Macau Property
Opportunities Fund

Confident in outlook

Annual Report for the
period ended 30 June 2015

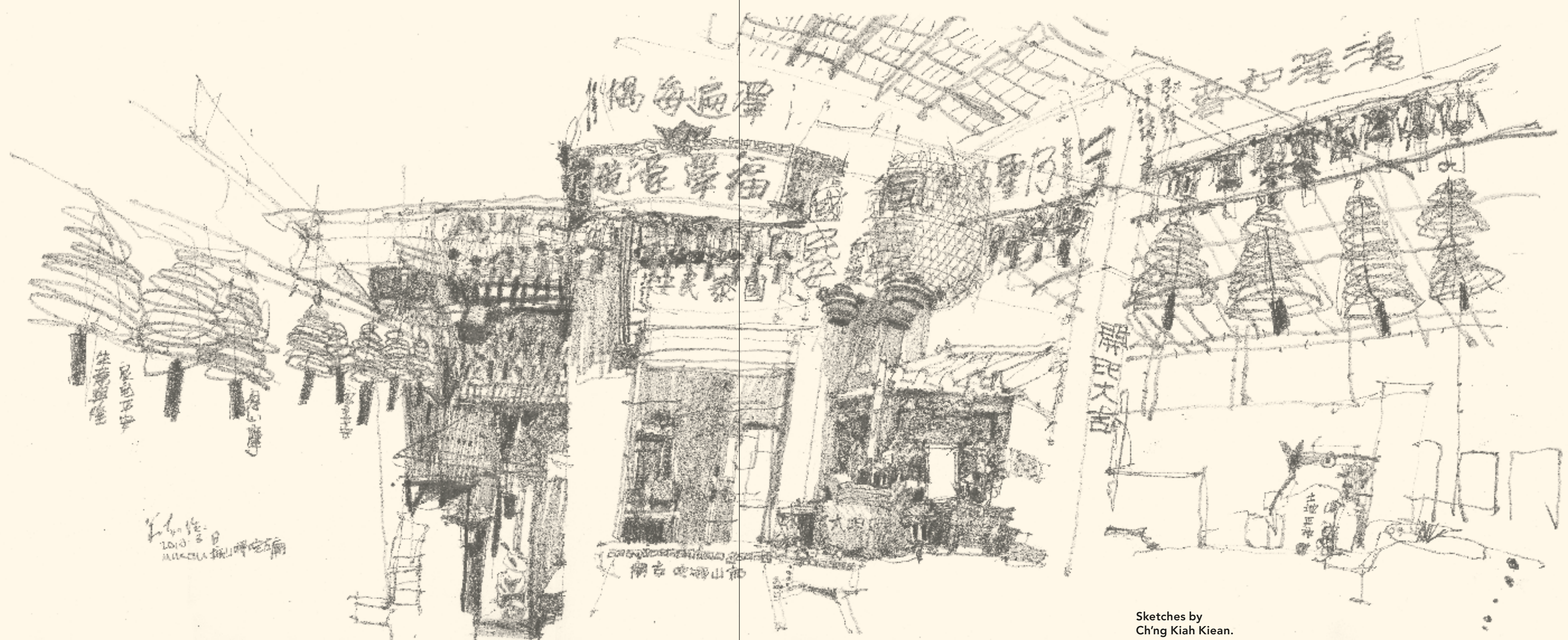
Macau Property Opportunities Fund has a single, focused aim:

To deliver long term returns from the investment in and development of high quality properties in carefully selected locations in Macau and China's Pearl River Delta.

About

Listed on the London Stock Exchange, Macau Property Opportunities Fund is the only quoted property fund dedicated to investing in Macau, the world's largest gaming market and one of its fastest-growing economies.

Managed by Asian property investment manager, Sniper Capital Limited, MPO's portfolio is now valued at almost half a billion US dollars.



Sketches by Ch'ng Kiah Kiean.

Drawn on location in Macau, 2010.

Cover:
"Calçada da Igreja de S. Lázaro".
Graphite on paper.

Above:
"Na Cha Gu Miao II".
Graphite on paper.

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Key Highlights & Financial Calendar

At a glance

Adjusted NAV per Share

US$3.97
253P

-18.7% over the year

Based on a Dollar/Sterling exchange rate of 1.573 as at 30 June 2015.

Portfolio Valuation

US$463.7M

-14.0% over the year

Value of shares repurchased

£9.2M

Representing 4.8% of issued shares

Near-term pressures

Anti-graft policy, gaming slowdown, Chinese market

Long-term outlook

Demographic drivers remain intact

Financial Calendar

2015

September

Annual Report and Accounts 2015 published

October

Annual Investor Roadshow

Quarterly Investor Update

November

Annual General Meeting

Net Asset Value Update (30 September 2015)

December

2016 Financial Half-Year End

2016

January

Quarterly Investor Update

February

Net Asset Value Update (31 December 2015)

Announcement of half-yearly results for the period ended 31 December 2015

March

Interim Report and Accounts 2016 published

April

Quarterly Investor Update

May

Net Asset Value Update (31 March 2016)

June

2016 Financial Year End

July

Quarterly Investor Update

August

Net Asset Value Update (30 June 2016)

September

Announcement of results for the year ended 30 June 2016

Chairman's Message

In its ninth year of operation, a recent slowdown in Macau's gaming sector has seen a pullback in your Company's portfolio value. As Macau transforms itself into a more diversified and stronger economy, the Company's properties remain well-positioned for the next phase of growth.

David Hinde,
Chairman of the Board

Fund Performance

MPO's portfolio was valued at US$463.7 million as at 30 June 2015. Adjusted NAV was down US$89.8 million to US$308.0 million, translating to Adjusted NAV per share of US$3.97 (253p*), a decrease of 18.7% since 30 June 2014.

IFRS NAV declined 30.2% to US$155.4 million, with an IFRS NAV per share of US$2.00 (127p*), a decrease of 26.8%.

MPO's share price was 209p as at 30 June 2015, equating to a 17.4% discount to its Adjusted NAV per share. A total of 3.88 million shares were repurchased and cancelled during the year at an average price of 237.75p (US$3.74*), bringing the total number of shares in issue to 77,533,964 at 30 June 2015.

Portfolio Update

At *The Waterside*, the Fund's luxury leasing residential property, occupancy rates have fallen to 43.9% due to the slowdown in Macau's economy. While proactive steps have been taken to boost occupancy, the opening of new casino resorts in Cotai – the first few of which will open this year and the remainder in 2016 and 2017 – is expected to lift demand for luxury housing in the city. We have also embarked on interior upgrades to ensure that *The Waterside* remains Macau's premier waterfront address.

The handover of sold units to buyers at *The Fountainside*, a low-density luxury residence, generated sales revenue of US$27.9 million as at 30 June 2015. As the sales campaign continues for the remaining units, we are focused on positioning the property to a superior standard.

Construction work on *Senado Square*, our flagship retail redevelopment project, is expected to begin before the end of 2016. While its architectural approval is still pending, the property's positioning remains exceptional due to strong demand for retail space in Macau's tourist districts.

Renovation and consolidation works at *Estrāda da Penha* have now been completed following the successful acquisition of the property adjoining our existing private house. The end result is an unprecedented residence located in Macau's most sought-after neighbourhood.

* Based on a Dollar/Sterling exchange rate of 1.573 as at 30 June 2015.

Future Strategy
Our focus remains on enhancing the value of our assets, which involves driving occupancy and rental growth at *The Waterside*, maximising sales values at *The Fountainside* and redeveloping *Senado Square*.

> "Your Company, supported by its strong portfolio of assets, remains well-positioned for long-term growth."

In a demonstration of our commitment to shareholders, we have continued our stated strategy to repurchase our shares at attractive discounts to Adjusted NAV per share.

Outlook
It has been a year of consolidation for Macau as the territory took a step back from the exponential growth of the past 10 years. A key reason behind this is the resultant impact of the mainland Chinese government's anti-graft drive affecting gaming revenue growth, particularly in the VIP segment.

The Company believes that Macau continues to hold attractive long-term potential in spite of the economic pressures the city faces due to a slowdown in the Chinese economy. While we maintain a cautious near-term outlook, we must not lose sight of the city's fundamental long-term growth drivers. Macau continues to experience a structural shortage of property supply and land resources. Housing demand will be supported by the opening of six gaming mega-projects, starting this year, which alongside a low unemployment rate, will draw a flood of foreign workers into the city. China's affluent middle class is expected to fuel visitor arrivals and spending further, demonstrating the territory's continuing appeal as a leisure destination.

We believe that your Company, supported by its strong portfolio of assets, remains well-positioned for long-term growth.

Changes to the Board
This is my last Chairman's Message as, after serving as your Chairman for nine years since the Company's formation, I have decided to retire from the Board and I will not seek re-election at the forthcoming Annual General Meeting. I leave your Company in the safe hands of my successor, Chris Russell, who has been an active member of the Board for more than three years and has extensive Asian investment and property experience. I would like to thank not only my Board colleagues, but also the teams at Sniper Capital and Heritage International Fund Managers for all the support and assistance they have given me over the past nine years.

Alan Clifton, who has also served on the Board for nine years, will continue as Chairman of the Audit Committee, but will henceforth offer himself for re-election on an annual basis.

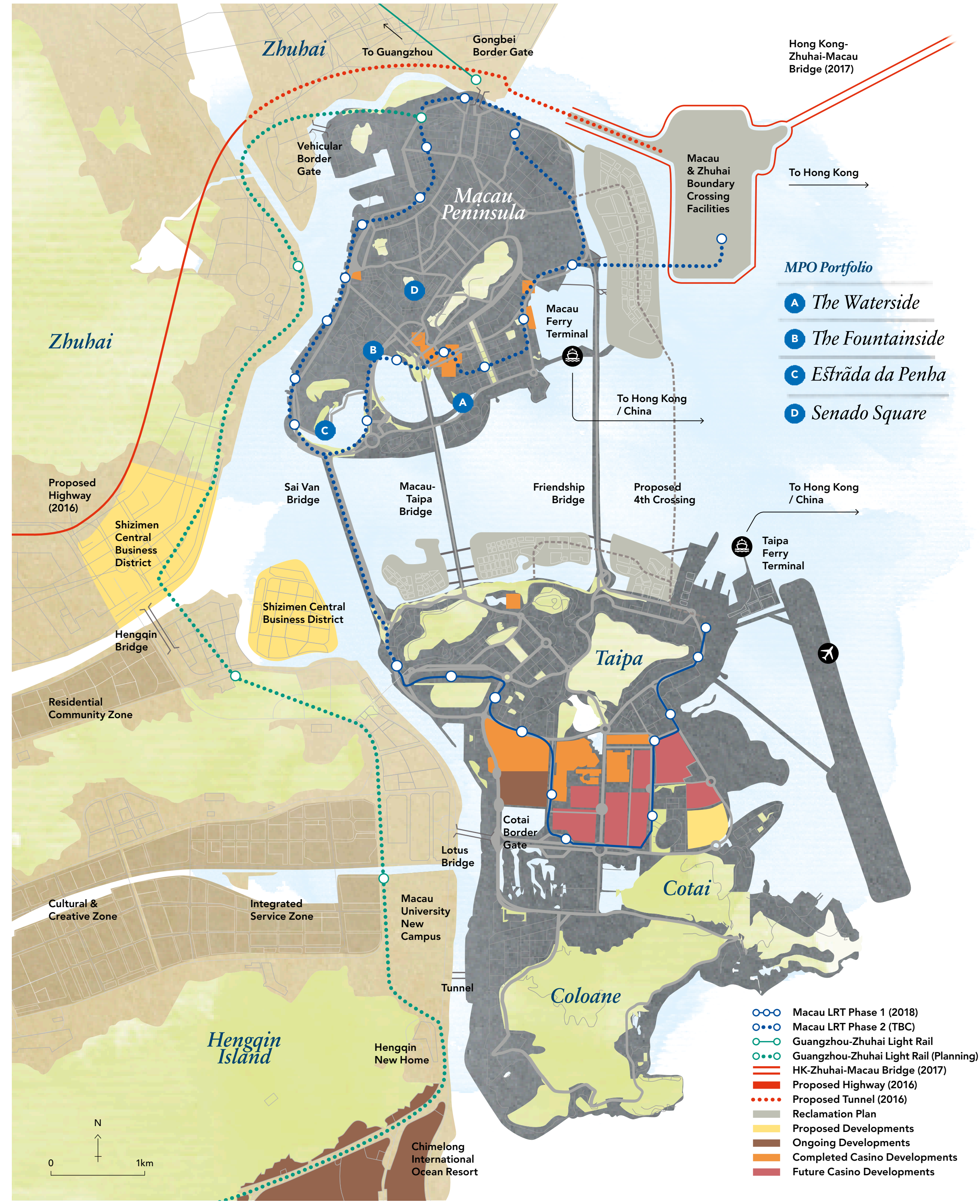
I am confident that the composition of the ongoing Board is well-equipped to guide your Company through the next stage of its development.

Chairman of the Board
Macau Property Opportunities Fund Limited
23 September 2015

Regional Geography:
Pearl River Delta Region

Alignments and locations are indicative only.
Source: Sniper Capital Research.

Regional Geography:
Macau & Surrounds



Alignments and locations are indicative only.
Source: Sniper Capital Research.

The Waterside / One Central

The Fountainside

Estrãda da Penha

Senado Square (architect's impression)

Portfolio Overview: *Summary*

As at 30 June 2015

Loan-to-Value

34%

Versus 22% as at 30 June 2014. Assuming a full drawdown of its committed loan facilities and based on MPO's portfolio value as at 30 June 2015.

Portfolio Valuation

US$463.7M

Based on independent valuations of Savills (Macau) Limited as at 30 June 2015.

Property	Commitment US$ million. Including acquisition and (where appropriate) project development costs.	Composition Based on Market Value	Change in Value Year-on-year	Market Valuation US$ million
The Waterside Tower Six of One Central Residences; please refer to the disclaimer on page 84.	99	52.6%	-20.5%	**243.8**
One Central Individual units at One Central Residences.	10	3.3%	-20.5%	**15.3**
The Fountainside	23	11.5%	-7.1%	**52.9**
Estrãda da Penha	28	9.5%	3.8%	**44.2**
Senado Square	37	23.1%	-5.7%	**107.1**
Smaller Property	N/A	N/A	N/A	**0.4**
	TOTAL **197**			TOTAL 463.7

- Residential projects
- Retail projects

The Waterside
Luxury residential

Located at Macau's premier waterfront address, One Central Residences, *The Waterside* is a prestigious complex of 59 luxury apartments for lease, offering residences ranging from standard units to a special collection of premium high-floor properties, as well as simplex and duplex apartments. Unit sizes start at 2,270 square feet for a standard three-bedroom en-suite apartment and run to more than 4,000 square feet for simplex and duplex residences.

All apartments are designed to high standards and are appointed with upscale amenities. Residents also enjoy flexible leasing packages, personalised concierge services and exclusive dining, entertainment and leisure privileges at the *Waterside Club*.

While occupancy rates have fallen from 80.0% to 43.9% over the year, rental values have remained relatively more robust, declining from HK$25 (US$3.19) to HK$23.50 (US$3.04) per square foot per month during the period.

Exit strategy

We will continue to boost the property's long-term value by rebuilding occupancy, driving rental growth, diversifying the tenant mix and progressing our on-going enhancement programme.

Property Type
Investment

Current Status
Leasing and asset management

Gross Floor Area
148,000 square feet

Total Commitment
US$99 million

Acquisition Cost:
US$88 million

Asset Enhancement Cost:
US$11 million

Valuation
US$243.8 million
-20.5% year-on-year
+178% since acquisition

The Fountainside
Low-density residential

Situated in the heart of the prestigious Penha Hill district, *The Fountainside* is a low-rise luxury residential development comprising 38 apartments and four villas.

Inspired by the famous fountain on Lilau Square, where spring water was drawn for the city during the early colonial era, the property embraces both history and modernity. *The Fountainside* offers landscaped gardens, private garages and an eco-friendly roof while its distinctive Macanese façade has been carefully preserved.

27 standard units have been sold, of which 24 standard units – accounting for 42% of the property's gross floor area – have been handed over to owners. The property's car parking spaces have also generated strong demand. To-date, sales at *The Fountainside*, including parking spaces, have generated HK$216.4 million (US$27.9 million).

Exit strategy

The remaining units and villas will be marketed on an exclusive basis, targeting high-net-worth individuals and families seeking high quality and centrally located accommodation.

Property Type
Redevelopment

Current Status
Final sales phase

Gross Floor Area
80,000 square feet

Total Commitment
US$23 million

Acquisition Cost:
US$8 million

Project Development Cost:
US$15 million

Valuation
US$52.9 million
-7.1% year-on-year
+1,145% since acquisition

Estrãda da Penha

Luxury private home

Estrãda da Penha is an ultra-prime residence created by combining an existing portfolio asset with the recently acquired adjoining residence. Just a short drive from the city centre, *Estrãda da Penha* is located atop Penha Hill, a district steeped in Macau's rich colonial history.

The villa offers a generous c. 12,000 square feet of space across three floors and two basements. Its expansive roof terrace boasts stunning views of Macau and the Chinese mainland's Hengqin Island, in Zhuhai. *Estrãda da Penha* is a truly exceptional residence, also offering a private patio area and indoor parking for up to four cars.

Exit strategy
With the enhancement programme to consolidate the properties having been completed, *Estrãda da Penha* will be positioned as one of the most desirable residential addresses in Macau.

