau Complementary Tax Law, it could be difficult for the MFB to enforce the collection of tax from the non-Macau resident shareholders/investors with respect to such Macau sourced income.

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 four years and six years respectively (such time running from the month after the occupancy permit is issued) for properties located in Macau peninsula and outlying islands. Properties that qualified as touristic facilities are eligible for a one time extension of the afore-mentioned Property Tax exemption period.

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.

(c) if the property is not occupied, the owner can apply to the MFB and upon approval, Property Tax would be exempt.

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).

Exemptions are also available on industrial properties where properties in the Macau peninsula are exempt from Property Tax for five years (such time running from the month after the occupancy permit is issued) and those on outlying islands are exempt for ten years.

Stamp Duty Regime on transfers of real (immovable) property

Since 1 January 2009, the Macau Stamp Duty rate ranges from 1 per cent. to 2 per cent. for the value of properties below and equal to MOP4,000,000. For properties valued at over MOP4,000,000, the tax rate is 3 per cent. The taxable value will be the reported transfer value of the property to the Macau Land Registry or the deemed open market value, whichever is higher. A stamp duty surcharge of 5 per cent. will also be imposed on the calculated stamp duty amount. 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 based on the value of the immovable property, plus 5 per cent. Surcharge on the liability, as if it were a direct transfer of the underlying 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.

Taxation in the People's Republic of China

Dividends from our PRC Operations

Under the PRC Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises effective prior to 1st January 2008, dividends paid by our foreign invested enterprises to us were exempt from PRC income tax. However, pursuant to the PRC Corporate Income Tax Law and its implementation rules that became effective on 1st January 2008 (the "CIT Law"), dividends payable by foreign invested enterprises such as wholly foreign owned enterprises and joint ventures in China out of their post-2007 retained earnings, to their foreign corporate investors are subject to a PRC withholding income tax ("WIT") at 10 per cent. unless any lower tax treaty rate is applicable.

Our Operations in the PRC

Our foreign invested enterprises through which we conduct our business operations in the PRC are subject to PRC tax laws and regulations.

Deed Tax

Under the PRC Interim Regulation on Deed Tax, a deed tax is chargeable to transferees of real properties (including land use rights) within the territory of the PRC. Deed tax rate is between 3 per cent. and 5 per cent. subject to determination by local governments at the provincial level in light of the local conditions.

Corporate Income Tax

According to the CIT Law, a uniform income tax rate of 25 per cent. has been applied towards both domestic enterprises and foreign invested enterprises. The CIT Law adopts some transitional preferential measures for enterprises established before 16 March 2007 which enjoy low tax rates or tax reduction and exemption treatment for a fixed term under tax laws and administrative regulations in force at that time. According to these transitional measures, those which enjoy low tax rates will continue to enjoy the preferential treatment within five years from 1st January 2008 and will gradually move to the 25 per cent. tax rate; those which enjoy the fixed term tax exemption may continue to enjoy the treatment until the fixed term expires. However, for enterprises that have not made any profits and thus not enjoyed such fixed term exemptions, the period for enjoying preferential income tax treatment will be calculated from 1st January 2008.

Business Tax

Pursuant to the PRC Interim Regulations on Business Tax promulgated by the State Council in December 1993 (amended in November 2008) and its implementation rules, a business tax rate of 5 per cent. is applied to rental income and the transfer of immovable properties and intangible assets (including but not limited to land use rights). There may be municipal surtaxes imposed on a PRC taxpayer that is calculated on certain percentage of consumption tax, value-added tax and business tax that such taxpayer has paid.

Land Appreciation Tax ("LAT")

Under the PRC Interim Regulation on Land Appreciation Tax of 1994 and its implementation rules of 1995, LAT applies to PRC domestic enterprises, foreign invested enterprises and foreign investors irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the "deductible items" that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and

- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30 per cent. to 60 per cent. of the appreciation value as compared to the "deductible items" as follows:

Appreciation value LAT rate	
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items	60%

Land Use Tax

Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land promulgated by the State Council in September 1988 (amended in December 2006), the land use tax in respect of urban land is levied according to the area of relevant land.

As of 1st January 2007, annual land use tax is collected from foreign invested enterprises at a rate per square meter of between RMB0.6 and RMB30.0 for urban land. The actual tax rate is determined by the local governments.

Real Estate Tax

Under the Tentative Regulations of the People's Republic of China on Real Estate Tax promulgated by the State Council in September 1986, real properties constructed for self use in China should be subject to real estate tax based on the following basis:

1.2 per cent. x (original cost of construction – 10 per cent. to 30 per cent. discount rate)

The discount rate varies according to location.

For real properties leased out in China, real estate tax should be imposed as follows:

12 per cent. x rental income.

Stamp Duty

Under the PRC Interim Regulations on Stamp Duty promulgated by the State Council in August 1988, foreign enterprises and foreign invested enterprises are subject to stamp duty on all the taxable documents listed in the regulations. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of real properties (including land use rights).

The rate of stamp duty varies depending on the types of taxable documents. The stamp duty is 0.05 per cent. on the sale of real properties, payable each by the transferor and the transferee.

