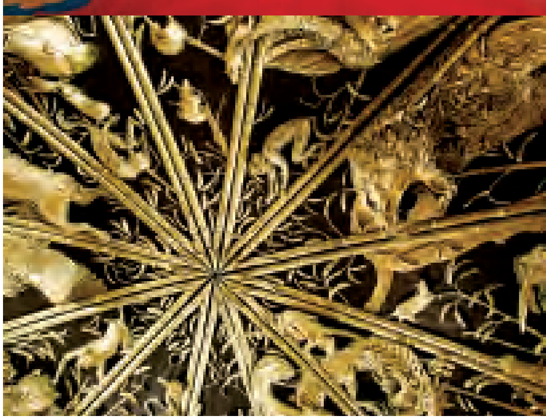
Macau Property Opportunities Fund

ANNUAL REPORT & ACCOUNTS
for the period ended 30 June

2008

Investing in Asia's most dynamic property market



Investing in growth

IN ONE OF THE RICHEST,
FASTEST DEVELOPING REGIONS IN THE WORLD

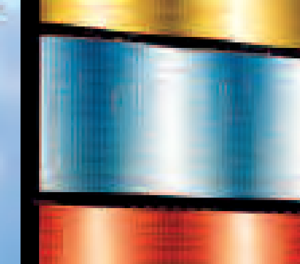
Macau Property Opportunities Fund has a single, focused aim: to generate attractive total returns from carefully selected property developments in Macau and China's Pearl River Delta.

The Company is a closed-end investment fund registered in Guernsey. Its shares are traded on AIM, which is operated by the London Stock Exchange.

Visitor arrivals +18% to

15 million

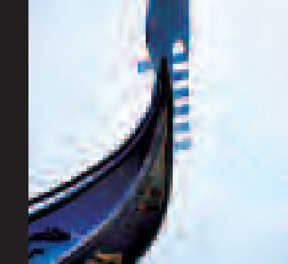
First half 2008 YoY



Gaming revenues +54% to

us$7.3 billion

First half 2008 YoY



A year of continued progress

FOR MACAU AND THE COMPANY

Retail sales +43% to

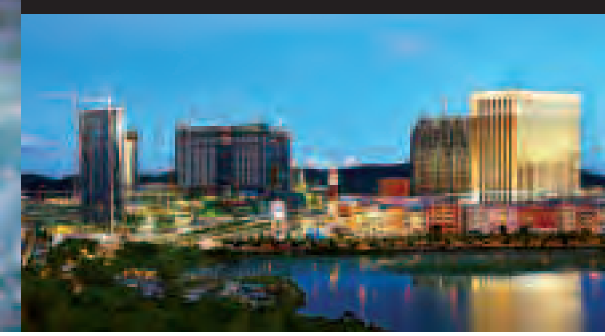
us$1.1 billion

First half 2008 YoY

Real GDP +26% to

us$9.5 billion

First half 2008 YoY



Total Adjusted NAV

us$296m

2007 us$233m

Increase since admission

+56%

2007 +23%

Adjusted NAV per share

us$2.81 (154p*)

2007 us$2.22 (111p)

* based on a Sterling/Dollar exchange rate of 1.82 as at 19 September 2008

Increase for the period

+27%

2007 +23%

The period under review has been very encouraging. In our dual role as investor and developer, we have achieved a significant increase in our portfolio's Adjusted Net Asset Value, acquired our first mixed-use and industrial properties and maximised the potential of our investment strategy.