Property Type
Redevelopment

Current Status
Consolidation completed

Gross Floor Area
c. 12,000 square feet

Total Commitment
US$28 million

Acquisition Cost:
US$27 million

Project Development Cost:
US$1 million

Valuation
US$44.2 million
+3.8% year-on-year
+63.6% since acquisition

Senado Square

Prime retail

Senado Square, our 65,000 square feet retail development, is located in the heart of Macau's shopping district and UNESCO-listed heritage area. Designed by renowned architecture consultant Arquitectonica, the seven-floor property will feature unique, modern design when completed. *Senado Square* will be in an unrivalled position to attract luxury lifestyle brands as well as food and beverage outlets.

Despite a continued setback in the development timetable due to delayed government approvals, we are optimistic that construction will commence before the end of 2016 upon the receipt of all required approvals. Meanwhile, the property's value continues to benefit from strong demand for prime modern retail space in Macau's tourist areas.

Exit strategy
Once the project has been completed and a healthy mix of tenants secured, the complex will be marketed for sale as a prime, cash-generating retail asset.

Property Type
Redevelopment

Current Status
Advanced planning

Gross Floor Area
65,000 square feet

Total Commitment
US$37 million

Acquisition Cost:
US$16 million

Project Development Cost:
US$21 million

Valuation
US$107.1 million
-5.7% year-on-year
+565% since acquisition

Manager's Report: *Overview*

MPO's portfolio value witnessed its first decline in six years as weaker gaming revenues in Macau and a weakened Chinese economy adversely affected property market sentiment. While disappointing, we view this pullback as a healthy period of consolidation in a market that remains a secular growth story. MPO's portfolio remains well-positioned for long-term growth.

Our focus remains on enhancing long-term shareholder value through proactive asset management strategies in tandem with undertaking opportunistic share repurchases at attractive discounts to Adjusted NAV.

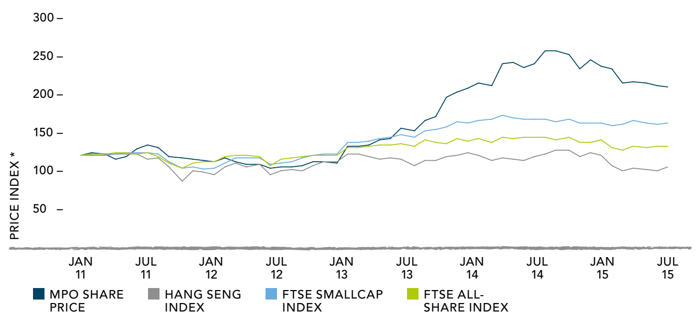
Financial Results

MPO's valuations declined by 14.0% over the year to US$463.7 million, translating to an Adjusted NAV of US$308.0 million. Adjusted NAV per share was US$3.97, a fall of 18.7%. In sterling terms, this translates to 253p per share based on a dollar/sterling exchange rate of 1.573 as at 30 June 2015, which was less favourable than the prevailing rate a year earlier. IFRS NAV reduced by US$67.4 million to US$155.4 million, or US$2.00 per share.

The declines follow an exceptional period of growth for both Macau and the Company. Between 2008 and 2014, Macau's gaming revenues increased by 220% and MPO's Adjusted NAV per share rose by more than 150%.

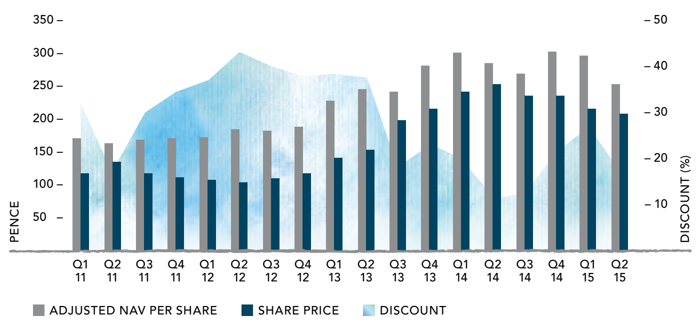
During the year, 3,881,036 shares worth £9.2 million were repurchased and cancelled. Despite this, the Fund's share price discount widened over the year, albeit from a low level of 11% established in mid-2014, to 17% at this period end.

MPO Share Price vs. Hang Seng, FTSE SmallCap & FTSE All-Share Indices



* Rebased to MPO share price. Source: Bloomberg, Sniper Capital Research.

Share Price Discount to Adjusted NAV



MPO Five-Year Financial Summary (2011 – 2015)

	2011	2012	2013	2014	2015
NAV (IFRS) (US$ million) [1]	206.8	211.7	214.8	222.9	**155.4**
NAV per share (IFRS) (US$) [1]	2.01	2.07	2.39	2.74	**2.00**
Adjusted NAV (US$ million) [1]	269.9	296.5	336.4	397.8	**308.0**
Adjusted NAV per share (US$) [1]	2.63	2.91	3.74	4.89	**3.97**
Adjusted NAV per share (pence) [2]	163	185	246	286	**253**
Share price as at 30 June (pence)	135.1	105.0	153.5	254.0	**209.0**
Portfolio valuation (US$ million)	333.7	374.8	452.9	535.8	**463.7**
Loan-to-value ratio (%)	24	27	20	22	**34**

1 Figures incorporated adjustments for deferred tax provisions as discussed in Note 1.

2 Based on the following US$/GBP exchange rates on 30 June: 2011: 1.607; 2012: 1.571; 2013: 1.521; 2014: 1.710; 2015: 1.573.

Over the past four years, the Company's commitment to share buybacks has been clearly demonstrated, with 27.5 million shares, representing 26% of its original issued share capital, repurchased and cancelled. The Board has confirmed that the Company will continue to enhance shareholder value through opportunistic share purchases at attractive discounts to NAV.

Capital Management

During the current year, the Company refinanced its bank facilities to enhance its debt structure further. Overall debt increased to US$166.8 million at year end. Based on the Company's portfolio value as at 30 June 2015, the loan-to-value (LTV) rate is now 34%, versus 22% a year before.

At 30 June 2015, the Company had assets totalling US$346.9 million and total liabilities of US$191.4 million, with an unrestricted cash balance of US$28.7 million. We look to ensure that the Company has sufficient free cash balances to allow us to strengthen our portfolio value further while preserving a prudent LTV ratio.

Strategy

Our focus remains on proactive asset management coupled with prudent financial management and an opportunistic share buyback programme.

While new accretive acquisitions may be considered in exceptional cases, sourcing attractive new opportunities remains a challenge. Demand for well-positioned sites remains strong and, with low levels of debt, distressed sellers remain rare.

Our debt strategy remains consistent with that of previous years. We will continue to maintain prudent LTV ratios, in keeping with the Board's stated policy.

Manager's Report: *Portfolio Updates*

The Fund's strategically positioned portfolio – from well-located luxury residential to retail – continues to offer long-term growth potential.

The Waterside

While the decline in VIP gaming growth has impacted all segments of the Macau property market, it is at the luxury end where the impact has been felt most. Consequently, occupancy rates at *The Waterside*, a 148,000 square feet property comprising 59 luxury apartments for lease, fell to 43.9% as at 30 June 2015 from 80% a year earlier.

Rental rates, while also down, fared better and remain at a clear market premium. As at end-June 2015, average monthly rentals were HK$23.50 (US$3.04) per square foot, a 6% year-on-year decrease.

Our asset management team is employing a number of proactive strategies to stabilise occupancy and maintain rental values. These include offering selective rental discounts, encouraging advance rental payments to mitigate any downside from early lease terminations, and providing attractive incentives for leasing agents.

Ultimately, however, our success in stabilising and rebuilding occupancy levels will, to a large extent, be dependent upon a recovery in market sentiment. With new Cotai developments on the horizon, Macau looks set to attract a growing diversity of executives who are natural sources of demand for high-end accommodation.

Meanwhile, lower occupancy has presented an opportunity to upgrade *The Waterside* apartments so as to ensure they are maintained to the highest standards. Our renovation programme commenced in the summer and will continue progressively over the next year.

One Central Residences
Of the original 25 additional units purchased across various other towers at One Central Residences, we have retained the four most prime, valued at a combined US$15.3 million. One Central remains the most sought-after prime residential address in Macau with no competitive developments in the pipeline.

The Fountainside
27 standard units at *The Fountainside*, a 42-unit low density residential development on the Macau Peninsula, have been sold. Of these, the handover of 24 standard units has been completed. Total income generated from sales up to 30 June 2015, including five carparks, amounts to HK$216.4 million (US$27.9 million).

We are actively marketing the remaining 15 units, which include four villas, nine standard units and two special units, valued at a combined US$45.8 million.

We intend to escalate our marketing efforts in the fourth quarter through high-profile weekend viewings. We are also partnering with agents to promote *The Fountainside* as the low-density, city-centre residential property of choice. Nevertheless, securing further sales in the current market conditions is likely to remain challenging and protracted.

The sales campaign for car parking spaces at the property started in June and the response has been encouraging. One sale set a record price of HK$3 million (c. US$390,000) for a single space.

Estrãda da Penha
Renovation works were completed in September at *Estrãda da Penha*. The property combines two adjoining houses, one of which was purchased earlier this year for HK$182.3 million (US$23.5 million).

This highly complementary acquisition allowed us to create a single, ultra-premium detached residence spanning c. 12,000 square feet. Located in the exclusive Penha Hill neighbourhood, the property offers panoramic views over Macau and neighbouring China.

Despite the softer market, demand for ultra-exclusive residences remains strong. We intend to hold this asset until an opportune time comes to divest it.

Our focus remains on enhancing the values of our portfolio assets.

Senado Square
Work on the Fund's flagship retail development continues. Offering an estimated 65,000 square feet at the heart of the city's most popular shopping and tourism district, our *Senado Square* project is expected to generate great interest among both local and international retailers hoping to secure a foothold in the area.

Changes implemented by Macau's Land, Public Works and Transport Bureau in January meant that a new urban conditions plan – which confirms a development's permissible plot ratio – had to be obtained. A public consultation process was also required before the submission of revised architectural plans. This meant that delays were compounded, which in turn caused our plans to be pushed back even further, and alternative plans with different timelines had to be scheduled and adhered to.

We now expect to submit detailed plans in Q1 next year and, upon the receipt of all necessary approvals, to begin construction before the end of 2016.

Meanwhile, given the continued undersupply of prime retail space, we expect rental values in the area to remain robust as an increasing number of local and foreign retailers look to enter the Macau market.

Manager's Report: *Property Market Outlook*

There is little doubt that mainland China's economic pressures and anti-graft campaign will continue to pose near-term challenges for Macau's property market. Nevertheless, we believe that the city's strong underlying fundamentals and demographics will continue to drive its long-term growth.

Growth consolidation

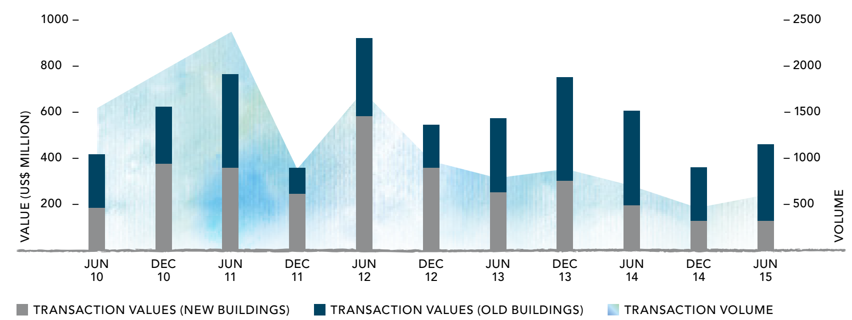
The current retreat in Macau's property market should be viewed in the context of the exceptional period of growth that preceded it. Since the short, sharp pullback in 2008 at the peak of the global financial crisis, the average price of local residential properties has increased by 425%.

Long-term demand for housing is likely to remain robust. Macau's population has grown 46% to 642,900 as of Q2 2015 from 440,500 in 2002, when the gaming industry was liberalised. Forecasts suggest that by 2025 the population will grow by a further 17% to 750,000. Coupled with massive local and regional infrastructure projects and very limited land supply, Macau's powerful demographic drivers remain firmly intact.

Although the territory's government has been attempting to ease an undersupply of residential properties through measures such as providing more public housing units and reclaiming land, any success is proving slow. Demand for public housing units still far outstrips supply, with a recent polling exercise seeing units 10 times oversubscribed.

New gaming resort projects set for launch in Cotai should drive further demand for local housing across all segments.

Macau Residential Transaction Value & Volume



Source: Macau Statistics and Census Service (DSEC). For figures from 2013 onwards, DSEC tracks the value and volume of 'existing units' and 'pre-sale units', replacing the measures 'old buildings' and 'new buildings' respectively.

Rising local demand and affluence

Market demand in Macau remains largely driven by the local population. This is partly due to rules introduced by the government that impose restrictions on mortgages and purchases of residential units by foreigners.

The local real estate market saw 3,083 transactions during the period – a decrease of 25.9% year-on-year. Based on official data, home prices were MOP8,861 (US$1,110) per square foot, a 14.5% decrease from the year before.

Data from the Financial Services Bureau shows that the city's unfinished homes were priced at an average of MOP11,025 (US$1,381) per square foot in June. According to the Monetary Authority of Macao, the value of new residential mortgage loans (RMLs) approved by local banks in June reached MOP3.9 billion (US$0.5 billion), representing a year-on-year decline of 57.1%. In addition, 96.8% of RMLs were granted to Macau residents. The total value of new RMLs granted to residents and non-residents increased by 6.2% and fell by 8.2%, respectively.

However, Macau's local population has benefitted from the city's growing economy. Inflation held steady at 4.8% over the year, even as median monthly earnings increased to reach MOP15,000 (US$1,879) at the end of July, a rise of 15.4% during the period.

Manager's Report:
Long-term Demographic Drivers

Demographic drivers remain firmly intact

GDP

GDP FORECAST FOR 2015
US$47B

GDP GROWTH SINCE 2002
572.9%

Population

POPULATION FORECAST BY 2025
750,000

POPULATION GROWTH SINCE 2002
46%

Source: DSEC.

Wages continue to grow while unemployment remains low

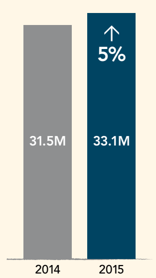
WAGE GROWTH SINCE 2002
227.7%

AVERAGE MONTHLY WAGES AS AT JUNE 2015
US$1,875

UNEMPLOYMENT RATE
1.8%

Visitor Arrivals

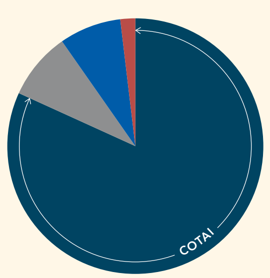
ESTIMATED ARRIVALS IN 2015
33.1M



Source: Macau Government Tourist Office.

Hotel Rooms

UNDER CONSTRUCTION AS AT JUNE 2015
12,523



Source: DSEC.

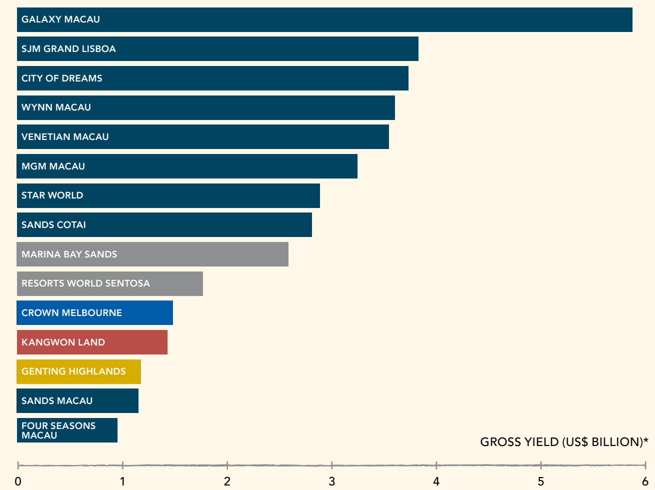
Tourism remains a growth driver

PERCENTAGE OF ROOMS PLANNED FOR COTAI
81.8%

- COTAI 81.8%
  10,244 ROOMS
- TAIPA 8.5%
  1,064 ROOMS
- MACAU PENINSULAR 7.8%
  979 ROOMS
- COLOANE 1.9%
  236 ROOMS

World's gambling centre of gravity has shifted to Macau

8 of the world's 15 highest grossing casinos are in Macau.



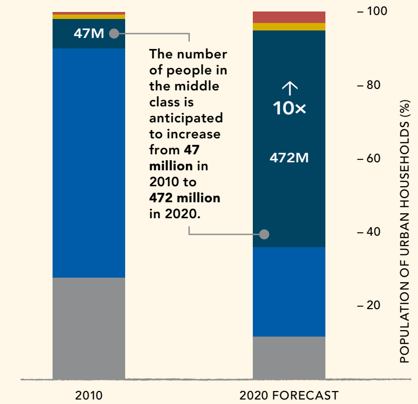
HIGHEST-GROSSING CASINOS IN 2014

MACAU · SINGAPORE · AUSTRALIA · SOUTH KOREA · MALAYSIA

* Total take minus payouts, excluding expenses. Source: The Economist.

China's rising middle class

Mainstream consumers are expected to make up more than 50% of urban households by 2020.



VERY POOR · POOR · MIDDLE CLASS · VERY RICH · EXTREMELY RICH

Source: McKinsey & Company; The Economist

Bigger and better

Mega Cotai gaming resorts opening soon.

	OPENING 2015		OPENING 2016			OPENING 2017
RESORT & OPERATOR	Galaxy Macau Phase 2 **Galaxy**	Studio City **Melco Crown**	Wynn Palace **Wynn Macau**	Parisian Macau **Sands China**	MGM Cotai **MGM China**	Lisboa Palace **SJM**
INVESTMENT SIZE (US$ BILLION)	2.5	3.2	4.0	2.5	2.9	3.9
GAMBLING TABLES	150	400#	500#	450#	500#	700#
ROOMS	1,350	2,000	1,700	3,000	1,600	2,000

Pending approval by the Macau government. Source: Union Gaming Research Macau, The Wall Street Journal.