PART IX

ADDITIONAL INFORMATION

1 Directors' responsibility

The Directors, whose names appear on page 20 of this document, and the Company, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Company

AI: 5.1.1, 5.1.2, 5.1.3, 5.1.4
AXV: 1.3
AIII: 4.2

2.1 Macau Property Opportunities Fund Limited was incorporated with liability limited by shares on 18 May 2006, with registration number 44813, in Guernsey under the Law as a closed ended investment company with an unlimited life. The Company is domiciled in Guernsey and its registered office and principal place of business is Heritage Hall, PO Box 225, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY, phone no. +44 01481 716000. The Company operates under the Law and ordinances and regulations made thereunder and has no employees. The liability of shareholders is limited. The Company has been authorised and is regulated by the GFSC as an authorised closed-ended investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-ended Investment Schemes Rules 2008 made thereunder.

2.2 The Company is not regulated or authorised by the FSA but following Admission will be subject to the Listing Rules, Prospectus Rules and Disclosure and Transparency Rules applicable to closed-ended investment companies.

2.3 The Company's accounting period ends on 30 June of each year. The first accounting period ended on 30 June 2007 and the last period ended on 30 June 2009.

2.4 Changes to the issued share capital of the Company since incorporation are summarised in paragraph 3.2 below.

2.5 PricewaterhouseCoopers CI LLP has been the only auditor of the Company since its incorporation. The annual report and accounts of the Company are prepared according to accounting standards laid out under International Financial Reporting Standards. AI: 2.1

3 Share capital

3.1 As at 21 May 2010, the latest practicable date prior to the publication of this document, the Company's share capital consisted of 300,000,000 Ordinary Shares of US$0.01 each and the Company's total issued share capital consisted of 105,000,000 Ordinary Shares of US$0.01 each. AI: 21.1.1 AIII: 4.1

3.2 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 Incorporation and Articles. On 5 June 2006, the Company raised approximately £105,000,000 through the placing of 105,000,000 Ordinary Shares at a price of £1.00 each. In connection with this placing, 104,999,998 Ordinary Shares were issued on 5 June 2006 and the two subscriber shares were transferred to a placee in part satisfaction of that placee's application for Ordinary Shares. AI: 21.1.7 AIII: 4.4

3.3 By an ordinary resolution dated 23 October 2009, the Company took authority, in accordance with section 315 of The Companies (Guernsey) Law, 2008 (as amended), to make market purchases (as defined in section 316 of the Law) of Ordinary Shares, either for retention as treasury shares or cancellation, provided that: (i) 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; (ii) the minimum price which may be paid for an Ordinary Share is £0.01; (iii) the maximum price which may be paid for a share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for a share as derived from the Alternative Investment Market of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share is purchased and (b) either (A) the higher of the price of the last independent trade and (B) the highest current independent bid at the time of purchase; (iv) subject to (v) below, such authority shall expire at the annual general meeting of the Company in 2010 unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting; and (v) notwithstanding paragraph (iv) above, the Company may make a contract to purchase Ordinary Shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration and the Company may make a purchase of shares pursuant to any such contract.

3.4 The liability of Shareholders is limited to the amount payable in respect of Ordinary Shares held.

3.5 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.

3.6 Save pursuant to the placing on 5 June 2006 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.

3.7 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option and the Company has not issued any securities convertible or exchangeable into any share capital. AI: 21.1.4 21.1.6

3.8 Ordinary Shares are issued in registered form and may be held either in certificated form or uncertificated form and settled through CREST. AIII: 4.3

3.9 As of the date of this document, the Company has no listed or unlisted securities not representing share capital. AI: 21.1.2

3.10 No Ordinary Shares are held by or on behalf of the Company or any if its subsidiaries. AI: 21.1.3

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 The aggregate emoluments of the Directors for the period ending 30 June 2009 were US$125,000, divided among the Directors as set out in the table below. It is estimated that for the period ending 30 June 2010 such emoluments will amount to approximately £125,000. From 1 July 2010 the Directors' fees will be increased as set out in the table below. 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. Since the Company's incorporation none of the Directors have received, and none of them are entitled to receive, any benefits in kind or pension contributions. AI: 15.1, 15.2

Director	*Total emoluments for the year ending 30 June 2009 (£)*	*Expected total emoluments for the year ending 30 June 2010 (£)*	*Expected total emoluments for the year ending 30 June 2011 (£)*
David Hinde	40,000	40,000	48,000
Thomas Ashworth	–	–	–
Richard Barnes	25,000	25,000	30,000
Alan Clifton	30,000	30,000	36,000
Tim Henderson	30,000	30,000	35,000

4.3 The Directors were appointed as non-executive directors by letters dated 23 May 2006. The letters do not contain an expiry date but provide that each Director's 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. AI: 16.1, 16.2

4.4 Save to the extent disclosed in paragraph 4.5 below, there are no contracts entered into by the Company in which the Directors have a material interest.

4.5 Save for Thomas Ashworth's position as a shareholder and director of the Manager and the Investment Adviser and his position as a shareholder in Sniper Land Limited, which is a party to the Development Management Services Agreement, as disclosed on page 23 of this document, there are currently no conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties. If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Directors, not participate in any discussion by the Board in relation to such matter and not vote on any resolution in respect of such matter. AI: 14.2

4.6 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

4.7 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.