OUR PROPERTY PORTFOLIO

in facts and figures

Valuation

us$312m*

Uplift

+35%

current period

One Central

Valuation: US$211,476,000

Sector: Residential (high-end)
Uplift (current period): +25.3%
Uplift (since acquisition): +53.3%

Rua da Penha

Valuation: US$22,041,000

Sector: Residential (niche)
Uplift (current period): +50.9%
Uplift (since acquisition): +170.9%

Rua do Laboratório

Valuation: US$39,084,000

Sector: Residential (entry-level)
Uplift (current period): +37.4%
Uplift (since acquisition): +82.9%

Senado Square

Valuation: US$31,908,000

Sector: Mixed-use
Uplift (current period): +99.1%
Uplift (since acquisition): +99.1%

Other property assets

Valuation: US$7,343,000

Sector: Various
Uplift (since acquisition): +109.2%

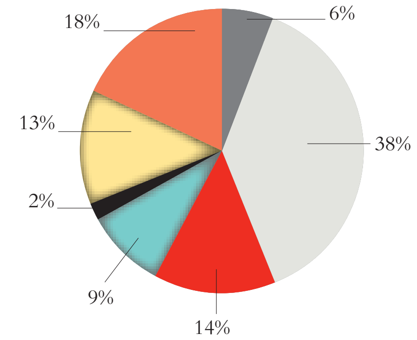
Post year-end acquisitions**

Zhuhai Logistics Centre: US$45,000,000***
Other property assets: US$3,800,000***

The Company's properties were previously referred to as:
Property 1 now known as Rua da Penha
Property 2 now known as One Central
Property 3 now known as Rua do Laboratório
Property 4 now known as Senado Square

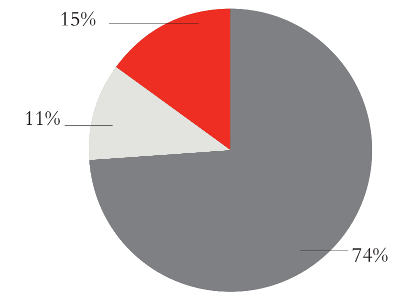
* Based on independent valuations of the Company's portfolio properties by Savills (Macau) Limited
** Properties acquired since 30 June 2008 and therefore not included in the valuation summary above
*** Total commitment value

PORTFOLIO COMPOSITION BY PROJECT
(BASED ON TOTAL COMMITMENT COSTS)



	US$m
Rua da Penha	19.9
One Central	138.0
Rua do Laboratório	50.3
Senado Square	33.4
Other Property Assets	7.3
Zhuhai Logistics Centre	45.0
Cash	66.2
Total	**360.1**

PORTFOLIO COMPOSITION BY SECTOR
(BASED ON TOTAL COMMITMENT COSTS)



Our investment properties

One Central

Residential (high-end)

Total Commitment	**US$138 million**
Acquisition Date	November 2006 onwards
Location	Macau Peninsula
Positioning	Premium luxury
Current Status	Under construction
Gross Floor Area	201,000 ft²/18,700 m²
Estimated Completion Date	2009

This project is set to become one of the most prestigious residential locations in Macau. Due for completion in 2009 by developers Hongkong Land and Shun Tak Holdings, it comprises seven high-end residential towers, a five-star Mandarin Oriental Hotel and a luxury shopping centre. We acquired the whole of Tower 6 in November 2006 and a further 25 well-located residential units during 2007. The financing for this investment has been secured by an in principle loan facility of US$82.5 million, arranged with a consortium of banks led by HSBC.

One Central occupies an unprecedented location, overlooking attractive lakes and the historic Penha Hill

OUR PROPERTY PORTFOLIO

(continued)

Our development properties

We are continually seeking to enhance the potential value of our development properties through maximising their positioning and gross floor areas. All projections shown below are based on the latest indicated zoning, plot ratios and construction costs and are subject to final planning approval.

Rua da Penha

Residential (niche)

Total Commitment	**US$19.9 million**
Acquisition Cost	US$8.6 million
Projected Development Cost	US$11.3 million
Acquisition Date	October 2006
Location	Macau Peninsula
Projected Gross Floor Area	80,000ft^2/7,430m^2
Current Status	Advanced planning
Estimated Completion Date	2010

Acquired as a redevelopment site in October 2006. Located in a popular residential neighbourhood in an architecturally sensitive area, its value has increased by 171% since acquisition. Zoning has been confirmed for our proposed development of a low-rise apartment block for local residents and construction is expected to begin in early 2009, once final approvals have been received. The combination of an increasing demand by locals to upgrade to quality properties together with rising income levels, bodes well for the potential returns from this project.