Manager's Report: *Macroeconomic Outlook*

Macau appears to be heeding calls from mainland China's government to diversify its economy. While anti-graft policies will continue, the recent relaxation of visa rules is encouraging. Upcoming gaming resort developments in Cotai are poised to draw a greater number of mass-market visitors.

Anti-graft clampdown

China recently reiterated a commitment to its ongoing anti-corruption campaign, which has seen some high-profile government figures accused of offences. The anti-graft campaign appears to be here to stay, with the market having settled into a "new normal".

Growth in the significantly higher-margin mass-market and premium mass-market gaming segments has been outperforming VIP gaming growth. The premium mass-market includes in particular the rising middle classes, who place bigger minimum bets than traditional mass-market customers, but smaller bets than customers in the traditional VIP segment.

New transit visa rules

The mainland Chinese government announced that from 1 July 2015, transit visa rules would be relaxed for its citizens. Mainland Chinese are now allowed to stay in Macau for seven days, up from the previous five. Mainland Chinese nationals will also be able to visit Macau twice a month instead of only twice every 60 days, which was the case previously.

While this policy change is largely symbolic, it should nevertheless have a positive effect on the premium mass-market and VIP gaming segments.

Studio City (Melco Crown): Opening October 2015.

Wynn Palace (Wynn Macau): Opening March 2016.

We believe that the visa rule change signals that the mainland Chinese government is keeping an eye on the territory's gaming industry and lending support to it to prevent gaming revenues from sliding materially further.

More non-gaming attractions

While gaming has proved fruitful for the territory, generating revenue of US$44 billion amid overall GDP of US$55 billion last year, there is an increasing need for economic diversification. The strongest support for diversification has come from Chinese President Xi Jinping, who in December last year called for it to be accelerated.

Gaming operators have taken steps to ensure that they are falling into line with Macau's ambitions, with the upcoming Cotai developments fielding several significant non-gaming attractions.

Neighbouring Hengqin Island, Zhuhai, is also complementary to Macau's non-gaming development. Chimelong Ocean Resort, which opened in Hengqin Island in 2014, welcomed eight million visitors last year. Visitor figures look set to rise, with the resort operator saying that it saw a 30% rise in visitor numbers in the first half of 2015. With the opening of two additional hotels this year, the resort now offers around 5,000 hotel rooms spread across three properties.

Risks and uncertainties

Some analysts expect Macau's commercial environment and overall demand to remain weak; BNP Paribas predicts only 2% growth for the second half of 2015, and the Macau government has warned that the city's gaming revenues could continue to fall in coming months.

In addition, the territory's government has signalled that it is looking to impose a smoking ban in casinos, although it has recently appeared more open to negotiations on smoking rooms – which some casinos already offer – rather than a full smoking ban that could negatively impact gaming revenues in the future.

The weakening *yuan* and slowing economic growth in China remain concerns. We are monitoring the developments in China, while adopting a cautious short-term outlook.

Conclusion

Consolidation of Macau's rapidly advancing economy that has ridden an unprecedented gaming boom over the past 11 years was inevitable at some stage, and moves by the mainland Chinese government have been a catalyst for a healthy medium-term slowdown.

This dynamic is likely to persist in the short-term. But with economic diversification taking root in the shape of Cotai's upcoming gaming resorts, continuing infrastructure developments and still powerful underlying demographics, the positive longer-term story for Macau will prove enduring.

Board of Directors

David Hinde
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 12 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. Thereafter, he was a Non-Executive Director of the group until 2011. From 2005 to 2013 he was the Chairman of Invesco Asia Trust plc. David Hinde is a UK resident.

Tom Ashworth
Non-Executive Director
Tom Ashworth has more than 25 years' business experience, the majority of which have been in Asia. He commenced his career at HSBC in London and Hong Kong, followed by Morgan Stanley Asia, before establishing a number of entrepreneurial ventures from 2000. Encouraged by Macau's significant long-term growth potential and deeply undervalued real estate market, he identified numerous early-stage property investment opportunities in the territory. This culminated in him co-founding Sniper Capital Limited, MPO's Investment Manager, with his business partner, Martin Tacon, in 2004. He is a British national and permanent resident of Macau.

Alan Clifton
Non-Executive Director
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, UK's largest insurance group. He is currently the Chairman of JP Morgan Japanese Smaller Companies Trust plc and Schroder UK Growth Fund plc and a Director of several other investment companies. Alan Clifton is a UK resident.

Chris Russell
Non-Executive Director
Chris Russell is Chairman of F&C Commercial Property Trust Ltd, Deputy Chairman of the Association of Investment Companies and a Non-Executive Director of a number of investment and financial companies. Mr Russell was previously an Executive Director of Gartmore Investment Management plc, where he headed its overseas operations in US and Japan. Prior to Gartmore, he was a holding board director of the Jardine Fleming Group in Hong Kong. Chris Russell is a Chartered Accountant and a Fellow of the UK Society of Investment Professionals. He is a resident in Guernsey.

Wilfred Woo
Non-Executive Director
Wilfred Woo is a qualified chartered accountant who joined Coopers and Lybrand as an auditor in 1982 before becoming the Chief Financial Officer of Abbey Woods Development, a real estate company listed on the Toronto Stock Exchange in 1990. He has since spent over 20 years with the Kuok Group, notably with Kerry Properties Limited and Shangri-La Asia Limited. He currently holds senior management and board positions on a Shangri-La-linked company listed on the Philippine Stock Exchange. He is a Canadian citizen.

Manager & Adviser: *Group Structure*

Sniper Capital

Sniper Capital
MANAGER

Sniper Capital (Macau) Limited
INVESTMENT ADVISER

Acquisitions & Research
- Macro & micro analysis
- Forecasting & modelling
- Sourcing
- Due diligence

Project Development
- Consultant appointment & coordination
- Project monitoring & reporting
- Project delivery & handover

Asset Management
- Property & estate management
- Sales & leasing
- Facilities management
- Asset value enhancement

Corporate Communications
- Investor & media relations
- Marketing & product positioning
- Statutory & regulatory communication

Finance & Administration
- Administration & accounting
- Compliance & reporting
- Cash management & treasury

Manager
The day-to-day responsibility for the management of the Macau Property Opportunities Fund's ("MPOF") portfolio rests with Sniper Capital Limited.

Founded in 2004, Sniper Capital focuses on capital growth from carefully selected investment, development and redevelopment opportunities in niche and undervalued property markets.

Sniper Capital is focused on the identification, acquisition and development of properties chosen for their location, current and potential value, or the sustainable demand for the accommodation or facilities they offer.

Sniper Capital's team of over 30 professionals covers all the required investment and development disciplines, including research, site acquisition, project development, asset management, investor relations and finance.

Working closely with Headland Developments Limited[1], Sniper Capital ensures that all necessary project management skills and services are provided in a way that will deliver each MPOF project to the right standards and on budget.

With its holding of 11.0 million shares or 14.2% of the Company's issued share capital for the period ended 30 June 2015, Sniper Investments Limited – an investment vehicle associated with Sniper Capital[2] – is now the second largest shareholder in MPOF, which bears witness to Sniper Capital's belief in the Fund's long-term prospects.

Adviser
The Company's Board of Directors and Manager are advised by Sniper Capital (Macau) Limited, which has a highly developed network of contacts and associates spanning Macau's financial and business community.

The Investment Adviser's brief is to source, analyse and recommend potential investment opportunities whilst providing the Board with property investment and management advisory services in relation to the Company's investments.

For more information, please visit **www.snipercapital.com**.

1 Headland Developments Limited is part owned by Thomas Ashworth and Martin Tacon, Directors of Sniper Capital, and therefore constitutes a related party of the Company.

2 Thomas Ashworth and Martin Tacon, Directors of Sniper Capital, have a beneficial interest in Sniper Investments Limited and Thomas Ashworth is also a Non-Executive Director of the Company.

Investment Policy

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

Asset allocation
The Company aims to achieve its investment objective by investing in property markets in Macau. The Company's portfolio comprises 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, 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.

Diversification
The Company, as an active investor, will consider concentration risk from both a sector as well as an asset perspective. However, if assets are realised and not replaced then concentration risk will inevitably increase. 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% of the Gross Asset Value of the Company at the time of investment.

Gearing
The Group has the ability to borrow, both at Company level and, if Special Purpose Vehicles ("SPVs") are used in relation to particular investments, at SPV level as well. The Group, either directly or through its SPVs, may not borrow amounts in relation to any single investment that exceed 75% 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% 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 of Incorporation do not contain any restriction on borrowings.

Directors' Report

The Directors present their report and audited financial statements of the Group for the year ended 30 June 2015. This Directors' report should be read together with Corporate Governance Report on pages 37 to 40.

Principal activities
Macau Property Opportunities Fund Limited (the "Company") is a Guernsey-registered closed-ended investment fund traded on the London Stock Exchange (the "LSE"). Following the passing of all resolutions at the Extraordinary General Meeting held on 28 June 2010, the Company's shares obtained a Premium Listing on the London Stock Exchange Main Market on 30 June 2010.

The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. During the year, the principal activities of the Company and its subsidiaries as listed in Note 4 to the consolidated financial statements (together referred to as the "Group") were property development and investment in Macau.

Business review
A review of the business during the year, together with likely future developments, is contained in the Chairman's Message on pages 4 to 7 and in the Manager's Report on pages 16 to 29.

Going concern
The Group's business activities, together with factors that are likely to affect its future development, performance and position, are set out in the Manager's Report. The financial position of the Group, its cash flows and its liquidity position are described in the Capital Management section of the Manager's Report.

The financial risk management objectives and policies of the Group and the exposure of the Group to credit risk, market risk and liquidity risk are discussed in Note 2 to the consolidated financial statements.

As part of their assessment of the going concern of the Group, the Directors have reviewed the comprehensive cash flow forecasts prepared by management which make assumptions based upon current and expected future market conditions, including predicted future sales of properties. It is the Directors' belief that, based upon these forecasts and their assessment of the Group's committed banking facilities, it is appropriate to prepare the financial statements of the Group on the going concern basis.

At the Extraordinary General Meeting held on 7 April 2014 the shareholders voted in favour of amending the Company's Articles of Incorporation so that the next continuation vote would take place no later than 31 December 2016. This will allow a suitable timeframe for the maximisation of the value of the Company's portfolio. The Directors have considered whether the continuation vote before the end of 2016 gives rise to a material uncertainty that might cast significant doubt about the Company's ability to continue as a going concern and have concluded that it does not due to the fact that: the Board has the continued support of major shareholders; only 25% of shareholder support is required to ensure continuation; and it is likely that returns from sales of properties would be lower if the Group was forced to sell as a result of discontinuation.

The Directors believe it is appropriate to prepare the financial statements of the Group on the going concern basis based upon existing cash resources, the forecasts described above, the extension of the life of the Company and the Directors' assessment of the Group's committed banking facilities and expected continuing compliance with related covenants.

Share capital
Ordinary Shares
The Company has one class of Ordinary Shares, which carry no rights to fixed income. On a show of hands, each member present in person or by proxy has the right to one vote at general meetings. On a poll, each member is entitled to one vote for every share held.

The Company's Memorandum and Articles of Incorporation, which are available at the Company's registered office, contain details relating to the rules that the Company has about the appointment and removal of Directors or amendment to the Company's Articles of Incorporation.

Results and dividends
The results for the year are set out in the consolidated financial statements on pages 52 to 55.

Authority to purchase own shares
Following the authority first granted in the Extraordinary General Meeting of 28 June 2010 and renewed at each Annual General Meeting since, a resolution to provide the Company with authority to purchase its own shares will be tabled at the Annual General Meeting on 13 November 2015. The Board has publicly stated its commitment to undertake share buybacks at attractive levels of discount of the share price to Adjusted NAV. The Board intends to renew this authority at the 2015 Annual General Meeting.

During the year, the Company repurchased 3,881,036 (2014: 8,585,000) Ordinary Shares or 3.70% (2014: 8.18%) of the originally issued Ordinary Shares, at an average share price of 237.75p (2014: 201.89p). All shares repurchased pursuant to the buyback programme were cancelled.

Directors' Report (Continued)

Significant shareholdings
As at 30 June 2015, a total of six shareholders held more than 3% each of the issued Ordinary Shares of the Company, accounting for a total of 52,586,429 shares (2014: 50,027,552) or 67.8% (2014: 61.4%) of the issued share capital. Significant shareholdings as at 30 June 2015 are detailed below:

Name of shareholder	No. of shares	%
Lazard Asset Management LLC	16,390,904	21.14
Sniper Investments Limited	11,020,000	14.21
Universities Superannuation Scheme	10,050,000	12.96
Invesco Asset Management	9,387,627	12.11
Rathbones	3,004,876	3.88
Apollo Multi Asset Management	2,733,022	3.52
Subtotal	52,586,429	67.82
Other	24,947,535	32.18
Total	**77,533,964**	**100.00**

Directors
Biographies of the Directors who served during the year are detailed on pages 30 to 31.

Name	Function	Date of appointment
David Hinde	Chairman, Chairman of Management Engagement Committee	18 May 2006
Thomas Ashworth	Director	18 May 2006
Alan Clifton	Director, Chairman of the Audit Committee and Nomination and Remuneration Committee	18 May 2006
Wilfred Woo	Director	3 January 2012
Chris Russell	Director	8 May 2012

Directors' interests
Directors who held office during the year and had interests in the shares of the Company as at 30 June 2015 were:

	Ordinary shares of US$0.01	
	Held at 30-Jun-15	Held at 30-Jun-14
David Hinde	**60,000**	60,000
Thomas Ashworth	**-**	-*
Alan Clifton	**100,000**	100,000
Wilfred Woo	**-**	-
Chris Russell	**252,548**	252,548

* Thomas Ashworth has a beneficial interest in Sniper Investments Limited, which as at the year-end held 11,020,000 shares (2014: 10,100,000).

There have been no changes to the aforementioned interests since 30 June 2015.

Non-mainstream pooled investments
The Board notes the changes to the FCA rules relating to the restrictions on the retail distribution of unregulated collective investments schemes and close substitutes which came into effect on 1 January 2014.

Following the receipt of legal advice, the Board confirms that it has conducted the Company's affairs in such a manner that the Company would have qualified for approval as an investment trust if it were resident in the United Kingdom, and that it is the Board's intention that the Company will continue to conduct its affairs in such a manner. Thus, the Company is, and the Board expects it will continue to be, outside the scope of the new restrictions and IFAs should therefore be able to recommend ordinary shares in the Company to retail investors in accordance with the FCA's rules relating to non-mainstream investment products.

AIFM Directive
The Directors have considered the impact of the EU Alternative Investment Fund Managers Directive (no. 2011/61/EU) ("AIFM Directive"), which was transposed into UK law in the United Kingdom on 22 July 2013 with the transitional period ending in July 2014, on the Company and its operations.

The Company is a non-EU domiciled Alternative Investment Fund which does not currently intend to market its shares within Europe, therefore the Directors consider that neither authorisation nor registration are required.

Directors' Report (Continued)

Directors' remuneration

Directors of the Company are all Non-executive and by way of remuneration receive an annual fee. During the year, the Directors received the following emoluments in the form of Directors' fees from the Company:

	2015 US$	2014 US$
David Hinde	**74,333**	79,848
Thomas Ashworth*	**-**	-
Alan Clifton	**55,325**	59,497
Timothy Henderson#	**-**	-
Wilfred Woo	**46,458**	49,905
Chris Russell	**47,310**	49,905
Total	**223,426**	**239,155**

* as disclosed in Note 18 to the consolidated financial statements, Thomas Ashworth is a shareholder and Director of Sniper Capital Limited, Headland Developments Limited and Adept Capital Partners Services Limited, all of which received fees from the Group during the year.

\# Timothy Henderson retired from the Board on 8 November 2012. He is a Director of certain SPVs and received US$7,743 (2014: US$8,235) of Directors' fees during the year.

Change of control

There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid.

Annual General Meeting

The Annual General Meeting of the Company will be held at 10.00am on 13 November 2015 at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey. The details of the business to be conducted are contained in the Notice of Annual General Meeting on pages 82 to 83 of this report.

Independent auditors

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Group, which includes monitoring our use of the Auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of our external auditor, a resolution will be proposed at the 2015 Annual General Meeting to reappoint Ernst & Young LLP. Each Director believes that there is no relevant information of which the Auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Ernst & Young LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

Subsequent events

Significant subsequent events have been disclosed in Note 26.

Financial risk management policies and objectives

Financial risk management policies and objectives are disclosed in Note 2.

Principal risks and uncertainties

Principal risks and uncertainties are discussed in the Corporate Governance Report on pages 37 to 40.

On behalf of the Board

Alan Clifton
Director
23 September 2015

Corporate Governance Report

The Board has put in place a framework for corporate governance which it believes is appropriate for an investment company. Paragraph 9.8.6R of the UK Listing Rules obliges Boards to report upon their corporate governance arrangements against the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council (the "FRC"). The Company is a member of the Association of Investment Companies (the "AIC") and the Board has considered the principles and recommendations of the AIC's Code of Corporate Governance ("AIC Code") and the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The Board considers that reporting against the principles and recommendations of the AIC Code, and the AIC Guide will provide better information to shareholders. The FRC have provided the AIC with an endorsement letter to cover the latest edition of the AIC Code. The endorsement confirms that by following the AIC Guide, investment company boards should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the UK Listing Rules.