4.8 Insofar as is known to the Company, the interests of each Director, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company immediately following Admission will be as set out below:

AI: 17.2

Name	*Number of Ordinary Shares*	*Percentage of issued share capital*
David Hinde	60,000	0.06
Alan Clifton	100,000	0.10
Thomas Ashworth	5,000,000*	4.76
Tim Henderson	45,000	0.04
Richard Barnes	50,000	0.05

* These shares are held by Sniper Investments Limited, a private company in which Thomas Ashworth and Martin Tacon (the "Principals") have a beneficial interest.

4.9 The Company has and will continue to maintain directors' and officers' liability insurance for the benefit of the Directors.

4.10 As at the date of this document, none of the Directors:

4.10.1 has any convictions in relation to fraudulent offences for at least the previous five years;

4.10.2 has been bankrupt or been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer at the time of any receivership or compulsory or creditors' voluntary liquidation for at least the previous five years; or

4.10.3 has been subject to any official public incrimination or sanction of him/her by any statutory or regulatory authority (including designated professional bodies) nor has he/she been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years.

4.10.4 In addition to their directorships of the Company, the Directors are or have been in the last 5 years members of the administrative, management or supervisory bodies or partners of the following companies or partnerships:

	Current	*Past*
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	
Alan Clifton	Aviva Investors Alternative Funds Ltd Equitable Private Equity Holdings Ltd International Biotechnology Trust plc Invesco Perpetual Select Trust Plc Japan Leisure Hotels Limited J.O. Hambro Capital Management Limited JP Morgan Fleming Japanese Smaller Companies Trust plc Schroder UK Growth Fund plc	G-Mex Ltd Henderson European Micro Trust plc Gartmore Balanced Assets Trust plc Britannic UK Income Trust plc Lifetime Group Ltd Morley Alternative Investment Strategies Fund Principle Capital Investment Trust plc
Thomas Ashworth	Adept Capital Partners Advisers Limited Adept Capital Partners Management Limited Adept Capital Partners Services Limited Brooke Capital Limited Green Valley Investment Holdings Limited Sniper Capital Limited Sniper Capital (Macau) Limited Sniper Capital (Hong Kong) Limited Sniper Land Limited Sniper Land (Macau) Limited South China Sniper Fund Limited Taipa Village – Property Management Limited Taipa Village Entertainment Limited Village Catering Limited Wealth Star Limited	Kim Eng Futures (Hong Kong) Limited Kim Eng Securities (Hong Kong) Limited
Tim Henderson	Audley Private Capital Management Limited Audley Private Opportunities GP Limited Dupree Enterprises Limited Eidos Investments (Guernsey) Limited EMIR PCC Limited Florin Capital Limited Florin Capital PCC Limited Lynx Arbitrage Fund Limited, Hong Kong L'Etiennerie Farm (2002) Ltd Property Russia Domestic Fund R.S. Tours Inc. R.S.T. Concerts Inc.	Advance AIM Value Realisation Company Limited ACTYS Pre IPO Growth Fund 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 IV Sihgt Developments Ltd Leopold Joseph Bahamas Ltd Leopold Joseph International Ltd Leopold Joseph & Sons (Guernsey) Ltd

	Current	Past
Tim Henderson *(continued)*	R.S.T. (Holdings Inc. R.S.T. (2005) Inc. Sixela Asia Ventures Limited Sixela International Growth Fund Limited Sixela Investments Limited SPI Capital Limited Zenith Secretarial Services Limited Zenith Trust Company Limited	Leopold Joseph Trust Co (Guernsey) Ltd Morley Absolute Growth Investment Co Ltd Newmarket Assets Ltd Nordic Leisure Limited R.S.T.E. Inc. R.S. Tours Inc. Saints Farm (1999) 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.
Richard Barnes	25 North Colonnade Limited 33 Old Broad Street (Holdings) Limited 33 Old Broad Street WC Limited 5 Canada Square (Holdings) Limited Atis Real (Jersey) Limited Bedfont Lakes (Holdings) Limited Belgravia European Logistics Fund PC Belgravia European Property Funds Limited Belgravia Funds PCC Belgravia Global Property Fund PC Belgravia IFN Funds PCC Cardiff Manager Limited Central London Property Fund (Holdings) Limited Cordea Savills Fund Managers (Jersey) Limited Cranbourne Court Holdings Limited Crawley Manager (Jersey) Limited Diversified Residential Opportunities Fund Limited Drago Real Estate Partners Limited Greenhills Asset Management (Jersey) Limited G:Res 1 Limited Haagse Poorte (Holdings) Limited Hardwick Investment Company Limited Hilltop Estates Retirement Benefit Self Administered Pension Scheme Limited Invesco Property Income Trust Limited Jewel Hotels Trustee I Limited Jewel Hotels Trustee II Limited John Brown (St Brelade) Limited Mezzanine Fund LP MREF I (Birmingham) Limited MREF II (Birmingham) Limited MREF Bristol Limited MREF Hotels Limited	250 Bishopsgate (Holdings) Company Limited 250 Bishopsgate Investment Company Limited 2 Hill Street Holdings Limited AAIM Fund Al-Urman Global Property Fund Ansoll Estates (Holdings) Limited Belgravia Property Funds Limited BFS Managed Properties Limited Bracknell (Amen Corner) Investment Company Limited Brucefield Limited Cordea Savills German Property Fund Limited Eastern European Property Fund Limited First Croatia Properties Limited Hilltop Property Management Limited Kilogate Limited Lagoa Trust Limited Liverent Limited Pinesgate Investment Company Limited Regalwand Limited Rocksburgh Capital Limited Spinpride Limited Swoffer Barnes Commercial Limited Swoffers Limited The Darien Senior Trustee Company Limited

	Current	*Past*
Richard Barnes *(continued)*	MREF Indigo Limited MREF Investments Limited MREF Violet Limited O Twelve Estates Limited Public Service Properties Investments Limited Ridings Manager Limited Santa Juana Limited Skyline General Partners Limited Standard Life Investments (Jersey) Limited The Control Centre General Partner Limited Vega Limited	

5 Major interests

AI: 14.1

5.1 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 now or following Admission. AI: 18.3, 18.4

5.2 As at 21 May 2010, being the latest practicable date prior to the publication of this document, the Company was aware of the following persons who are directly or indirectly interested in three per cent. or more of the Company's issued share capital:

AI: 18.1

Shareholder name	*Number of Ordinary Shares*	*Percentage of issued share capital*
Invesco Asset Management	30,768,244	29.30
Insight Investment	11,427,435	10.88
Universities Superannuation Scheme	10,500,000	10.00
Lazard Asset Management LLC	9,739,660	9.28
Midas Capital Partners	7,808,000	7.44
Sniper Investments Limited	5,000,000	4.76
RWC Partners	4,221,293	4.02

5.3 All of the Company's shareholders have the same voting rights and none of the Company's major shareholders have different voting rights. AI: 18.2

6 Memorandum and Articles of Incorporation

The Memorandum of Incorporation 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 Incorporation, a copy of which is available for inspection at the addresses specified in paragraph 12 below. The New Memorandum (which is available for inspection at the address set out in paragraph 12 below) does not limit the objects of the Company. AI: 21.2.1

The New Articles (which are available for inspection at the addresses set out in paragraph 12 below) contain provisions, *inter alia*, to the following effect:

6.1 ***Voting***

AI: 21.2.3

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. AIII: 4.5

6.2 ***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. AI: 21.2.4

(b) Unless otherwise determined by special resolution of the Company and subject to certain exceptions permitted by the Listing Rules, any shares or rights to subscribe for shares (**Relevant Securities**) which are to be allotted wholly for cash or any Relevant Securities held in treasury that are to be sold wholly for cash shall, before they are allotted or sold be offered to: (i) the holders of Relevant Securities of the same class; and (ii) the holders of any other Relevant Securities who are entitled to be offered them, in proportion to the numbers of Relevant Securities of the relevant classes held by them respectively (excluding for this purpose any Relevant Securities of the relevant classes held by the Company in treasury).

(c) 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.

(d) Where the Company has issued only a single class of shares, the Board may issue shares in accordance with section 293 of the Law.

(e) Where the Board has resolved to issue different classes of shares, the Board has the authority to issue an unlimited number of shares subject to the following:

(i) the authority of the Board to issue shares shall expire on 28 June 2015 unless the members, by ordinary resolution, revoke the authority; and

(ii) at or before 28 June 2015, the members may, by ordinary resolution, extend the power of the Board to issue shares for further periods. Each period of extension may be for no more than 5 years.

(f) The Company may also pay such brokerages and/or commissions provided that the rate or amount of commission shall be fixed by the Board.

(g) 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.

6.3 ***Power to require disclosure*** AI: 21.2.7

(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.

6.4 ***Transfer of and transmission of shares*** AIII: 4.8

(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.

6.5 ***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. AI: 21.2.8

(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; convert its fully paid shares expressed in one currency into fully paid shares of a nominal amount of a different currency; and where its share capital is expressed in a particular currency, denominate or redenominate its amount in units or subdivisions of that currency.

(d) The Company may by ordinary resolution reduce its share capital in any manner permitted by the Law.

6.6 ***General Meetings*** AI: 21.2.5

(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.

6.7 ***Powers and duties of the Board*** AI: 21.2.2

(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.

6.8 ***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.

6.9 ***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.

6.10 ***Dividends and distribution of assets on a winding up*** AIII: 4.5

(a) The Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board.

(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 or property, and may determine how such division should be carried out as between the members or different classes of members.

6.11 ***Borrowing***

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

6.12 ***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.

6.13 ***Register of Shareholders***

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

7 Material contracts

AI: 22

Save as described below, no member of the Group has (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which any member of the Group has any obligation or entitlement that is material to the Group as at the date of this document:

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 receives an annual management fee of 2 per cent. of the Adjusted NAV, payable quarterly in advance. For the purposes of determining the management fee payable, the Adjusted NAV will be calculated following the payment of any performance fee.

In addition, the Manager is 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 began on Admission and ended 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 (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 100p (being the placing price at the time of the Company's launch) 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 (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. 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. 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 0.12 per cent. per annum (subject to a minimum of £75,000) of the Adjusted NAV. The Company will reimburse the Administrator in respect of reasonable out of pocket expenses properly incurred in the performance of its duties. With effect from 1 July 2010, the Administrator's fee will increase to 0.125 per cent. per annum on the amount of the Adjusted NAV up to US$300 million and 0.1 per cent. per annum on the amount of any excess.

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 An engagement letter dated 3 March 2010 between Collins Stewart and the Company under which Collins Stewart has agreed to assist the Company with the Migration. Collins Stewart will receive a fee of £200,000 if Admission occurs. Whether or not Admission occurs the Company will reimburse Collins Stewart for its reasonable costs and expenses incurred in advising on the Migration. Under the engagement letter the Company provided Collins Stewart with an indemnity on terms that are in line with market practice on transactions of this nature.