The AIC Code and the AIC Guide are available on the AIC's website, www.theaic.co.uk. The UK Code is available on the FRC's website, www.frc.org.uk.

The Code includes provisions relating to: the role of the chief executive; executive Directors' remuneration; and the need for an internal audit function which are not considered by the Board to be relevant to the Company, being an externally managed investment Company. The Company has therefore not reported further in respect of these provisions.

The Guernsey Financial Services Commission ("GFSC") Finance Sector Code of Corporate Governance ("GFSC Code") came into force in Guernsey on 1 January 2012. The Company is deemed to satisfy the GFSC Code provided that it continues to conduct its governance in accordance with the requirements of the UK Code.

Except as disclosed below, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the UK Code.

The Board

The Board consists of five Non-Executive Directors, four of whom, including the Chairman, David Hinde, are independent of the Company's Manager and Investment Adviser. Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Group and received fees during the year as detailed in the consolidated statement of comprehensive income and in Note 18.

Directors' details are listed on pages 30 and 31 which set out the range of investment, financial and business skills and experience represented. Principle 1 of the AIC Code states that a Board should consider appointing one independent Non-Executive Director to be the senior independent Director. The Board, having taken into account its small size and that the Directors are each similarly independent and Non-Executive, considers it unnecessary to appoint such a senior independent Director.

The Company's Articles of Incorporation specify that one third by number of the Directors are subject to annual re-election at the Annual General Meeting of the Company. The Board has agreed that a minimum of two Directors should be offered for re-election each year and that each Director shall retire every two years by rotation following an alphabetical format. Mr Ashworth will retire annually pursuant to the listing rules of the Financial Conduct Authority ("Listing Rules") and Alan Clifton will retire annually pursuant to the AIC Code as he has now served for more than nine years as a director of the Company. A retiring Director shall be eligible for reappointment. No Director shall be required to vacate his office at any time by reason of the fact that he has attained any specific age. David Hinde has decided not to offer himself for re-election and will therefore retire from the Board at the AGM.

The Board has considered the need for a policy regarding tenure of office; however, the Board believes that any decisions regarding tenure should consider the need for continuity and maintenance of knowledge and experience and to balance this against the need to periodically refresh Board composition and have a balance of skills, experience, age and length of service bearing in mind the limited expected life of the Company.

The Board meets at least four times a year for regular, scheduled meetings and, should the nature of the activity of the Company require it, additional meetings may be held, some at short notice. At each meeting, the Board follows a formal agenda that covers the business to be discussed.

To fulfil the recommendation of AIC Code Principle 14, to give sufficient attention to strategy, the Board discusses strategy at each of its regular scheduled meetings but additionally holds a separate session annually devoted to strategy.

Between meetings there is regular contact with the Manager and the Administrator, and the Board requires to be supplied in a timely manner with information by the Manager, the Company Secretary and other advisers in a form and of a quality to enable it to discharge its duties.

The terms and conditions of appointment of Non-Executive Directors are available for inspection from the Company's registered office.

Corporate Governance Report (Continued)

Performance and evaluation
Pursuant to Principle 7 of the AIC Code which requires a formal and rigorous annual evaluation of its performance, the Board formally reviews its performance annually through an internal process. Internal evaluation of the Board, the Audit Committee, the Nomination and Remuneration Committee, the Management Engagement Committee and individual Directors has taken the form of self-appraisal questionnaires and discussions to determine effectiveness and performance in various areas as well as the Directors' continued independence.

During the year, a formal Board performance appraisal was carried out. The results have been collated and reviewed whereby, it was noted that overall performance of the Board during the year had been satisfactory and that the Board is confident in its ability to continue effectively to lead the Company and oversee its affairs. The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

New Directors receive an induction from the Manager as part of the vetting process of candidates. All Directors receive other relevant training as necessary.

Duties and Responsibilities
The Board is responsible to shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the particular duties of the Board. Such reserved powers include decisions relating to the determination of investment policy and approval of investments, strategy, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Directors have access to the advice and services of the Company Secretary and Administrator, who are responsible to the Board for ensuring that Board procedures are followed and that it complies with Guernsey Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an on-going basis.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008.

The Board has responsibility for ensuring that the Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. This responsibility extends to interim and other price-sensitive public reports.

Committees of the Board
Nomination and Remuneration Committee
The Nomination and Remuneration Committee Report is on page 41 of this Annual Report.

Management Engagement Committee
The Management Engagement Committee Report is on page 42 of this Annual Report.

Audit Committee
The Audit Committee Report is on pages 43 to 46 of this Annual Report.

Meeting Attendance

Name	Scheduled Board Meeting (max 4)	Other Board Meeting (max 2)	Audit Committee (max 4)	Nomination and Remuneration Committee (max 1)	Management Engagement Committee (max 1)
David Hinde*	4	1	-	1	1
Thomas Ashworth#	4	2	-	1	-
Alan Clifton	4	1	4	1	1
Wilfred Woo	4	2	4	1	1
Chris Russell	4	2	4	1	1

* Mr Hinde is not a member of the Audit Committee

\# Mr Ashworth is not a member of the Audit Committee or the Management Engagement Committee

Internal control and financial reporting
The Board is responsible for the Group's system of internal control and for reviewing its effectiveness, and the Board has, therefore, established a process designed to meet the particular needs of the Group in managing the risks to which it is exposed.

The process takes a risk-based approach to internal control through a matrix which identifies the key functions carried out by the Manager and other key service providers, the various activities undertaken within those functions, the risks associated with each

Corporate Governance Report (Continued)

activity and the controls employed to minimise those risks. A residual risk rating is then applied. Regular reports are provided to the Board highlighting material changes to risk ratings and a formal review of these procedures is carried out by the Audit Committee and reported to the Board on an annual basis and has been completed during the financial year. By their nature, these procedures provide a reasonable, but not absolute, assurance against material misstatement or loss.

At each Board meeting, the Board also monitors the Group's investment performance and activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines. Further, at each Board meeting, the Board receives reports from the Company Secretary and Administrator in respect of compliance matters and duties performed by it on behalf of the Company.

The Board considers that an internal audit function specific to the Group is unnecessary and that the systems and procedures employed by the Administrator and Manager, including their own audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Group's assets, is maintained. Investment advisory services are provided to the Group by Sniper Capital (Macau) Limited. The Board is responsible for setting the overall investment policy and monitors the action of the Manager at regular Board meetings. The Board has also delegated administration and Company secretarial services to Heritage International Fund Managers Limited but retains accountability for all functions it delegates.

Management agreement
The Company has entered into an agreement with the Manager. This sets out the Manager's key responsibilities, which include proposing the property investment strategy to the Board, identifying property investments to recommend for acquisition and arranging appropriate financing to facilitate the transaction. The Manager is also responsible to the Board for all issues relating to property asset management.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Management Engagement Committee at its regular scheduled meetings. Each year a detailed review of performance pursuant to their terms of engagement is undertaken by the Management Engagement Committee.

In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Manager, in the opinion of the Directors, their continuing appointment of the Manager on the terms agreed is in the interests of the shareholders as a whole.

Relations with shareholders
The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Senior members of the Manager are available at all reasonable times to meet with principal shareholders and key sector analysts. The Chairman and other Directors are also available to meet with shareholders if required.

Reports on the views of shareholders are provided to the Board on a regular basis. The Board is also kept fully informed of all relevant market commentary on the Company by the Manager and the Corporate Broker.

All shareholders can address their individual concerns to the Company in writing at its registered address. The Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and the Manager. In addition, the Company maintains a website which contains comprehensive information, including company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance.

Principal risks and uncertainties
The Group's assets consist of commercial and residential property investments in Macau. Its principal risks are therefore related to the commercial and residential property market in general, but also the particular circumstance of the properties in which it is invested and where relevant, their tenants. The Manager seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential tenants before entering into any new lease agreements. All of the properties in the portfolio are insured.

Each Director is aware of the risks inherent in the Group's business and understands the importance of identifying and evaluating these risks. The Board has adopted procedures and controls that enable it to manage these risks within acceptable limits and to meet all its legal and regulatory obligations.

For each material risk, the likelihood and consequence are identified, management controls and frequency of monitoring are confirmed and results reported and discussed at Board meetings.

The Company's principal risk factors are fully discussed in the Company's prospectus, available on the Company's website and should be reviewed by shareholders. Note 2 further describes the Group's risk management processes.

Corporate Governance Report (Continued)

The principal significant risks and uncertainties faced by the Group are set out below.

- 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. This is an inherent risk of investing in the Macau region and therefore cannot be mitigated or managed by the Board.

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

- Macau law governs the majority of the Group's agreements which relate to property investments, property ownership rights and securities. It cannot be guaranteed that the Group will be able to enforce any such agreements or that remedies will be available outside of Macau.

- The Group's return on its investments and prospects are subject to economic, legal, political and social developments in Macau and China and the Asia-Pacific region in general. In particular, the Group'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;
  – changes in the rate or method of taxation;
  – title disputes, legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers;
  – changes to restrictions on or regulations concerning repatriation of funds; and
  – the continuous clamp down by the PRC Government on corruption and money laundering.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process (which accords with the Turnbull guidance) has been regularly reviewed and has been in place throughout the financial year and up to the date of approval of these annual accounts.

The above significant risks are mitigated and managed by the Board through continual review, policy setting and annual updating of the Group's risk matrix to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board relies on reports periodically provided by the Administrator and the Manager regarding risks that the Group faces. When required, experts are employed to gather information, including tax advisers, legal advisers, and planning advisers.

To mitigate the interest rate risks on the Group's borrowing, the Group entered into interest rate derivative instruments. The Board relies on the Manager's close relationship with legal professionals in Macau, Hong Kong and China to keep abreast of any potential changes to the law and any possible impact on the Group. The Board also regularly monitors the investment environment and the management of the Group's property portfolio, and applies the principles detailed in the internal control guidance issued by the FRC. Details of the Group's internal controls are described in more detail on pages 38 to 39.

The Group's financial risks and uncertainties are further discussed in Note 2 to the consolidated financial statements.

On behalf of the Board

Alan Clifton
Director
23 September 2015

Nomination and Remuneration Committee Report

Summary of the role of the Nomination and Remuneration Committee
The Nomination and Remuneration Committee regularly review the structure, size and composition (including the skills, knowledge, gender, experience and diversity) of the Board and makes recommendations to the Board with regard to any changes and also considers the appropriate levels of Board remuneration. The Board monitors the developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity of experience, approach and gender, for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's on-going objective to have an appropriately diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skills sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company. The Board is satisfied with the current composition and functioning of its members. It is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. When appointing Board members, its priority is based on merit, but will be influenced by the strong desire to maintain board diversity, including gender. The terms of reference are considered annually by the Nomination and Remuneration Committee and are then referred to the Board for approval and are available on the Company's website.

Composition of the Nomination and Remuneration Committee
The members of the Nomination and Remuneration Committee are listed on page 84.

Meetings
The Committee shall meet at least once a year and otherwise as required. Meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chairman. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. Any Non-Executive Directors who are not considered independent will not take part in the Committee's deliberations regarding remuneration levels.

Consideration of Directors for Re-election
Following discussion and having noted the schedule of Directors re-elected in each year since 2007, it was recommended by the Nomination and Remuneration Committee that Mr. Ashworth and Mr. Clifton should be submitted for re-election at the Annual General Meeting to be held on 13 November 2015. Mr. Hinde has elected not to offer himself for re-election and will retire from the Board at the AGM.

There were no new Directors appointed during the period under review. The Nomination and Remuneration Committee will consider the use of external consultants to assist with the appointment for future Directors.

Overview
The Nomination and Remuneration Committee met once in the year ended 30 June 2015. Matters considered at these meetings included but were not limited to:

- the structure, size and composition (including the balance of skills, knowledge, experience and diversity) of the Board and Audit Committee and the need to periodically refresh membership;
- to note guidance set out in the AIC Code;
- to consider key outcomes from the Board evaluation process;
- to consider Board tenure and succession planning; and
- consideration of Directors for re-election.

As a result of its work during the year, the Nomination and Remuneration Committee has concluded that it has acted in accordance with its terms of reference.

On behalf of the Nomination and Remuneration Committee

Alan Clifton
Chairman of the Nomination and Remuneration Committee
23 September 2015

Management Engagement Committee Report

Summary of the role of the Management Engagement Committee
The Management Engagement Committee annually review the terms of the Investment Management Agreement between the Company and Manager and review the performance and terms of engagement of any other key service providers to the Company, as detailed in Appendix 1 of the Terms of Reference of the Committee. The terms of reference are considered annually by the Management Engagement Committee and are then referred to the Board for approval and are available on the Company's website.

Composition of the Management Engagement Committee
The members of the Management Engagement Committee are listed on page 84.

Meetings
The Committee meets at least once a year and otherwise as required. Meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chairman. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Performance of the Manager
Following discussion, it is the opinion of the Management Engagement Committee that the performance of the Manager for the year ended 30 June 2015 was acceptable and the continuing appointment of the Manager on the terms agreed is in the interests of the shareholders as a whole.

Performance of key service providers
Following discussion, it is the opinion of the Management Engagement Committee that the performance of key service providers (as detailed in Appendix 1 of the Terms of Reference of the Committee) for the year ended 30 June 2015 was acceptable.

Overview
The Management Engagement Committee met once during the year and as a result of its work, the Management Engagement Committee has concluded that it has acted in accordance with its terms of reference.

On behalf of the Management Engagement Committee

Alan Clifton
Director
23 September 2015

Audit Committee Report

Summary of the role of the Audit Committee
The Audit Committee is appointed by the Board from the Non-Executive Directors of the Company, excluding the Chairman. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the UK Corporate Governance Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval and are available on the Company's website.

The Audit Committee is responsible for:

- reviewing and monitoring the integrity of the Annual Report and Audited Financial Consolidated Financial Statements; the Interim Report and Interim Condensed Consolidated Financial Statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reporting to the Board on the appropriateness of the accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the Audit Committee believes the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- reviewing the Group's internal financial controls and, unless expressly addressed by the Board itself, the Group's internal control and risk management systems;
- making recommendations to the Board for a resolution to be put to the shareholders, for their approval in general meetings, on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm;
- reviewing the valuations of the Company's investments prepared by the Investment Adviser, and making a recommendation to the board on the valuation of the Company's investments;
- meeting the external auditor to review their proposed audit programme of work and the subsequent audit report and assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- considering annually whether there is a need for the Company to have its own internal audit function; and
- reviewing and considering the UK Code, the AIC code, the AIC Guidance on Audit Committees and the Stewardship Code.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The Audit Committee is also required to report to the Board identifying how it has discharged its responsibilities during the current year.

The Board has taken note of the requirement that at least one member of the Audit Committee should have recent and relevant financial experience and is satisfied that the Audit Committee is properly constituted in that respect, with all members being highly experienced and in particular, its members having backgrounds as chartered accountants.

The Audit Committee reviews the information contained in the other sections of the Annual report including the Directors' Report, Chairman's Statement and the Investment Adviser's Report. The auditor reports by exception if the information in the other sections of the Annual Report is materially inconsistent with the information in the audited financial statements.

The Audit Committee is the formal forum through which the auditor reports to the Board. The external auditor is invited to attend the Audit Committee meetings at which the Annual Report and Audited Consolidated Financial Statements and the Interim Condensed Consolidated Financial Statements are considered and at which they have the opportunity to meet with the Audit Committee without representatives of the Investment Adviser being present at least once per year.

Composition of the Audit Committee
The members of the Audit Committee are:-

	Date of appointment
Alan Clifton (Chairman)	23 May 2006
Wilfred Woo	27 February 2012
Chris Russell	12 September 2012

Appointments to the Audit Committee will be for a period of up to three years, which is extendable, so long as members continue to be independent. Alan Clifton has been a member of the Audit Committee for nine years. However, the Board and Audit Committee have satisfied themselves that Mr. Clifton continues to remain independent and so have resolved to extend his appointment to the Audit Committee for a further three years.

Audit Committee Report (Continued)

Financial Reporting
The primary role of the Audit Committee in relation to the financial reporting is to review with the Administrator, Investment Adviser and the Auditor the appropriateness of the Annual Report and Audited Consolidated Financial Statements and Interim Condensed Consolidated Financial Statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the Auditor;
- whether the Annual Report and Audited Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to Company's financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and Investment Adviser and also reports from the Auditor on the outcomes of their half-year review and annual audit. The Audit Committee supports Ernst and Young LLP in displaying the necessary professional scepticism their role requires.

Significant issues considered in relation to the financial statements
The Audit Committee has had regular contact with management and the Auditor during the interim and year end audit process. The Audit Committee's discussions have been broad ranging; including the consideration of the Company's going concern status and key areas of judgement.

The Audit Committee is satisfied, having received advice from professional advisers which include valuers, tax advisers and lawyers, that these sensitivities have been appropriately reflected and disclosed in the financial statements.

During its review of the Group's financial statements for the year ended 30 June 2015, the Audit Committee considered the following significant issues:

- Valuation of investment properties and inventories.
- Ownership and existence of investments properties and inventories.
- Accounting treatment for taxes incurred in multiple jurisdictions.
- Going concern.

The risk relating to the valuation of investment properties and inventories are mitigated through use of a professionally qualified valuer to conduct the valuations in accordance with current Royal Institute of Chartered Surveyors Appraisal and Valuations Standards.

The valuation is overseen by the Investment Adviser to ensure that the values are comparable to current market values of similar properties. The valuation process and methodology are discussed with the Investment Adviser regularly during the year and with the Auditor as part of the year-end audit planning and interim review processes. These valuations are reviewed, challenged and ultimately agreed by the Board, who possess a knowledge and understanding of the markets where the properties are situated. The Board and the Auditor meet with the valuer at least once a year. The factors that affect the value and ownership of the investment property and inventory are further discussed in Notes 3, 6 and 7.