7.8 A Development Management Services Agreement dated 1 June 2010 between the Company and Sniper Land Limited (which is proposed to be renamed Headland Developments Limited) ("Sniper Land") under which Sniper Land will provide development management services to the Company in respect of the Company's properties that require development. The agreement, which is conditional on the passing of Resolution 3 at the EGM, provides for Sniper Land to be paid a development management fee based on the hourly rates of its personnel working on projects for the Company, such hourly rates will be reviewed annually, commencing on 1 January 2011. The total development management fee payable over the life of the agreement is capped at the lower of (i) 5 per cent. of the total construction cost in relation to the sites on which Sniper Land is engaged; and (ii) HK$50 million. The Company also agrees to reimburse Sniper Land for any reimbursable expenses reasonably incurred in the performance of its duties under the agreement. Sniper Land agrees to exercise all the reasonable skill, care and diligence to be expected of a prudent and competent development manager experienced in the provision of development management services for projects of a similar size, scope, nature and complexity as the projects on which it will be engaged by the Company.

Sniper Land's liability is limited to situations where it fails to meet the standard of service referred to above or it or any of its employees is negligent, in wilful default or commits fraud. Sniper Land is not liable for loss of profits or anticipated savings, loss of goodwill or reputational damage, loss of business opportunity or losses suffered by third parties.

If a development does not proceed as planned (for example if a property is sold before a development programme is completed) Sniper Land may charge a demobilisation or abort fee in order to cover its costs, including those reasonably incurred on the termination of staff and the closure of site offices, as well as any other unforeseen costs incurred as a direct or indirect result of such an event.

The agreement can be terminated by either party by giving three months' written notice, as well as on immediate written notice if one party has committed a material breach of its obligations under the agreement and, if such breach is capable of being made good, has failed to do so within 30 days of receiving notice to remedy the breach. The agreement may also be terminated immediately if either party suffers an insolvency event. Sniper Land will be entitled to receive all fees and other monies accrued up to the date of termination.

The agreement provides that John Gunning, the chief executive of Sniper Land, remains employed by, and devotes substantially all of his business time to, Sniper Land throughout the duration of the agreement. If he does not do so, the Company has a period of six months during which it can terminate the agreement on 14 days' notice without any compensation being payable to Sniper Land.

8 Working capital

AIII: 3.1

In the opinion of the Company, after taking into account the existing facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least twelve months from the date of this document.

9 Capitalisation and indebtedness

AIII: 3.2

The following table shows the consolidated gross indebtedness of the Group as at 31 March 2010 and the consolidated Group capitalisation as at 31 December 2009.

	As at 31 March 2010 (US$'000) (unaudited)
Total current debt:	
– Secured[1]	8,279
– Unguaranteed/unsecured	–
Total non-current debt (excluding current portion of long-term debt):	
– Secured[1]	73,751
– Unguaranteed/unsecured	–
Total indebtedness	82,030

	As at 31 December 2009 (US$'000) (unaudited)
Capitalisation:	
– Share capital[2]	1,050
– Distributable reserve[2]	187,960
Total capitalisation	189,010

(1) Assets secured comprise of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences.

(2) Derived from the unaudited interim financial statement of the Group as at 31 December 2009, included in Part VII(B) of the Prospectus.

Capitalisation does not include retained earnings or foreign exchange on consolidation.

There has been no material change in the Group capitalisation since 31 December 2009 to the date of this document.

The following table shows the consolidated Group net financial indebtedness as at 31 March 2010.

	As at 31 March 2010 (US$'000) (unaudited)
Cash and cash equivalents	33,623
Trading securities	–
Liquidity	33,623
Current financial receivables	–
Current bank debt	–
Current portion of non-current debt	8,279
Other current financial debt	–
Current financial debt	8,279
Net current liquidity	25,344
Non-current bank loans	73,751
Bonds issued	–
Other non-current loans	–
Non-current financial indebtedness	73,751
Net financial indebtedness	48,407

As at 31 March 2010 the Group had no material indirect or contingent indebtedness.

10 Mandatory takeover, squeeze-out and sell out rules AIII: 4.9

10.1 Under the Law, if a person (the offeror) who has made a general offer to acquire the Ordinary Shares were to acquire, or unconditionally contract to acquire, within four months after the date of making that offer, not less than 90 per cent. n value of the Ordinary Shares (excluding any Ordinary Shares held as treasury shares) to which the offer relates, the offeror could then compulsorily acquire the remaining Ordinary Shares. In order to do so, the offeror would have to send a notice to any dissenting Ordinary Shareholder that it desires to acquire his shares (a notice to acquire) within two months after the expiration of the four month period. The offeror must, on the expiration of one month from the date of the notice to acquire, send a copy of that notice to the company and pay or transfer to the Company the consideration required under the notice in respect of the Ordinary Shares that the offeror is entitled to acquire. The consideration received by the Company is held on trust for the relevant dissenting Ordinary Shareholders. The consideration offered to those Ordinary Shareholders whose shares are compulsorily acquired must be the same as the consideration that was available under the general offer.

10.2 A dissenting Ordinary Shareholder may, within one month after the date of the notice to acquire, apply to the Royal Court in Guernsey to cancel that notice.

10.3 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.

11 Miscellaneous

11.1 Neither the Company nor any member of the Group has been or is currently engaged in any governmental, 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 or any member of AI: 20.8

the Group which may have or have had in the previous twelve months a significant effect on the Company's and/or the Group's financial position or profitability.

11.2 There has been no significant change in the financial or trading position of the Group since 31 December 2009, being the most recent date to which unaudited financial information has been prepared for the Group. AI: 20.9

11.3 Save for the related party transactions disclosed in note 14 to the accounts for the year ended 30 June 2009 on page 88 of this document and the entry into the Development Management Services Agreement, there have been no related party transactions during the three years to 30 June 2009 and up to the date of this prospectus. AI: 19

11.4 The valuation of the Property Portfolio is set out in the Valuation Report as at 31 March 2010. The Company confirms that, as at the Latest Practicable Date, there has been no material change in such valuation.

11.5 The applications for Admission will relate to the Company's existing issued Ordinary Shares. No new Ordinary Shares will be issued on Admission.

11.6 The Company does not have nor has it had since incorporation any employees and it neither owns nor leases any premises.

11.7 The total costs and expenses payable by the Company in connection with Admission (including professional fees, the costs of printing and other fees payable) are estimated to be approximately £450,000.

11.8 The Company is not dependent on any patents or other intellectual property rights or licences.

11.9 Collins Stewart has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

11.10 Collins Stewart is authorised and regulated by the FSA.

11.11 The ISIN number of the Ordinary Shares is GB00B1436N68. The SEDOL code of the Ordinary Shares is B1436N6.

12 Documents available for inspection

AI: 24

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose, 3 More London Riverside, London SE1 2AQ during business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of Admission:

12.1 the Memorandum and Articles of Incorporation of the Company;

12.2 the New Memorandum and the New Articles;

12.3 the material contracts referred to in paragraph 7 of this Part IX;

12.4 the consent letters referred to in paragraph 11.9 of this Part IX and paragraph 13 of Part VI of this document; and

12.5 this document.

Dated: 3 June 2010

PART X

DEFINITIONS

"Act"	the Companies Act 2006
"Adjusted NAV" or **"Adjusted Net Asset Value"**	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; and B is the aggregate of the amount of any dividends paid or distributions made by the Company at any time after Admission
"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 the Official List and/or admission to trading on the Main Market becoming effective in accordance with the Listing Rules and/or the LSE's Admission and Disclosure Standards as the context may require
"Administration Agreement"	the administration agreement dated 30 May 2006 between the Company and the Administrator, as described in paragraph 7.3 of Part IX 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
"Articles" or **"Existing Articles"**	the existing articles of incorporation of the Company
"Board" or **"Directors"**	the board of directors of the Company including a duly constituted committee thereof
"Collins Stewart"	Collins Stewart Europe Limited
"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"	Euroclear UK & Ireland 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
"Development Management Services Agreement"	the conditional agreement dated 1 June 2010 between the Company and Sniper Land Limited (which is proposed to be renamed Headland Developments Limited), as described in paragraph 7.8 of Part IX of this document
"DSEC"	the Statistics and Census Service of the Macau SAR Government
"Extraordinary General Meeting" or **"EGM"**	the extraordinary general meeting of the Company to be held at Heritage Hall, Le Marchant Street, St Peter Port, Guernsey on 28 June 2010, notice of which is set out at the end of this document
"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 (Macau) 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 IX of this document
"IRR"	gross internal rate of return
"Latest Practicable Date"	21 May 2010, being the latest practicable date prior to publication of this document for all purposes other than in respect of disclosure relating to the Property Portfolio
"Law"	the Companies (Guernsey) Law, 2008 (as amended) and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
"Listing Rules"	the listing rules for the London Stock Exchange issued by the FSA as the competent authority under Part VI of FSMA (as amended or replaced from time to time)
"London Stock Exchange" or **"LSE"**	London Stock Exchange plc
"Macau"	Macau, a Special Administrative Region of the PRC

"Main Market"	the London Stock Exchange's main market for listed securities
"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 IX of the document
"MICE"	the meeting, incentives, convention and exhibition industries
"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
"New Articles"	the articles of incorporation of the Company as proposed to be adopted at the General Meeting
"New Memorandum"	the memorandum of incorporation of the Company as proposed to be adopted at the General Meeting
"Official List"	the Official List of the UK Listing Authority
"One Central Bank Facility"	the HK$642,820,000 credit facility agreement dated 4 February 2009 entered into between The Hongkong and Shanghai Banking Corporation Limited, Banco Tai Fung and Banco Industrial E Comercial Da China (Macau) SA as lenders, MPOF Macau (Site 5) Limited as Borrower, the Company as Guarantor and various Group companies as pledgors and additional guarantors, to finance the acquisition of Tower 6 and 25 additional apartments at One Central, as described in more detail in Part II of this document
"Ordinary Shares" or **"Shares"**	ordinary shares of US$ 0.01 each in the capital of the Company
"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, which will be valued by an independent valuer on an open market basis in accordance with prevailing RICS property valuation practice and guidelines for investment and development properties
"Property Portfolio"	the portfolio of property investments of the Group from time to time
"Proposals"	together, the Migration, the amendments to the investment policy and the entry into the Development Management Services Agreement
"Qualified institutional buyer"	qualified institutional buyer within the meaning of Rule 144A of the Securities Act
"Registrar"	Capita Registrars (Guernsey) Ltd
"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