The risk relating to the ownership and existence of investment properties and inventories are mitigated through ensuring proper title deeds for the properties are held. Asset reconciliations are performed by the Administrator with the SPV Administrator on a quarterly basis. Property searches showing ownership of each of the assets are conducted to ascertain that there are no changes in ownership.

The risk relating to taxation is mitigated through the setup of the Group structure. When taxation queries arise an independent taxation adviser is employed to advise the Board on such issues. The factors that affect the Group's taxation position are further discussed in Note 9.

Meetings
The Audit Committee meets not less than twice a year and at such other times as the Audit Committee Chairman shall require. Any member of the Audit Committee may request that a meeting be convened by the Company Secretary. The external auditors may request that a meeting be convened if they deem it necessary. Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

Audit Committee Report (Continued)

Annual General Meeting
The Audit Committee Chairman, or other members of the Audit Committee appointed for the purpose, shall attend each Annual General Meeting of the Company, prepared to respond to any shareholder questions on the Audit Committee's activities.

Risk Management
The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit Committee. The work of the Audit Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out on pages 39 to 40 of the Corporate Governance Report. The Audit Committee receives reports from the Investment Adviser and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal audit
The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Group and all outsourced functions are with parties/administrators who have their own internal controls and procedures.

External audit
During the year the Audit Committee considered at length the re-appointment of the external auditors and decided not to put the provision of the external audit out to tender at this time. In doing so, they reviewed the effectiveness and independence of the external auditors and remained satisfied that the auditors provide effective independent challenge to the Board and to the Investment Adviser. The Audit Committee will continue to monitor the performance of the external auditors on an annual basis and will consider their independence and objectivity, taking account of appropriate guidelines.

The external auditors are required to rotate the audit partner responsible for the Group audit every five years. The current lead audit partner has been in place for five years and will rotate after the completion of the current year end audit. Ernst & Young LLP have been the external auditors since 2010. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years. In line with the FRC's suggestions on audit tendering, this will be considered further when the audit partner rotates every five years. Under Companies Law the re-appointment of the external auditors is subject to shareholder approval at the Annual General Meeting. The Audit Committee has provided the Board with its recommendation to the shareholders on the re-appointment of Ernst & Young LLP as external auditor for the year ending 30 June 2016. Accordingly a resolution proposing the reappointment of Ernst & Young LLP as our auditor will be put to shareholders at the 2015 Annual General Meeting.

During the year, the Audit Committee discussed the planning, conduct and conclusions of the external audit as it proceeded. At the June 2015 Audit Committee meeting, the Audit Committee discussed and approved the auditor's Group audit plan in which they identified the Group's valuation and ownership of the investment property and inventory, and current and deferred tax exposures within the Group, as the key areas of risk of misstatement in the Group's financial statements.

The Audit Committee discussed these issues at the June 2015 meeting to ensure that the key risk areas identified by the auditors are consistent with the risks identified by the Board and that appropriate arrangements are in place to mitigate these risks.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee will consider:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the Audit Committee will review:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

Non-audit services
To safeguard the objectivity and independence of the external auditor from becoming compromised, the Audit Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. This precludes Ernst & Young LLP from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that Ernst & Young LLP should only be engaged for non-audit services where Ernst & Young LLP are best placed to provide the non-audit service for example, the interim review service. Please see Note 23 for details of services provided by Ernst & Young LLP.

Audit Committee Report (Continued)

Overview
The Audit Committee met four times in the year ended 30 June 2015. Matters considered at these meetings included but were not limited to:

- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the accounting policies and format of the financial statements;
- review of the 2014 Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2014;
- review of the 2014 Interim Report and Interim Condensed Consolidated Financial Statements for the six months ended 31 December 2014;
- review of the Interim Management Statement released in November 2014 and the quarterly results announcement issued in May 2015;
- review of the audit plan and timetable for the preparation of the 2015 Annual Report and Audited Consolidated Financial Statements;
- discussions and approval of the fee for the external audit;
- assessment of the effectiveness of the external audit process as described above; and
- review of the Company's significant risks and internal controls.

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor. The Audit Committee has recommended to the Board that the external auditor is re-appointed.

On behalf of the Audit Committee

Alan Clifton
Chairman of the Audit Committee
23 September 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under Company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the financial performance and cash flows of the Group for that period. In preparing these Group financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS as adopted by European Union, subject to any material departures disclosed and explained in the Group financial statements; and
- prepare the Group financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Group financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Company's website (www.mpofund.com) is the responsibility of the Directors. The work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

All companies with a Premium Listing of equity shares in the UK, are required under the Listing Rules to report on how they have applied the UK Corporate Governance Code (the "UK Code") in their annual report and accounts.

Responsibility statement of the Directors' in respect of the Annual Report and Accounts

Each of the Directors, whose names are set out on pages 30 and 31 of the Annual Report, confirm that, to the best of their knowledge and belief:

Directors' Statement under the Disclosure and Transparency Rules

- The Group financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The management report, which is incorporated into the Directors' Report, Manager's Report and Chairman's Statement contained in the Annual Report, includes a fair review of the development and performance of the Group and of the position of the Company and the Group as a whole, together with a description of the principal risks and uncertainties they face.
- The Annual Report and Accounts include information required by the UK Listing Authority and for ensuring that the Company complies with the provisions of the Listing Rules and the Disclosure Rules and Transparency Rules of the UK Listing Authority, with regard to corporate governance, require the Company to disclose how it has applied the principles, and complied with the provisions of the corporate governance code applicable to the Company.

Directors' statement under the UK Corporate Governance Code

- The Directors are responsible for preparing the Annual Report and Group financial statements in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the Annual Report and Group financial statements, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

On behalf of the Board

Alan Clifton
Director
23 September 2015

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

What we have audited
We have audited the consolidated financial statements of Macau Property Opportunities Fund Limited (the "Company") and its Subsidiaries, (together, the "Group") for the year ended 30 June 2015 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related Notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on pages 47 to 48, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement
We identified the following risks of material misstatement that we believed would have the greatest impact on our overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- valuation of the Group's investment properties, because valuations require significant judgement and estimation;
- ownership of investment properties and inventories, because failure to obtain good title exposes the Group to significant risk of loss; and
- accounting for taxes incurred in multiple jurisdictions because the interpretation of the tax requirements can require significant judgment.

Independent Auditor's Report to the Members of Macau Property Opportunities Fund Limited (Continued)

Our application of materiality
We apply the concept of materiality to the individual account or balance level through our determination of performance materiality, which is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

We determined materiality for the Company to be US$3.1m (2014: US$4.5m), which is 2% of NAV. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of materiality, amounting to US$2.3m (2014: US$3.3m). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US$0.16m (2014: US$0.22m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
We adopted a risk-based approach in determining our audit strategy. This approach focuses audit effort towards higher risk areas, such as management judgments and estimates.

Our response to the risks identified was as follows:

We addressed the risk of misstatement in the valuation of the Group's investment property by:

- identifying and performing walkthrough tests on the overall controls over the investment valuation process operated by the Group;
- assessing the expertise, independence and qualifications of the Group's third party valuation experts;
- agreeing the fair values determined by the Group's third party valuation experts to the Group's books and records; and
- engaging our own internal valuation experts to evaluate whether the Group's third party valuation experts used reasonable valuation methods and whether the fair values determined by them fell within a range that was supported by comparable transaction evidence.

We addressed the risk that the Group does not hold legal title to the properties by:

- obtaining independent evidence that corroborated legal title to 100% of the investment property and inventory.

We addressed the risk of improper accounting treatment for taxes incurred in multiple jurisdictions by:

- engaging EY tax specialists in the relevant jurisdictions to test local tax computations and to evaluate management's assessment of the tax exposures in those jurisdictions.

Independent Auditor's Report to the Members of Macau Property Opportunities Fund Limited (Continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Michael Bane
For and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
Date: 23 September 2015

1. The maintenance and integrity of the Macau Property Opportunities Fund Limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	2015 US$'000	2014 US$'000
ASSETS			
Non-current assets			
Investment property	6	**243,810**	306,575
Deposits with lenders	21	**1,941**	2,656
Financial assets at fair value through profit or loss - interest rate swap	20	**174**	315
Trade and other receivables		**111**	112
		246,036	309,658
Current assets			
Inventories	7	**67,288**	54,351
Proceeds from disposal of property held in escrow		**-**	6,452
Trade and other receivables	10	**4,086**	950
Deposits with lenders	21	**709**	-
Cash and cash equivalents		**28,749**	43,528
		100,832	105,281
Total assets		**346,868**	414,939
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	**775**	814
Retained earnings		**84,375**	136,902
Distributable reserves		**69,213**	84,049
Foreign currency translation reserve		**1,084**	1,089
Total equity		**155,447**	222,854
LIABILITIES			
Non-current liabilities			
Taxation provision	9	**22,309**	27,161
Provision	25	**-**	1,343
Interest-bearing loans	8	**147,576**	128,952
		169,885	157,456
Current liabilities			
Trade and other payables	11	**1,773**	4,239
Performance fee payable	19	**-**	23,964
Deferred income/deposits on property pre-sales		**-**	5,451
Interest-bearing loans	8	**19,194**	-
Financial liabilities at fair value through profit or loss - interest rate swap	20	**569**	975
		21,536	34,629
Total liabilities		**191,421**	192,085
Total equity and liabilities		**346,868**	414,939
Net Asset Value per share (US$)	17	**2.00**	2.74
Adjusted Net Asset Value per share (US$)	17	**3.97**	4.89

The accompanying notes on pages 56 to 81 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 52 to 55 were approved by the Board of Directors and authorised for issue on 23 September 2015.

Alan Clifton
Director

Wilfred Woo
Director

Consolidated Statement of Comprehensive Income

Year ended 30 June 2015

	Note	2015 US$'000	2014 US$'000
Income			
Sale of inventories	7	**27,906**	24,639
Rental income		**4,311**	5,052
Net (loss)/gain from fair value adjustment on investment property	6	**(62,048)**	83,645
Fair value gain on disposal of investment property	6	**-**	17,251
Other income		**11**	-
		(29,820)	130,587
Expenses			
Cost of sales of inventories	7	**11,004**	14,977
Management fee	19	**8,117**	8,080
Performance fee	19	**-**	23,969
Non-Executive Directors' fees	18	**231**	247
Auditors' remuneration	23	**122**	162
Property operating expenses	15	**1,687**	1,380
Sales and marketing expenses		**202**	1,725
General and administration expenses	13	**1,490**	1,910
Loss on foreign currency translation		**194**	573
		(23,047)	(53,023)
Operating (loss)/profit for the year		**(52,867)**	77,564
Finance income and expenses			
Net gain on valuation of interest rate swap	20	**265**	95
Bank loan interest		**(3,901)**	(2,774)
Interest expense on interest rate swap	20	**(1,035)**	(1,031)
Other financing costs	14	**(506)**	(542)
Bank and other interest		**2**	5
		(5,175)	(4,247)
(Loss)/profit for the year before tax		**(58,042)**	73,317
Taxation	9	**5,515**	(8,242)
(Loss)/profit for the year after tax		**(52,527)**	65,075
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**(5)**	249
Total comprehensive (loss)/income for the year		**(52,532)**	65,324
(Loss)/profit attributable to:			
Equity holders of the Company		**(52,527)**	65,075
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(52,532)**	65,324

	Note	2015 US$	2014 US$
Basic and diluted (loss)/profit per Ordinary Share attributable to the equity holders of the Company during the year	17	**(0.6661)**	0.7609

The accompanying notes on pages 56 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June 2015

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2014		**814**	**136,902**	**84,049**	**1,089**	**222,854**
Loss for the year		-	(52,527)	-	-	(52,527)
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translating foreign operations		-	-	-	(5)	(5)
Total comprehensive loss for the year		-	(52,527)	-	(5)	(52,532)
Share buyback	12	(39)	-	(14,836)	-	(14,875)
Balance carried forward at 30 June 2015		**775**	**84,375**	**69,213**	**1,084**	**155,447**

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2013		900	71,827	141,212	840	214,779
Profit for the year		-	65,075	-	-	65,075
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translating foreign operations		-	-	-	249	249
Total comprehensive income for the year		-	65,075	-	249	65,324
Return of Capital		-	-	(29,000)	-	(29,000)
Share buyback	12	(86)	-	(28,163)	-	(28,249)
Balance carried forward at 30 June 2014		814	136,902	84,049	1,089	222,854

The accompanying notes on pages 56 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 30 June 2015

	Note	2015 US$'000	2014 US$'000
Net cash (used in)/generated from operating activities	16	**(38,497)**	3,859
Cash flows from investing activities			
Capital expenditure on investment property	6	**(103)**	(3,604)
Movement in pledged bank balances		**6**	2,243
Proceeds from disposal of investment property		**6,452**	58,199
Net cash generated from investing activities		**6,355**	56,838
Cash flows from financing activities			
Proceeds from bank borrowings		**51,441**	111,563
Repayment of bank borrowings		**(13,622)**	(76,716)
Share buyback	12	**(14,875)**	(28,249)
Return of Capital		**-**	(29,000)
Interest and bank charges paid		**(5,654)**	(4,283)
Net cash generated from/(used in) financing activities		**17,290**	(26,685)
Net movement in cash and cash equivalents		**(14,852)**	34,012
Cash and cash equivalents at beginning of year		**43,528**	9,864
Effect of foreign exchange rate changes		**73**	(348)
Cash and cash equivalents at end of year		**28,749**	43,528

The accompanying notes on pages 56 to 81 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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 given on page 84.

The consolidated financial statements for the year ended 30 June 2015 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group invests in residential and commercial property and property-related ventures primarily in Macau.

These consolidated financial statements were approved for issue by the Board of Directors on 23 September 2015.

1. Summary of 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 years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union; applicable legal and regulatory requirements of Guernsey Law and under the historical cost convention as modified by the revaluation of investment properties and derivative financial instruments.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. The consolidated financial statements are presented in US Dollar and all values are rounded to the nearest thousand ($'000), except where otherwise indicated.

There was a presentational reclassification within the consolidated statement of cash flows whereby it was deemed appropriate to include the 'movement in pledged bank balances' under 'investing activities' as opposed to 'financing activities' as in prior periods. This resulted in no net cash flow impact.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Manager's Report. The financial position of the Group, its cash flows and its liquidity position are described in the Capital Management section of the Manager's Report.

The financial risk management objectives and policies of the Group and the exposure of the Group to credit risk, market risk and liquidity risk are discussed in Note 2 to the consolidated financial statements.

The Group continues to meet its capital requirements and day-to-day liquidity needs through the Group's cash resources. As part of their assessment of the going concern of the Group, the Directors have reviewed the comprehensive cash flow forecasts prepared by management which make assumptions based upon current and expected future market conditions, including predicted future sales of properties. It is the Directors' belief that, based upon these forecasts and their assessment of the Group's committed banking facilities, it is appropriate to prepare the financial statements of the Group on a going concern basis.

At the Extraordinary General Meeting held on 7 April 2014, the shareholders voted in favour of amending the Company's Articles of Incorporation so that the next continuation vote would take place no later than 31 December 2016. This will allow a suitable timeframe for the maximisation of the value of the Company's portfolio. The Directors have considered whether the continuation vote before the end of 2016 gives rise to a material uncertainty that might cast significant doubt about the Company's ability to continue as a going concern and have concluded that it does not due to the fact that: the Board has the continued support of major shareholders; only 25% of shareholder support is required to ensure continuation; and it is likely that returns from sales of properties would be lower if the Group were forced to sell as a result of discontinuation.

The Directors believe it is appropriate to prepare the financial statements of the Group on a going concern basis based upon existing cash resources, the forecasts described above, the extension of the life of the Company and the Directors' assessment of the Group's committed banking facilities and expected continuing compliance with related covenants.

Notes to the Consolidated Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

New and amended standards and interpretations adopted by the Group

The following amendments to existing standards and interpretations were effective for the year, but either they were not applicable to or did not have a material impact on the Group:

		Effective dates
IFRS 10	Consolidated financial statements	01 January 2014
IFRS 11	Joint arrangements	01 January 2014
IFRS 12	Disclosure of interests in other entities	01 January 2014
IAS 27	Separate financial statements	01 January 2014
IAS 28	Investments in associates and joint ventures	01 January 2014
IAS 32	Financial instruments: presentation – offsetting financial assets and financial liabilities (Amendments)	01 January 2014
IAS 36	Impairment of assets – recoverable amount disclosures for non-financial assets (Amendments)	01 January 2014
IAS 39	Financial instruments: recognition and measurement – novation of derivatives and continuation of hedge accounting (Amendments)	01 January 2014
IFRIC 21	Levies	01 January 2014
IFRS 10, IFRS 12 & IAS 27	Amendments in respect of investment entities	01 January 2014
Various	Annual improvements to IFRSs 2010 – 2012 cycle	01 July 2014
Various	Annual improvements to IFRSs 2011 – 2013 cycle	01 July 2014
IAS 19	Employee benefits – defined benefit plans: employee contributions (Amendments)	01 July 2014

New and amended standards and interpretations not applied

The following new and amended standards and interpretations in issue are applicable to the Group but are not yet effective and have not been adopted by the European Union and therefore have not been adopted by the Group:

		Effective dates no earlier than
IFRS 9	Financial instruments	1 January 2018
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2018

The Directors anticipate that with the exception of IFRS 9, the precise impact of which is yet to be analysed, the adoption of these standards and interpretations in the period of initial application will not have a material impact on the financial statements of the Group.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all special-purpose vehicles controlled by the Company (its subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Certain of the Company's subsidiaries have non-coterminous year-ends. These companies are consolidated on the basis of actual transactions occurring within the financial year.

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

Segment 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. This segment includes residential and commercial property and property-related ventures primarily in Macau. Please refer to Note 5 for segment reporting.

Notes to the Consolidated Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

Foreign currency translation

a) *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 Group's 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 consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 statement of financial position are presented at the closing rate at the date of that statement of financial position;
ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
iii) All resulting exchange differences are recognised as a separate component of other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

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

Subsequent expenditure is capitalised 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 consolidated statement of comprehensive income during the financial period in which they are incurred.

After initial recognition, investment property is carried at fair value.

Fair value measurements

The Group measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

Notes to the Consolidated Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

Fair value measurements (continued)

The Group must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

Level 1 — inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date;
Level 2 — inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices); and
Level 3 — inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value of investment properties
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 who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value, if the fair value is considered to be reliably measurable. Changes in fair values are recorded in the consolidated statement of comprehensive income.

Fair value of interest rate swaps
The Group's derivative financial instruments are financial assets and liabilities at fair value through profit and loss.

Financial instruments classified at fair value through profit or loss are recognised on trade date, which is the date on which the Group commits to purchase the asset or assume the liability and are carried at fair value and presented as financial assets or liabilities at fair value through profit or loss. Related realised and unrealised gains and losses are included in net gains/(losses) on financial assets/liabilities at fair value through profit or loss.

Fair value is calculated through the use of discounted cash flows based on the contracted interest rates.

Inventories

Properties and land that are being held or developed for future sale are classified as inventories. In the opinion of the Board, inventories are held with a view to short term sale in the ordinary course of business. 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.

Borrowing costs

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property or inventory are capitalised as part of the cost. Borrowing costs are capitalised while the acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development is suspended. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest capitalised is calculated using the Group's weighted average cost of borrowing after adjusting for borrowing associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising from their temporary investment.

Notes to the Consolidated Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

Impairment

Financial assets

A financial asset is carried at fair value through profit or loss if it falls within the scope of IAS 39. A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Losses are recognised in the consolidated statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Leases

Leases in which the Group does not transfer substantially all the risks and benefits of ownership to a lessee are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the term of the lease on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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 consolidated statement of comprehensive income. 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 consolidated statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and on hand and demand deposits with an original maturity of three months or less 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. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Deposits with lenders are excluded and not considered cash and cash equivalents.

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

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 is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Notes to the Consolidated Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. On disposal of a property that is held by a single-asset subsidiary and when disposal is achieved through the sale of such subsidiary and where it is judged as an asset disposal, the proceeds from disposal thereof are recognised in income and net assets disposed of, excluding long term debt, are recognised in cost of sales in expenses. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Sale of property under development

Where property is under development and an agreement has been reached to sell such property when construction is complete, and where the Directors determine the pre-sale to constitute the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down and are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

Finance income and expenses

Interest income is recognised using the effective interest rate method in the consolidated statement of comprehensive income.

Finance costs comprise interest expense on borrowings. Interest expense is recognised using the effective interest rate method in the consolidated statement of comprehensive income.

Distributable reserves

Distributable reserves consist of share premium and are part of the Group's reserve account that may be legally paid out in the form of a dividend. Payments to shareholders from reserves can be seen as a distribution of capital, rather than accumulated profit.

Foreign currency translation reserve

Foreign currency differences arising on translation of foreign operations into the Group's presentation currency are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income.

As a result of the conclusions of the IFRS Interpretations Committee in its July 2014 meeting relating to deferred taxation for a single asset held by a corporate wrapper, the Group has recognised the deferred tax liability for the taxable temporary timing difference relating to the investment property carried at fair value.

Notes to the Consolidated Financial Statements (Continued)

2. Financial risk management, policies and objectives

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 provides 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

Market risk is the risk that the fair value of future cash flows of a financial instrument 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, equity price risk and cash flow and fair value interest rate risk as detailed below.

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

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur and changes in some of the factors may be correlated, for example, changes in interest rate and changes in foreign currency rates.

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 tables on the right summarise the Group's exposure to foreign currency risk as at 30 June 2015 and 30 June 2014. The Group's financial assets and liabilities are included in the table, categorised by their currency at their carrying amount in US$'000. In the current economic climate, management's assessment of a reasonable possible change in foreign exchange rates would be up to a 1% increase/decrease for HK$/US$, due to the HK$ being pegged to the US$, and up to a 10% increase/decrease for all other currencies.

The table on the right presents financial assets and liabilities denominated in foreign currencies held by the Group as at 30 June 2015 and 30 June 2014 and can be used to monitor foreign currency risk as at that date.

At 30 June 2015, if Sterling weakened/strengthened by 10% against the US Dollar with all other variables held constant, the post-tax loss for the year and movement in foreign currency translation reserve would have been US$32,000 higher/lower (2014: US$9,000 lower/higher). Any movement would have no other effect on the remaining equity components of the Group. The HK Dollar is pegged to the US Dollar with the Hong Kong Monetary Authority pledging to keep the exchange rate within a trading band of 5 Hong Kong cents either side of HK$7.80 per dollar. If the HK Dollar weakened/strengthened by 1% against the US Dollar with all other variables held constant, the post-tax loss for the year and movement in foreign currency translation reserve would have been US$1,329,000 higher/lower (2014: US$831,000 higher/lower). Any movement would have no other effect on the remaining equity components of the Group.

The Macanese Patacas 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, a 10% change in rate would not have a significant effect on the consolidated financial statements.

Movements in other currencies would not have a significant impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

2. Financial risk management, policies and objectives (continued)

Market risk (continued)

a) Foreign exchange risk (continued)

As at 30 June 2015	US$'000	£'000	HK$'000	Other currencies '000	Total US$'000
Trade and other receivables (excluding prepayments)	-	-	3,190	111	3,301
Cash and cash equivalents	1	41	28,511	196	28,749
Deposits with lenders	-	-	2,650	-	2,650
Financial assets at fair value through profit or loss	-	-	174	-	174
Total financial assets	**1**	**41**	**34,525**	**307**	**34,874**
Trade and other payables	-	362	59	1,352	1,773
Interest-bearing loans	-	-	166,770	-	166,770
Financial liabilities at fair value through profit or loss	-	-	569	-	569
Total financial liabilities	**-**	**362**	**167,398**	**1,352**	**169,112**
Net financial position	**1**	**(321)**	**(132,873)**	**(1,045)**	**(134,238)**

As at 30 June 2014	US$'000	£'000	HK$'000	Other currencies '000	Total US$'000
Trade and other receivables (excluding prepayments)	-	-	6,459	112	6,571
Cash and cash equivalents	2	86	42,889	551	43,528
Deposits with lenders	-	-	2,656	-	2,656
Financial assets at fair value through profit or loss	-	-	315	-	315
Total financial assets	2	86	52,319	663	53,070
Trade and other payables	506	-	45	3,688	4,239
Interest-bearing loans	-	-	128,952	-	128,952
Financial liabilities at fair value through profit or loss	-	-	975	-	975
Deposits on property presales	-	-	5,451	-	5,451
Performance fee payable	23,964	-	-	-	23,964
Total financial liabilities	24,470	-	135,423	3,688	163,581
Net financial position	(24,468)	86	(83,104)	(3,025)	(110,511)

Notes to the Consolidated Financial Statements (Continued)

2. Financial risk management, policies and objectives (continued)
Market risk (continued)

b) Cash flow and fair value interest rate risk
The Group is exposed to fair value interest rate risk with regards to its interest rate swaps through the variability of the valuation of the interest rate swaps caused by changes in the market expectations about future interest rates and other variables.

Under the terms of the swap contracts, if the swap rates were to increase/decrease by 1% with all other variables held constant, this would result in the post tax profit being US$968,000 higher/US$1,046,000 lower (2014: US$2,124,000 higher/US$1,747,000 lower). Any movement would have no other effect on the remaining equity components of the Group.

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 and mitigated through the use of interest rate swaps (see Note 20). The Group's overall positions and exposures are monitored on a quarterly basis by the Board of Directors.

If interest rates had been 1% higher and all other variables were held constant, the Group's loss for the year would have increased by US$1,354,000 (2014: US$763,000) (based on the interest bearing net financial liability per the table on the right). This is mainly due to the Group's exposure to interest-bearing loans. The majority of loans are hedged, see details on the next page.

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

Macau Property Opportunities Fund Limited

Notes to the Consolidated Financial Statements (Continued)

2. Financial risk management, policies and objectives (continued)
Market risk (continued)
b) Cash flow and fair value interest rate risk (continued)

As at 30 June 2015	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Trade and other receivables (excluding prepayments)	-	3,301	3,301
Cash and cash equivalents	28,749	-	28,749
Deposits with lenders	2,650	-	2,650
Financial assets at fair value through profit or loss	-	174	174
Total financial assets	**31,399**	**3,475**	**34,874**
Trade and other payables	-	1,773	1,773
Interest-bearing loans	166,770	-	166,770
Financial liabilities at fair value through profit or loss	-	569	569
Total financial liabilities	**166,770**	**2,342**	**169,112**

As at 30 June 2014	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Trade and other receivables (excluding prepayments)	6,452	119	6,571
Cash and cash equivalents	43,528	-	43,528
Deposits with lenders	2,656	-	2,656
Financial assets at fair value through profit or loss	-	315	315
Total financial assets	52,636	434	53,070
Trade and other payables	-	4,239	4,239
Interest-bearing loans	128,952	-	128,952
Financial liabilities at fair value through profit or loss	-	975	975
Deposits on property pre-sales	-	5,451	5,451
Performance fee payable	-	23,964	23,964
Total financial liabilities	128,952	34,629	163,581

The Group has entered into various interest rate swaps as disclosed in Note 20.

Notes to the Consolidated Financial Statements (Continued)

2. Financial risk management, policies and objectives (continued)

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 exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions.

The Group's main exposure to credit risk is its balances with banks. This risk is mitigated through using banks with a high credit rating.

The Group's deposits, including deposits with lenders, are split by banks with the following ratings from Fitch and Moody's Ratings:

Credit Rating	2015 US$'000	2014 US$'000
AA	**-**	-
AA-	**2,679**	2,707
A+	**28**	22,232
A	**17**	14,550
A-	**22,617**	3,610
BBB+	**6,058**	3,085
	31,399	46,184

The Group is exposed to loss of rental income and increase in costs, such as legal fees, if tenants fail to meet their payment obligations under their leases. The Group seeks to mitigate default risk by diversifying its tenant base and requiring deposits or guarantees from banks or parent companies where there is a perceived credit risk or in accordance with prevailing market practice.

All of the Group's major tenants have met their rental requirements within the terms of arrangement. No material receivables have not been impaired which are past due.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

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 liabilities and property development expenditure.

Of the Group's total exposure to banks of US$31,399,000 (2014: US$46,184,000), deposits amounting to US$2,650,000 (2014: US$2,656,000) have been pledged to secure banking facilities, of which US$1,941,000 (2014: US$2,656,000) relates to long-term banking facilities, and are, therefore, classified as non-current assets. Pledged bank balances represent deposits pledged to the banks to secure the banking facilities granted to the Group.

The Group has term loan facilities with Hang Seng Bank, Industrial and Commercial Bank of China, and Banco Tai Fung for its investments in *The Waterside*, individual units in One Central Residences, *Estrada da Penha*, and *The Fountainside*. The Group's liquidity position is monitored by the Manager and is reviewed quarterly by the Board of Directors. Please refer to Note 8 for details of the facilities.

The table on the right analyses the Group's financial assets and liabilities into relevant maturity profiles based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual discounted cash flows.

Notes to the Consolidated Financial Statements (Continued)

2. Financial risk management, policies and objectives (continued)

Liquidity risk (continued)

As at 30 June 2015	On demand US$'000	Less than 3 months US$'000	3 to 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Trade and other receivables (excluding prepayments)	-	3,183	7	111	-	-	3,301
Cash and cash equivalents	28,749	-	-	-	-	-	28,749
Deposits with lenders	-	-	709	-	1,941	-	2,650
Financial assets at fair value through profit or loss	-	-	-	47	127	-	174
Total financial assets	28,749	3,183	716	158	2,068	-	34,874
Trade and other payables	-	821	952	-	-	-	1,773
Interest-bearing loans	-	5,287	18,186	29,555	75,398	38,401	166,827
Financial liabilities at fair value through profit or loss	-	258	311	-	-	-	569
Total financial liabilities	-	6,366	19,449	29,555	75,398	38,401	169,169
Net financial position	**28,749**	**(3,183)**	**(18,733)**	**(29,397)**	**(73,330)**	**(38,401)**	**(134,295)**

As at 30 June 2014	On demand US$'000	Less than 3 months US$'000	3 to 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Trade and other receivables (excluding prepayments)	-	6,452	7	112	-	-	6,571
Cash and cash equivalents	43,528	-	-	-	-	-	43,528
Deposits with lenders	-	-	-	-	2,656	-	2,656
Financial assets at fair value through profit or loss	-	-	-	-	315	-	315
Total financial assets	43,528	6,452	7	112	2,971	-	53,070
Trade and other payables	-	512	3,727	-	-	-	4,239
Interest-bearing loans	-	781	2,651	33,359	49,164	57,241	143,196
Financial liabilities at fair value through profit or loss	-	-	975	-	-	-	975
Deposits on property pre-sales	-	-	5,451	-	-	-	5,451
Performance fee payable	-	23,964	-	-	-	-	23,964
Total financial liabilities	-	25,257	12,804	33,359	49,164	57,241	177,825
Net financial position	43,528	(18,805)	(12,797)	(33,247)	(46,193)	(57,241)	(124,755)

Notes to the Consolidated Financial Statements (Continued)

2. Financial risk management, policies and objectives (continued)

Fair value hierarchy

Financial investments measured at fair value

IFRS 13 requires disclosure of fair value measurements by level as discussed in Note 1.

The Group's interest rate swaps have been classified within level 2 which makes use of a model with inputs that are directly or indirectly observable market data. The following table presents the value carried on the consolidated statement of financial position by level within the valuation hierarchy as at 30 June 2015:

	As at 30 June 2015 US$'000	As at 30 June 2014 US$'000
Non-current assets	174	315
Current liabilities	(569)	(975)
Net interest rate swap liabilities	(395)	(660)

The fair value of the interest rate swaps is determined from proprietary models based upon recognised financial principles and reasonable estimates about relevant future market conditions. The inputs used in fair valuing the interest rate swaps are swap rates, date convention, calculation periods, transactional costs and other costs. There have been no changes in the valuation technique during the year. The interest rate swaps have been fair valued at each reporting period. There have been no transfers between levels.

As stated above, movements in the significant unobservable inputs upon which the fair value is calculated, would have an effect on the overall fair market value of the interest rate swaps. The Board believes that a reasonable sensitivity range expected in each input would be a flat movement of +/- 1%.

For all assets and liabilities, other than those recognised at fair value or whose fair value is disclosed within these financial statements, carrying value of the asset/liability is an approximation of their fair value.

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 2015, there were no borrowings other than the Group loan facilities in place which are classified as interest bearing loans in the consolidated statement of financial position.

Discount management policy

The Board's intention is to apply an active discount management policy, buying back shares if there is a significant discount of share price to Adjusted Net Asset Value ("Adjusted NAV") for a sustained period of time. During the year, the Company has purchased 3,881,036 (2014: 8,585,000) Ordinary Shares at a weighted average price of 237.75p (2014: 201.89p) as per Note 12. All of the shares bought back were cancelled.

Shares which are bought back by the Company may either be cancelled or held in treasury and subsequently re-issued. Pursuant to the Companies (Guernsey) Law, the number of shares of any class held as treasury shares must not at any time exceed 10% of the total number of issued shares of that class at that time. The authority to buy back up to 14.99% per annum of shares in issue is renewed at each Annual General Meeting of the Company by special resolution.

The Board remains committed to an active discount management policy.

Notes to the Consolidated Financial Statements (Continued)

3. Critical accounting estimates, assumptions and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the 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. The most significant assumptions (as described further in Note 6), relate to estimating costs to complete property under development, future income streams and discount rates applicable to these estimates. The valuation has been made on the assumption that the owner sells the properties in the open market without a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the properties.

b) Inventory is stated at the lower of cost and net realisable value ("NRV"). NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions. NRV in respect of inventory property under construction (see Note 7) is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

The Group did not make any critical accounting judgements, other than as described above, in the year ended 30 June 2015 or the year ended 30 June 2014.

4. Subsidiaries

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

Macau (Site 1) Limited	MPOF Macau (Site 2) Limited
Macau (Site 4) Limited	MPOF Macau (Site 5) Limited
MPOF Macau (Site 6) Limited	Macau (Site 7) Limited
Macau (Site 8) Limited	Macau (Site 9) Limited
Macau (Site 10) Limited	The Fountainside Company Limited
The Waterside Company Limited	Castelo Branco Companhia Limitada
Braga Companhia Limitada	Vila Real Companhia Limitada
Portalegre Companhia Limitada	

During the current year, the following Hong Kong companies: Top Century Properties Limited; Windex Properties Limited; Excelsior Properties Limited and World Pacific Properties Limited were liquidated. The following BVI companies: Lucky Go International Limited; Right Year International Limited; Magic Bright International Limited and Swift Link Limited were liquidated after their underlying properties were disposed of. Please refer to Note 7 for further details of inventories disposed of during the year.