"Resolutions"	means the special and ordinary resolutions to be proposed at the EGM
"RICS"	Royal Institution of Chartered Surveyors
"Rule 144A"	Rule 144A under the Securities Act
"SAR"	Special Administrative Region
"SCSF"	South China Sniper Fund Limited
"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
"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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Macau Property Opportunities Fund Limited (the "Company")

NOTICE is hereby given that a general meeting of Macau Property Opportunities Fund Limited is to be held at Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, on 28 June 2010 at 3.00 p.m. for the transaction of the purposes of considering and, if thought fit, passing resolution 1 as a special resolution, resolutions 2, 3 and 4 as ordinary resolutions and resolution 5 as an extraordinary resolution:

1 To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT the Memorandum and Articles of Incorporation of the Company produced to the meeting and marked "A" for the purposes of identification (the "**New Articles**") be and are hereby approved and adopted as the Memorandum and Articles of Incorporation of the Company in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association.

2 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT the amendments to the Company's investment policy as set out in the prospectus of the Company dated 3 June 2010 be and are hereby approved.

3 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT the entry into the development management services agreement produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification between the Company and Sniper Land Limited be and is hereby approved.

4 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT, conditional on Admission (as defined in the prospectus published by the Company on 3 June 2010) and in substitution for all subsisting authorities, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 315 of the Companies (Guernsey) Law 2008 (as amended) (the "**Law**"), to make market purchases (within the meaning of section 316 of the Law) of ordinary shares of US$0.01 each in the capital of the Company ("**Ordinary Shares**") either for retention as treasury shares or cancellation, provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14.99 per cent of the issued Ordinary Share capital of the Company;

(b) the minimum price which may be paid for an Ordinary Share is its nominal value, being US$0.01, exclusive of all expenses;

(c) the maximum price which may be paid for an Ordinary Share (exclusive of all expenses) is an amount equal to the higher of (i) 105 per cent of the average of the middle market quotations of an Ordinary Share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which that Ordinary Share is contracted to be purchased and (ii) either (A) an amount equal to the price of the last independent trade of an Ordinary Share and (B) the highest current independent bid for an Ordinary Share on the London Stock Exchange at the time the purchase is carried out;

(d) subject to paragraph (e) below, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution, unless previously revoked, varied or renewed by the Company in general meeting; and

(e) notwithstanding paragraph (d) above, the Company may at any time prior to the expiry of such authority make a contract or contracts to purchase Ordinary Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

5 To consider and, if thought fit, to pass the following resolution as an extraordinary resolution:

THAT, conditional on the passing of Resolution 1, the Directors be and they are hereby empowered pursuant to Article 4.1 of the New Articles to allot Ordinary Shares for cash and to sell Ordinary

Shares from treasury, as if Article 4.3 of the New Articles did not apply to any such allotment, provided that this power:

(a) shall be limited to the allotment or sale of Ordinary Shares up to an aggregate nominal amount of US$105,000 being ten per cent of the issued share capital of the Company;

(b) subject to paragraph (c) below, shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution; and

(c) notwithstanding paragraph (b) above, the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or sold after such expiry and the Directors may allot or sell Ordinary Shares in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Heritage International Fund Managers Limited
Company Secretary

3 June 2010
Heritage Hall
Le Marchant Street
St Peter Port
Guernsey

Notes to the Notice of the General Meeting:

1 A member is entitled to attend and vote at the Meeting provided that all calls due from him in respect of his shares have been paid. A member is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.

2 A form of proxy is enclosed with this notice. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, no later than 3.00 p.m. on 24 June 2010, or not less than 48 hours before the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.

3 The quorum for the Meeting is at least two shareholders present in person or by proxy.

4 In accordance with the Regulation 41 of the Uncertificated Securities Regulations 2001 and Article 17.5 of the Company's Articles of Incorporation, only those members entered in the Register of Members of the Company at close of business on 24 June 2010 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

5 The Register of Directors' Interests kept by the Company shall be available for inspection at the Registered Office of the Company by any member between the hours of 10.00 a.m. and 12.00 p.m. on any business day for a period of 14 days before and ending 3 days after the General Meeting. The Register of Directors' Interests shall be produced at the commencement of the General Meeting and shall remain open and accessible during the continuance of the General Meeting to any person attending such meeting.

Appendix to Notice of Extraordinary General Meeting

The principal reason for adopting the New Articles is to make certain amendments that are required in order for the Admission to take place. In addition, the Companies (Guernsey) Law, 2008 (as amended) (the "**New Law**") was approved by the States of Guernsey on 30 January 2008 and came into force in Guernsey on 1 July 2008 thereby repealing the Companies (Guernsey) Law, 1994 (as amended) (the "**Old Law**") in its entirety. The company is permitted to operate under its present memorandum and articles of association until 1 July 2011 pursuant to the Companies (Transitional Provisions) Regulations, 2008 (as amended). However, the Directors wish to take this opportunity to recommend that the Company's existing memorandum and articles of association be updated to ensure that they comply with the New Law and to allow the Company to take advantage of the full benefits conferred by the New Law at the earliest opportunity.

Taking each of the proposed amendments in turn:

1. Under the New Law, the memorandum and articles of association are to be renamed memorandum and articles of incorporation.