Notes to the Consolidated Financial Statements (Continued)

4. Subsidiaries (continued)

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

	Ownership	Incorporation		Ownership	Incorporation
Macau (Site 1) Limited	100%	Macau	MPOF (8B) Limited	100%	Guernsey
MPOF Macau (Site 2) Limited	100%	Macau	MPOF (9A) Limited	100%	Guernsey
Macau (Site 4) Limited	100%	Macau	MPOF (9B) Limited	100%	Guernsey
MPOF Macau (Site 5) Limited	100%	Macau	MPOF (10A) Limited	100%	Guernsey
MPOF Macau (Site 6) Limited	100%	Macau	MPOF (10B) Limited	100%	Guernsey
Macau (Site 7) Limited	100%	Macau	MPOF Mainland Company 1 Limited	100%	Barbados
Macau (Site 8) Limited	100%	Macau	Bream Limited	100%	Guernsey
Macau (Site 9) Limited	100%	Macau	Cannonball Limited	100%	Guernsey
Macau (Site 10) Limited	100%	Macau	Civet Limited	100%	Guernsey
The Waterside Company Limited	100%	Macau	Gainsun Investments Limited	100%	BVI
Braga Companhia Limitada	100%	Macau	Gorey Hills International Limited	100%	BVI
Portalegre Companhia Limitada	100%	Macau	Hillsleigh Holdings Limited	100%	BVI
The Fountainside Company Limited	100%	Macau	Jin Mei International Limited	100%	BVI
Castelo Branco Companhia Limitada	100%	Macau	Mega League Investments Limited	100%	BVI
Vila Real Companhia Limitada	100%	Macau	Multi Gold International Limited	100%	BVI
MPOF (Penha) Limited	100%	Guernsey	Poly Advance Management Limited	100%	BVI
MPOF (Taipa) Limited	100%	Guernsey	Smooth Run Group Limited	100%	BVI
MPOF (Jose) Limited	100%	Guernsey	Worthy Way Limited	100%	BVI
MPOF (Sun) Limited	100%	Guernsey	China City Properties Limited	100%	Hong Kong
MPOF (Monte) Limited	100%	Guernsey	East Base Properties Limited	100%	Hong Kong
MPOF (Paulo) Limited	100%	Guernsey	Eastway Properties Limited	100%	Hong Kong
MPOF (Guia) Limited	100%	Guernsey	Elite Gain Limited	100%	Hong Kong
MPOF (Antonio) Limited	100%	Guernsey	Glory Properties Limited	100%	Hong Kong
MPOF (6A) Limited	100%	Guernsey	Goldex Properties Limited	100%	Hong Kong
MPOF (6B) Limited	100%	Guernsey	Honway Properties Limited	100%	Hong Kong
MPOF (7A) Limited	100%	Guernsey	New Perfect Properties Limited	100%	Hong Kong
MPOF (7B) Limited	100%	Guernsey	Pacific Asia Properties Limited	100%	Hong Kong
MPOF (8A) Limited	100%	Guernsey	Weltex Properties Limited	100%	Hong Kong

5. Segment reporting

The chief operating decision maker (the "CODM") in relation to Macau Property Opportunities Fund Limited is deemed to be the Board itself. The factors used to identify the Group's reportable segments are centred on asset class, differences in geographical area and differences in regulatory environment. Further, foreign exchange and political risk is identified, as these also determine where resources are allocated.

Based on the above and a review of information provided to the Board, it has been concluded that the Group is currently organised into one reportable segment based on the geographical sector, Macau.

This segment includes residential, commercial and mixed-use properties. Furthermore, there are multiple individual properties that are held within each property type. However, the CODM considers on a regular basis the operating results and resource allocation of the aggregated position of all property types as a whole as part of their on-going performance review, this is supported by a further breakdown of individual property groups only to help support their review and investment appraisal objectives.

Information about major customers

The Group does not have any customers or rental agreements which each represent more than 10% of Group revenues. Revenues represented by rental income were US$4,311,000 for the year ended 30 June 2015 (2014: US$5,052,000).

Macau Property Opportunities Fund Limited

Notes to the Consolidated Financial Statements (Continued)

6. Investment property

	2015 US$'000	2014 US$'000
At the beginning of the year	**306,575**	266,498
Capital expenditure on property*	**(631)**	3,604
Proceeds from disposals	**-**	(64,651)
Fair value gain on disposal of investment property	**-**	17,251
Fair value adjustment	**(62,048)**	83,645
Exchange difference	**(86)**	228
Balance at end of the year	**243,810**	306,575

* Stamp duty expenditure relating to the purchase of *The Waterside* had been capitalised in the prior year. During the current year, the stamp duty was settled at an amount equal to US$734,000 less than estimated initially. This amount has been removed from the asset cost as at 30 June 2015. See Note 25 for further detail.

Valuation gains and losses from investment property are recognised in profit and loss for the period and are attributable to changes in unrealised gains or losses relating to investment property (completed and under construction) held at the end of the reporting period.

The valuation process is initiated by the Investment Adviser who appoints a suitably qualified valuer to conduct the valuation of the investment property. The results are overseen by the Investment Adviser. Once satisfied with the valuations based on their expectations, the Investment Adviser reports the results to the Board. The Board review the latest valuation based on their knowledge of the property market and compare these to previous valuations. The Group's investment properties were revalued at 30 June 2015 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, with the assumptions that:

- The owner sells the property in the open market without any arrangement which could serve to affect the value of the property.
- The property is held for investment purposes.
- The property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

The fair value of investment property is determined by Savills (Macau) Limited using recognised valuation techniques. The technique deployed was the Income Capitalisation Method. The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the reporting date.

Capital expenditure on property during the year relates to fit out costs for *The Waterside* less the over-provision of stamp duty on *The Waterside* made in the prior year.

Rental income arising from *The Waterside* of US$4,311,000 (2014: US$4,957,000) was received during the year. Direct operating expenses of US$1,400,000 (2014: US$939,000) arising from *The Waterside* that generated rental income were incurred during the year. Direct operating expenses during the year arising from vacant units totalled US$159,000 (2014: US$58,000).

There are no disposals of investment property during the year. In the prior year, the Group disposed of *APAC Logistics Centre* and *Cove Residence* properties in Zhuhai, China, for a total consideration of RMB392 million (US$64.7 million). The net profit from the disposal amounting to US$29 million was distributed by way of a return of capital in April 2014.

The following table shows the assumptions used in valuing the investment property which is classified as Level 3 in the fair value hierarchy:

	Property information	Carrying amount/ fair value as at 30 Jun 2015 US$'000	Valuation technique	Input	Unobservable and observable inputs used in determination of fair values	Other key information
Name	*The Waterside*	243,810	Term and Reversion Analysis	Term rent	HK$27.8 psf	Age of building
Type	Residential/ Completed apartments			Term yield (exclusive of management fee and furniture)	1.80%	Remaining useful life of building
Location	One Central Tower 6 Macau			Reversionary rent (exclusive of management fee and furniture)	HK$25.8 psf	
				Reversionary yield (exclusive of management fee and furniture)	2.30%	

Notes to the Consolidated Financial Statements (Continued)

6. Investment property (continued)

The fair value of *The Waterside* is determined using the income approach, more specifically a term and reversion analysis, where a property's fair value is estimated based on the rent receivable and normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. The difference between gross and net rental income includes the same expense categories as those for the discounted cash flow method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over and under-rent situations are separately capitalised (discounted).

If the estimated reversionary rent increased/decreased by 5% (and all other assumptions remained the same), the fair value of *The Waterside* would increase by US$12 million or decrease by US$12 million.

If the term, revisionary yield or discount rate increased/decreased by 5% (and all other assumptions remained the same), the fair value of *The Waterside* would decrease by US$12 million or increase by US$13 million.

The Waterside is currently valued at highest and best use. There is no extra evidence available to suggest that it has an alternative use that would provide a greater fair value measurement.

Financial investments measured at fair value
IFRS 13 requires disclosure of fair value measurements by level as discussed in Note 1.

There have been no transfers between levels during the period or a change in valuation technique since last period.

7. Inventories

	2015 US$'000	2014 US$'000
Cost		
Balance brought forward	**54,351**	64,768
Additions	**23,955**	4,520
Disposals	**(11,004)**	(14,977)
Exchange difference	**(14)**	40
Balance carried forward	**67,288**	54,351

During the year, the Group purchased a luxury private house located in Macau's Penha Hill neighbourhood for a total acquisition cost of HK$182,320,000 (US$23,500,000) (inclusive of stamp duty and all other fees and expenses). The acquisition is complementary to the Group's portfolio given that the property adjoins the Group's existing property *The Green House*. *The Green House* together with this newly acquired property is now named as *Estrāda da Penha*.

Additions also include capital expenditure, development costs and capitalisation of financing costs.

Interest costs of US$225,000 (2014: US$374,000) relating to *The Fountainside* loan facility were capitalised during the year.

Under IFRS, inventories are valued at the lower of cost and net realisable value. The carrying amounts for inventories as at 30 June 2015 amounts to US$67,288,000 (2014: US$54,351,000). Net Realisable Value as at 30 June 2015 as determined by independent, professionally-qualified valuer, Savills (Macau) Limited, was US$217,655,000 (2014: US$226,966,000).

27 units and 5 car parking spaces of *The Fountainside* (2014: six individual units in One Central Residences) were sold during the year for a total consideration of US$27.9 million (HK$216.4 million) (2014: US$24.6 million (HK$191.1 million)) against a total cost of US$11.0 million (HK$85.6 million) (2014: US$15.0 million (HK$116.2 million)) which resulted in a net profit of US$16.9 million (HK$130.8 million) (2014: US$9.7 million (HK$74.9 million)) after all associated fees and transaction costs. These disposals were completed on various dates after the occupancy permit was issued on 10 February 2015.

Macau Property Opportunities Fund Limited

Notes to the Consolidated Financial Statements (Continued)

8. Interest-bearing loans

	2015 US$'000	2014 US$'000
Bank loans - Secured		
- Current portion	**19,194**	-
- Non-current portion	**147,576**	128,952
	166,770	128,952

The Group has a term loan facility with Hang Seng Bank for *The Waterside* and the individual One Central Residences units. On 4 September 2014, a new tranche was executed for HK$100 million (US$13 million) (Tranche 4) to top up the loan facility.

As at 30 June 2015, four tranches remained outstanding. Tranche 1 had an outstanding balance of HK$79.4 million (US$10.2 million) (2014: HK$79.4 million (US$10.2 million)); Tranche 3 had an outstanding balance of HK$750 million (US$96.7 million) (2014: HK$ 750 million (US$96.7 million)); and Tranche 4 had an outstanding balance of HK$100 million (US$12.9 million) (2014: HK$ Nil (US$ Nil)). Interest is paid quarterly on this loan facility. As at 30 June 2015, the loan-to-value ratio for the Hang Seng One Central facility was 46.28%.

The interest rates applicable to Tranche 1, Tranche 3 and Tranche 4 of the term loan are 1.6% per annum, 2.25% per annum and 2.35% per annum, respectively, over the one, two or three-month HIBOR rate. The choice of rate is at the Group's discretion. Tranche 1 matures on 25 November 2015 whereas Tranche 3 and Tranche 4 mature on 19 September 2020. The principal is to be repaid in half-yearly instalments commencing 19 September 2015 with 40% of the principal due upon maturity. The loan-to-value covenant is 60%. The facility is secured by means of a first registered legal mortgage over *The Waterside* and the individual residential units owned by the Group at One Central Residences as well as a pledge of all income from the units. The Company is the guarantor for the credit facility. In addition, the Group is required to maintain a cash reserve equal to six months' interest with the lender. Early prepayment covenant for sales proceeds out of the individual One Central Residence units will be waived, subject to the Group maintaining a loan-to-value ratio of not more than 50% on the facility.

During the current year, the Group executed a loan facility with the Industrial and Commercial Bank of China (Macau) Limited to refinance the credit facility with OCBC Wing Hang Limited (Macau) (previously known as Banco Weng Hang S.A.) in relation to *The Fountainside* redevelopment project. The facility amount is HK$220 million (US$28.4 million) with a tenor of 3 years to mature in March 2018. Full amount of the facility was drawdown in March 2015 to repay the OCBC Wing Hang facility. Interest is charged at 3% per annum over the three-month HIBOR rate. The principal is to be repaid in half-yearly instalments commencing 12 months after drawdown date with 50% of the principal due upon maturity. The loan-to-value covenant is 60%. The facility is secured by means of a first registered legal mortgage over all unsold units and car parking spaces of *The Fountainside* as at the loan facility date as well as a pledge of all income from the units and the car parking spaces. The Company is the guarantor for the credit facility. As a result of the refinancing, all units presold with a total value of HK$202.6 million (US$26.1 million) pledged as collateral were released.

As at 30 June 2015, the facility had an outstanding balance of HK$214.4 million (US$27.7 million) (2014: HK$100 million (US$12.9 million)). Sales proceeds of US$0.3 million (2014: US$1.3 million) were pledged with the lender. As at 30 June 2015, the loan-to-value ratio for *The Fountainside* facility was 49.33%.

The Group has two loan facilities for the purchase and redevelopment of *Estrāda da Penha*:

Banco Tai Fung
The loan facility with Banco Tai Fung has a term of 3 years and the facility amount is HK$70 million. Interest is charged at 3.2% per annum over the six-month HIBOR rate and repayment is due in full at maturity in June 2017. As at 30 June 2015, the facility had an outstanding balance of HK$70 million (US$9.0 million) (2014: HK$70 million (US$9.0 million)). This facility is secured by a first legal mortgage over the property as well as a pledge of all income from the property. The Group is the guarantor for this term loan. Interest is paid monthly on this loan facility. As at 30 June 2015, the loan-to-value ratio for this facility was 44.59%.

ICBC Macau
The loan facility with Industrial and Commercial Bank of China (Macau) Limited was executed on 11 December 2014. The term of the loan is 3 years and the facility amount is HK$79 million. Interest is charged at 3.2% per annum over the three-month HIBOR rate and repayment is due in full at maturity in December 2017. As at 30 June 2015, the facility had an outstanding balance of HK$79 million (US$10.2 million) (30 June 2014: HK$ Nil (US$ Nil)). This facility is secured by a first legal mortgage over the property as well as a pledge of all income from the property. The Group is the guarantor for this term loan. In addition, the Group is required to maintain a cash reserve equal to six months' interest with the lender. Interest is paid monthly on this loan facility. As at 30 June 2015, the loan-to-value ratio for this facility was 42.47%.

Bank loan interest paid during the year was US$4,126,000 (2014: US$3,148,000), including US$225,000 (2014: US$374,000) capitalised during the year (see Note 7).

Amortised loan arrangement fees for the year are disclosed in Note 14.

Notes to the Consolidated Financial Statements (Continued)

8. Interest-bearing loans (continued)

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

The estimated fair value of fixed interest-bearing loans is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity. As at 30 June 2015, the fair value of the interest-bearing loans was US$57,000 higher than their carrying value (2014: the fair value of the financial liabilities was US$27,000 higher than their carrying value).

The Company's interest-bearing loans have been classified within Level 2 of the fair value hierarchy (Note 1) as they have observable inputs from similar loans. There have been no transfers between levels during the period or a change in valuation technique since last period.

9. 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 £1,200 (US$1,914) (2014: £600 (US$942)).

The Group would only be exposed to Hong Kong profits tax if it is:

(i) not exempted under the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 (the "Ordinance") and it is;
(ii) treated as carrying on a trade or business in Hong Kong either on its own account or through any person as an agent.

No accrual has been made for Hong Kong profits tax as the Board believes that no such tax exposure exists at the end of the reporting year (2014: US$ Nil).

The Group is not subject to any income, withholding or capital gains taxes in the British Virgin Islands ("BVI"). No capital or stamp duties are levied in the BVI on the issue, transfer or redemption of Shares. As a result, no provision for BVI taxes has been made in the consolidated financial statements.

The Macanese SPVs are liable to Macau Property Tax in respect of their ownership of Macau properties. Taxation will be charged at the higher of 10% (2014: 10%) of any rent received or 6% (2014: 6%) of the official ratable rentable value. 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. Macau Complementary Taxes are generally levied on income and profits arising in or derived from commercial and/or industrial activities carried on in Macau. 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. 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.

The Board closely monitors and assesses the level of provisions for Macanese tax taking into consideration factors such as the Group structure.

The Group also has exposure to People's Republic of China taxation for its business operation in the People's Republic of China. The Board considers that the Group's exposure to People's Republic of China tax has been properly reflected in the Group's consolidated financial statements.

As at the year-end, the following amounts are the outstanding tax provisions.

	2015 US$'000	2014 US$'000
People's Republic of China tax authorities provision	**2,324**	2,323
Deferred taxation	**17,385**	24,838
Provisions for Macanese taxations	**2,600**	-
	22,309	27,161

Notes to the Consolidated Financial Statements (Continued)

9. Taxation (continued)

People's Republic of China tax authorities provision
As at 30 June 2015 due to the prior year disposal of the *APAC Logistics Centre* and *Cove Residences* in Zhuhai, China, the Group is in the process of submitting a tax return to the People's Republic of China tax authorities. The provision has arisen due to the profit on the disposal. The Group has received taxation advice as to the potential charge that may be imposed by the People's Republic of China tax authorities. As the outcome is uncertain as to the charge, the Group has taken the approach of taking the mean of the highest and lowest potential charge estimated. The provision relating to the tax is expected to be settled within one to two years.

Deferred taxation
The Group has recognised a deferred tax liability for the taxable temporary difference relating to the investment property carried at fair value.

Provisions for Macanese taxations
The Group has made provisions for property tax and complementary tax arisen from its Macau business operations.

Tax Reconciliation
No tax reconciliation has been presented because the Company is exempt from taxation in Guernsey (except as described above). The tax credit for the year of US$5,515,000 (2014: tax charge of US$8,242,000) comprised a deferred tax credit of US$7,453,000 arising from the reduction in the value of investment property offset by a provision for Macanese taxes of US$1,938,000 at a rate of 12%.