2. The objects clause of the memorandum has been deleted as, under the New Law, a company's objects are unrestricted unless restricted by the memorandum – this will provide maximum flexibility.

3. Insertion of a new article 4.1 and delete part of article 4.14 as, under the New Law, there is no concept of authorised share capital.

4. Insertion of new articles 4.3 to 4.9 to include pre-emption rights as required by the Listing Rules of the Financial Services Authority.

5. Insertion of a new article 4.16 as the New Law states that, where a company limited by shares has only one class of shares, the directors may exercise the powers of the company (a) to issue shares in the company or (b) to grant rights to subscribe for or to convert any security into such shares, except to the extent that they are prohibited from doing so by the company's memorandum, articles or any resolution of the company. For the avoidance of doubt therefore, it is proposed to insert an article expressly stating that the directors have authority to allot shares.

6. Insertion of a new article 4.17 as the New Law requires that, where companies have more than one class of shares, directors are authorised by the company's memorandum or articles to (a) issue shares in the company or (b) to grant rights to subscribe for or to convert any security into, shares in the company. The New Law goes on to state that this authorisation must state the maximum amount of shares that may be issued under it and specify the date on which it will expire which must not be more than 5 years after (i) in the case of authorisation contained in the company's memorandum or articles at the time of its original incorporation, the date of that incorporation or (ii) in any other case, the date on which the resolution is passed by virtue of which the authorisation is given.

7. Deletion of article 4.13 as, under the New Law, the minimum subscription shall be one share.

8. Deletion of the latter part of article 7.7 given that under the New Law, the shareholder register may no longer be closed by the directors of a company.

9. Deletion of transfer restrictions which are not appropriate for a company listed on the Official List of the UK Listing Authority.

10. Insertion of a new article 12.3.6 to fully reflect the manner in which a company can alter its share capital by ordinary resolution under the New Law.

11. Amendment to article 12.5 as under the New Law a special resolution is no longer required to reduce share capital and there is no requirement to maintain a capital redemption reserve fund or any share premium account.

12. Deletion of the first part of Article 13.1 as the first general meeting of the Company has now been held.

13. Amendment to article 13.7 as under the New Law, the board of a company is required to convene an extraordinary general meeting upon the requisition in writing of one or more holders representing more than one-tenth of the issued share capital of the company. Under the Old Law, the board were required to convene an extraordinary general meeting upon the requisition in writing of one or more holders representing not less than one-tenth of the issued share capital of a company.

14. Amendment to articles 16.7 and 16.8 in relation to proxies as the Old Law was silent on the timing of delivery of proxies to a company in the run up to a general meeting. Section 224 of the New Law changes this however by setting a uniform timescale for all companies. It operates by making void any provision of a company's articles which would have the effect of requiring a proxy to be received by a company or another person earlier than:

    (a) in the case of a meeting or adjourned meeting, 48 hours before the time for holding the meeting or adjourned meeting;

    (b) in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll; and

    (c) in the case of a poll taken not more than 48 hours after it was demanded, the time at which it was demanded.

15. Deletion of the first part of article 17.1 given that the first directors of the Company have already been appointed.

16. Deletion of the first part of article 17.3 given that the first annual general meeting of the Company has been held.

17. Amendment to article 19.1 as under the New Law alternate directors need to consent to act and to be eligible to act as such.

18. Amendment to article 21.5 as the New Law requires a director to disclose the nature and monetary value or, if that value is not quantifiable, the extent of any interest of that director in a transaction or proposed transaction with a company. The Old Law did not contain any requirement for directors to disclose their interests.

19. Insertion of new articles 25.2.1 and 25.2.5 as under the New Law a secretary cannot be a minor and must be eligible to act as such.

20. Deletion of article 29.2 in order to remove the requirement for payment of dividends out of the profits of the Company. Under the New Law, a company can pay dividends and make other distributions from any source provided that the company will satisfy the solvency test prescribed under the New Law.

21. Amendment to article 29 to reflect the New Law's removal of the limitations that applied to the use and application of profits under the Old Law.

22. Amendment to article 30.4 as under the New Law a company is no longer required to send accounts and reports to members prior to the annual general meeting. The New Law now requires that accounts and reports are sent to members within 12 months after the end of the financial year to which they relate.

23. Deletion to article 32.3 as the first auditors have been appointed and the first annual general meeting has been held.

24. Amendment to article 35 to provide that the Company may indemnify the directors, managers, agents, secretary and other officers or servants for the time being of the Company to the maximum extent permitted by the New Law. The Old Law was less restrictive on the subject of a Guernsey company's ability to exempt persons (most usually directors) from, or indemnify them against, liabilities.

    This meant that Guernsey was out of step with other jurisdictions, such as the United Kingdom, where the scope of such indemnities had been restricted by statute following high profile cases in which negligent directors and auditors avoided a substantial damages award against them by relying on a widely drawn indemnity in the company's articles.

Section 157 of the New Law provides that "any provision that purports to exempt a director of a company (to any extent) from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty, or breach of trust in relation to the company is void".

The amendment to the existing indemnity provision is intended to recognise the changes brought about by the New Law and to limit the scope of the indemnity provision to the fullest extent permitted by the New Law.

25. The common signature article has been moved from the memorandum to the articles as, under the New Law, a company's common signature need no longer form part of its memorandum.

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