10. Trade and other receivables

Current assets	2015 US$'000	2014 US$'000
Trade receivables	3,189	7
Prepayments	897	943
	4,086	950

Other payables principally comprise amounts outstanding for operating expenses.

11. Trade and other payables

Current liabilities	2015 US$'000	2014 US$'000
Accruals	385	511
Other Payables	1,388	3,728
	1,773	4,239

Other payables principally comprise amounts outstanding for operating expenses.

12. Share capital

Ordinary Shares	2015 US$'000	2014 US$'000
Authorised:		
300 million Ordinary Shares of US$0.01 each	3,000	3,000
Issued and fully paid:		
77.5 million (2014: 81.4 million) Ordinary Shares of US$0.01 each	775	814

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

Ordinary Shares repurchases
During the year, under the authority first granted in the Extraordinary General Meeting of 28 June 2010 and renewed at each Annual General Meetings held since, the Company repurchased 3,881,036 (2014: 8,585,000) Ordinary Shares or 3.70% (2014: 8.18%) of the originally issued shares, totalling US$14,875,000 (2014: US$28,249,000) at an average share price of 237.75p (2014: 201.89p). All shares bought back under the buyback programme were at market value and were cancelled.

Notes to the Consolidated Financial Statements (Continued)

12. Share capital (continued)

The following table summarises all shares repurchased by the Company during the year and as at 30 June 2015:

	Number of shares	Repurchase Price per Share *
Total shares repurchased /average price at beginning of year	23,585,000	151.54
26 August 2014	555,000	250.00
28 August 2014	1,030,000	250.00
05 September 2014	450,000	250.00
18 September 2014	396,036	236.50
26 September 2014	137,500	230.09
01 October 2014	362,500	234.97
17 April 2015	500,000	218.00
06 May 2015	450,000	210.00
Total shares repurchased /average price during the current year	3,881,036	237.75
Total shares repurchased/average price at end of year	27,466,036	163.72

* Price in pence Sterling

After the year end, a further 1,101,000 shares were repurchased at an average price of 176.6p and cancelled.

The Board has publicly stated its commitment to undertake share buybacks at attractive levels of discount of the share price to Adjusted NAV. In order to continue this strategy, the Board intends to renew this authority at the 2015 Annual General Meeting.

13. General and administration expenses

General and administration expenses	2015 US$'000	2014 US$'000
Legal and professional	**372**	625
Holding Company administration	**344**	376
Guernsey SPV administration	**172**	188
British Virgin Islands, Hong Kong, & Macanese SPV administration	**99**	101
Insurance costs	**19**	18
Listing fees	**24**	17
Printing & postage	**54**	51
Other operating expenses	**406**	534
	1,490	1,910

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.

Notes to the Consolidated Financial Statements (Continued)

14. Other financing costs

Finance costs	2015 US$'000	2014 US$'000
Bank charges	**161**	12
Loan arrangement fees	**345**	530
	506	542

As at 30 June 2015, unamortised loan arrangement fees were US$807,000 (2014: US$754,000).

15. Property operating expenses

Property operating expenses	2015 US$'000	2014 US$'000
Property management fee	**693**	656
Property taxes	**677**	339
Utilities	**35**	27
Other property expenses	**282**	358
	1,687	1,380

16. Cash flows from operating activities

	2015 US$'000	2014 US$'000
Cash flows from operating activities		
(Loss)/Profit for the year before tax	**(58,042)**	73,317
Adjustments for:		
Net gain on valuation of interest rate swap	**(265)**	(95)
Net loss/(gain) from fair value adjustment on investment property	**62,048**	(83,645)
Fair value gain on disposal of investment property	**-**	(17,251)
Net finance costs	**5,440**	4,342
Operating cash flows before movements in working capital	**9,181**	(23,332)
Effects of foreign exchange rate changes	**(5)**	371
Movement in trade and other receivables	**(3,028)**	21
Movement in trade payables, provision and other payables	**(31,933)**	16,382
Movement in inventories	**(12,712)**	10,417
Net change in working capital	**(47,673)**	26,820
Net cash (used in)/from in operating activities	**(38,497)**	3,859

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

Notes to the Consolidated Financial Statements (Continued)

17. Basic and diluted (loss)/profit per ordinary share and net asset value per share

The basic and diluted (loss)/profit per equivalent Ordinary Share is based on the loss attributable to equity-holders for the year of US$52,527,000 (2014: profit of US$65,075,000) and on the 78,862,869 (2014: 85,525,452) weighted average number of Ordinary Shares in issue during the year.

	30 June 15			30 June 14		
	Loss Attributable US$'000	Weighted Average no. of Shares '000s	EPS US$	Profit Attributable US$'000	Weighted Average no. of Shares '000s	EPS US$
Basic and diluted	(52,527)	78,863	(0.6661)	65,075	85,525	0.7609

Net asset value reconciliation	2015 US$'000	2014 US$'000
Net assets attributable to ordinary shareholders	**155,447**	222,854
Uplift of inventories held at cost to market value	**152,565**	174,909
Adjusted Net Asset Value	**308,012**	397,763
Number of Ordinary Shares Outstanding ('000)	**77,534**	81,415
NAV per share (IFRS) (US$)	**2.00**	2.74
Adjusted NAV per share (US$)	**3.97**	4.89
Adjusted NAV per share (£)*	**2.53**	2.86

The NAV per share is arrived at by dividing the net assets as at the date of the consolidated statement of financial position, by the number of Ordinary Shares in issue at that date.

Under IFRS, inventories are carried at the lower of cost and net realisable value. The Adjusted NAV includes the uplift of inventories to their market values.

The Adjusted NAV per share is arrived at by dividing the Adjusted Net Asset Value as at the date of the consolidated statement of financial position, by the number of Ordinary Shares in issue at that date.

There are no potentially dilutive shares in issue.

* US$:GBP rate as at 30 June 2015 is 1.573 (2014: 1.7103).

18. Related party transactions

Directors of the Company are all Non-Executive and by way of remuneration receive only an annual fee which is denominated in Sterling.

	2015 US$'000	2014 US$'000
Directors' fees	**231**	247

The Directors are considered to be the key management personnel (as defined under IAS 24) of the Company. Director's fees outstanding as at 30 June 2015 were US$58,578 (2014: US$63,708).

Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Group and received fees during the year as detailed in the consolidated statement of comprehensive income and on the basis described in Note 19.

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 13.

No performance fee was accrued at the year end (30 June 2014: US$23,964,000). A performance fee of US$23,964,000 was paid during the year (30 June 2014: US$10,943,000).

The Group has a Development Management Services Agreement with a development management company named Headland Developments Limited ("Headland"). Headland is part-owned by Thomas Ashworth and therefore constitutes a related party of the Group. Development Management Services fees capitalised in investment property and inventories during the year are detailed in Note 19.

All intercompany loans and related interest are eliminated on consolidation.

Notes to the Consolidated Financial Statements (Continued)

19. 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 was appointed as Manager to the Group. 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. During the year, an amendment was made to the Investment Management Agreement relating to the definition of Net Asset Value on which the fee is calculated. The definition of Net Asset Value changed to include an 'add-back' of deferred taxation to the Adjusted Net Asset Value, subject to a claw-back provision, as the Directors are of the opinion that such a liability will not be payable by the Group in the future. Management fees paid for the year were US$8,117,000 (2014: US$8,080,000) with US$ Nil outstanding as at 30 June 2015 (2014: US$ Nil).

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 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 annum on a compounding basis up to the end of the relevant performance period (the "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% 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 the year ended 30 June 2015, no performance fee was accrued (2014: US$23,964,000) by the Group. During the year ended 30 June 2015, a performance fee of US$23,964,000 was paid (2014: US$10,943,000) by the Group. This performance fee is based on the basic performance hurdle.

The Manager's appointment as Investment Adviser 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.

Development Management Services Agreement

A Development Management Services Agreement dated 1 June 2010 was entered into between the Group and Headland Developments Limited ("Headland") under which Headland provides development management services to the Group in respect of the Group's properties that require development. Headland is paid a development management fee based on the hourly rates of its personnel and the actual time spent on each project for the Group, such hourly rates are reviewed annually by the Board. Budgeted development management fees are submitted to the Board for approval and are used to monitor against actual fees charged to the Group. Under certain circumstances, a fixed percentage fee cap based on construction value of the project may apply should the Board deem necessary.

The Group also agrees to reimburse Headland for any reimbursable expenses reasonably incurred in the performance of its duties under the agreement. Headland 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 Group.

During the year, Development Management Services fees of US$ Nil (HK$ Nil) (2014: US$280,000 (HK$2,169,000)) were capitalised in investment property and US$113,000 (HK$875,000) (2014: US$465,000 (HK$3,600,000)) were capitalised in inventories. As at 30 June 2015, US$ Nil (2014: US$28,504) was outstanding.

Notes to the Consolidated Financial Statements (Continued)

20. Interest rate swaps
During the year the Group paid net interest to the bank of US$1,035,000 (2014: US$1,031,000) as shown in financing expenses on the consolidated statement of comprehensive income.

The swaps are treated as financial liabilities and financial assets at fair value through profit or loss with a net year end value of US$395,000 (2014: US$660,000). For the year ended 30 June 2015, a fair value gain of US$265,000 (2014: US$95,000) arising from the net interest rate swaps has been recognised in the consolidated statement of comprehensive income.

There are no changes in the counterparty credit risk during the period.

Standard Chartered Bank
The Group has entered into five interest rate swaps with Standard Chartered Bank to mitigate risks associated with the variability of cash flows arising from interest rate fluctuations.

The total notional amount for the interest rate swaps is HK$500 million, being a notional amount of HK$100 million for each swap. The tenor of each swap is five years, with the earliest maturity date being 6 August 2015 and the latest being 20 May 2016.

Under these swaps, the Group receives quarterly interest at variable rates of three-month HIBOR and pays quarterly interest at fixed rates ranging from 1.395% to 2.09% per annum.

The Group has placed HK$5,500,000 (US$709,500) (2014: HK$10,725,000 (US$1,384,000)) with Standard Chartered Bank as a pledged deposit to secure the interest rate swap facilities.

Hang Seng Bank
The Group has also entered into an interest rate swap with Hang Seng Bank to mitigate risks associated with the variability of cash flows arising from interest rate fluctuations.

The notional amount for the interest rate swap is HK$250 million, the tenor of the swap is five years with maturity date of 19 March 2018. Under this swap, the Group receives quarterly interest at variable rates of three-month HIBOR and pays quarterly interest at fixed rate of 1% per annum.

21. Deposits with lenders
Pledged bank balances represents deposits pledged to the banks to secure the banking facilities and interest rate swaps granted to the Group. Deposits amounting to US$1.9 million (2014: US$2.7 million) have been pledged to secure long-term banking facilities and are, therefore, classified as non-current assets. There are no other significant terms and conditions associated with these pledged bank balances.

	2015 US$'000	2014 US$'000
Pledged for loan covenants	**1,941**	1,272
Pledged for interest rate swaps	**709**	1,384
	2,650	2,656

Notes to the Consolidated Financial Statements (Continued)

22. Commitments and contingencies
As at 30 June 2015, the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of inventories of US$ Nil (2014: US$ Nil).

23. Auditors' remuneration
All fees payable to the auditors relate to audit services and interim review fees except for US$4,850 that was paid to Ernst & Young Tax Services Limited in Hong Kong for tax advice in relation to the Zhuhai disposal (2014: US$12,000 was paid for advice in relation to the Foreign Account Tax Compliance Act (FATCA) to Ernst & Young LLP in Guernsey).

Audit fees were broken down as follows:

	2015 US$'000	2014 US$'000
Ernst & Young LLP Group audit	**90**	112
Ernst & Young LLP Group interim review (non-audit)	**27**	32
Non Ernst & Young LLP Subsidiary auditors' remuneration	**5**	18
	122	162

24. Operating leases – Group as lessor
The Group has entered into leases on its property portfolio.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2015 are as follows:

	2015 US$'000	2014 US$'000
Residential		
Within 1 year	**1,145**	2,394
After 1 year, but not more than 5 years	**-**	98
Total future rental income	**1,145**	2,492

The majority of leases involve tenancy agreements with a term of 12 months.

25. Provision

	2015 US$'000	2014 US$'000
Macau tax authorities provision	**-**	1,343
	-	1,343

In the prior year, a provision of US$1,343,000 was made for potential additional stamp duty and related costs due in relation to *The Waterside*. During the year ended 30 June 2015, an amount totalling US$609,000 (MOP4,860,000) was paid to the Macau tax authorities relating to this provision. The remaining provision of US$734,000 has been written back and reducing the cost of *The Waterside*, as it had been initially capitalised therein.

26. Subsequent events
After the year end, a further 1,101,000 shares were repurchased at an average price of 176.6p and cancelled.

There were no other significant events occurring after the reporting date of the Annual Report and Accounts for the year ended 30 June 2015.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Macau Property Opportunities Fund Limited is to be held at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey, on Friday, 13 November 2015 at 10.00am for the transaction of the following business:

Ordinary Business
The Company's Accounts, the Directors' Report and the Auditor's Report for the year ended 30 June 2015 will be laid before the meeting and the following resolutions will be proposed as ordinary resolutions:

1. To receive and adopt the audited accounts, the Directors' Report, and the Auditor's Report for the year ended 30 June 2015.
2. To approve the Directors' Remuneration Report for the year ended 30 June 2015.
3. To appoint Ernst & Young LLP, who have indicated their willingness to act, as auditors of the Company to hold office until the next Annual General Meeting.
4. To authorise the Directors to determine the remuneration of Ernst & Young LLP.
5. To note that David Hinde will retire as a Director of the Company in accordance with the Company's Articles of Incorporation and will not be seeking re-election.
6. To re-appoint Alan Clifton, who retires as a Director of the Company pursuant to the AIC Code.
7. To re-appoint Thomas Ashworth, who retires as a Director of the Company pursuant to the UKLA Listing Rules, in accordance with the Company's Articles of Incorporation.

Special Business
The following resolutions will be proposed as special resolutions:

8. THAT the Company in accordance with Section 315 of The Companies (Guernsey) Law, 2008 (as amended) (the "**Law**") be approved to make market purchases (as defined in Section 316 of the Law) of its own shares either for retention as treasury shares or for cancellation, provided that:

   i) the maximum number of shares authorised to be purchased is up to 14.99 percent of the shares in issue immediately following the passing of this resolution;

   ii) the minimum price which may be paid for a 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 percent of the average of the middle market quotations for a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and (b) either the higher of the price of the last independent trade and the highest current independent bid at the time of purchase;

   iv) subject to paragraph (v), such authority shall expire at the next Annual General Meeting of the Company unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting;

   v) notwithstanding paragraph (iv), the Company may make a contract to purchase 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.

Heritage International Fund Managers Limited
Company Secretary
23 September 2015
Heritage Hall, Le Marchant Street
St Peter Port, Guernsey

Notice of Annual General Meeting (Continued)

Notes to the Notice of the Annual 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. Pursuant to article 16.7 of the Company's Articles of Incorporation, a resolution put to the vote shall be decided on a show of hands or by a poll at the option of the Chairman.
3. 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, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 10.00am on Wednesday, 11 November 2015, 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.
4. The quorum for the Meeting is at least two shareholders present in person or by proxy.
5. Resolutions 1, 2, 3, 4, 5, 6 and 7 are proposed as ordinary resolutions and will be passed by a simple majority of the votes recorded, including, where there is a poll, any votes cast by proxy. Resolution 8 is proposed as an extraordinary resolution and will be passed by a majority of not less than three quarters of the votes recorded, including, where there is a poll, any votes cast by proxy.
6. 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 Wednesday, 11 November 2015 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.
7. 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 am and 12.00 noon on any business day for a period of 14 days before and ending 3 days after the Annual General Meeting. The Register of Directors' Interests shall be produced at the commencement of the Annual General Meeting and shall remain open and accessible during the continuance of the Annual General Meeting to any person attending such meeting.

Explanatory Note
Directors' remuneration report – resolution 2
It is a requirement of Listing Rule 9.8.6 R (7) that all quoted companies produce a board-approved report on directors' remuneration in respect of each financial year. This report is set out in the Annual Report and Accounts. An ordinary resolution will be put to shareholders seeking approval of the remuneration report.

Authority to buyback shares – resolution 8
This resolution renews the share buyback authority that was given by shareholders at the Annual General Meeting held on 12 November 2014. Resolution 8 gives the Directors authority to make market purchases of the Company's own shares, up to 14.99 percent of the Company's issued share capital (as at the time immediately following the passing of the resolution) and subject to minimum and maximum purchase prices. This authority will only be invoked if, after taking proper advice, the Directors consider that benefits will accrue to shareholders generally.

Directors & Company Information

Directors:
David Hinde (Chairman)
Thomas Ashworth
Alan Clifton
Wilfred Woo
Chris Russell

Audit Committee:
Alan Clifton (Chairman)
Wilfred Woo
Chris Russell

Management Engagement Committee:
David Hinde (Chairman)
Alan Clifton
Wilfred Woo
Chris Russell

Nomination & Remuneration Committee:
Alan Clifton (Chairman)
Thomas Ashworth
Wilfred Woo
Chris Russell
David Hinde

Manager:
Sniper Capital Limited
PO Box 957
Offshore Incorporations Centre
Road Town
British Virgin Islands

Investment Adviser:
Sniper Capital (Macau) Limited
918 Avenida da Amizade
14/F World Trade Centre
Macau

Public Relations:
MHP Communications
60 Great Portland Street
London W1W 7RT

Registered Office:
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PO Box 225
Le Marchant Street
St. Peter Port
Guernsey GY1 4HY

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Macau Property Opportunities Fund

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This Annual Report features the
work of Penang-based artist,
Ch'ng Kiah Kiean.