Rua do Laboratório

Residential (entry-level)

Total Commitment	**US$50.3 million**
Acquisition Cost	US$20.6 million
Projected Development Cost	US$29.7 million
Acquisition Date	November 2006
Location	Macau Peninsula
Projected Gross Floor Area	220,000ft^2/20,440m^2
Current Status	Consolidating
Estimated Completion Date	2011

This is a residential redevelopment site in the north of Macau. The entire project, which will offer attractive accommodation to first-time buyers, has benefited from a number of recent government initiatives, including the record-breaking sale of two nearby plots and the recent stamp duty concessions on apartments valued at US$385,000 or less. These two events alone validate our strategy of acquiring well-located sites where we can create affordable housing for the entry-level market.

Senado Square

Mixed-use

Total Commitment	**US$33.4 million**
Acquisition Cost	US$16.0 million
Projected Development Cost	US$17.4 million
Acquisition Date	October 2007
Location	Macau Peninsula
Projected Gross Floor Area	70,000ft^2/6,500m^2
Current Status	Assessment and planning
Estimated Completion Date	2010

Located at the heart of Macau's booming retail and tourist district. Our aim here is to create a high quality mixed-use retail complex offering well-designed space that meets a variety of tenant needs. As our first development project of this kind, Senado Square remains on schedule. With shop rentals, capital values and pedestrian footfall constantly rising, we expect this US$33.4 million scheme to produce excellent returns at the time of its completion.

Zhuhai Logistics Centre

Warehousing & Logistics

Total Commitment	**US$45 million**
Acquisition Cost	US$11million
Projected Development Cost	US$34 million
Acquisition Date	August 2008
Location	Zhuhai, China
Projected Gross Floor Area	1.6m ft^2/150,000m^2
Current Status	Assessment and planning
Estimated Completion Date	2011

This is our first foray into the important warehousing and logistics sector. Located in Zhuhai, China, minutes away from the Macau border, this US$45 million project was acquired in August 2008, after the end of our financial year. With the world-class hotels and casinos of the Cotai Strip close by, the site is ideally positioned to serve the growing needs of the gaming, tourist and retail industries in Macau. It also has excellent access to deep water harbours, airports and planned railways.

OTHER PROPERTY ASSETS

A key part of our ongoing strategy focuses on sourcing and acquiring smaller property assets that will collectively add value to our portfolio. Our priorities focus on viable, up-coming locations and opportunities for capital growth through either consolidation, refurbishment or redevelopment in niche market segments. At present, we have investments of US$7.3 million in this area, US$3.8 million of which has been invested since 30 June 2008.

Artist's impressions of Rua da Penha (top left) and Senado Square (top right)

Our success is rooted in our ability to be both pragmatic and entrepreneurial. While we maintain a close watch on the progress of our current investments, we are constantly seeking new opportunities that suit our strategic objectives.

CHAIRMAN'S STATEMENT

Our second year's trading has been marked by further growth in our Adjusted Net Asset Value and a broadening of our activities into new sectors of the Macau property market. Both are indications of our Company's current strength and future promise.

This second set of full year results from Macau Property Opportunities Fund Limited marks a step-change in our Company's development.

During the past twelve months, we have not only seen our Adjusted Net Asset Value* increase by 27%, but have also consolidated our position in the Macau property market.

In the same period, we have diversified the scope of our property portfolio – which has hitherto focused solely on development projects in both the high-end and entry-level residential sectors – with the acquisition of a fourth major project, Senado Square. This strategically-located US$33.4 million mixed-use development offers us the first of what we hope will be several opportunities for capitalising on the future of Macau's burgeoning retail and tourist industries.

We have also broadened our horizons by committing ourselves to a strategy of acquiring smaller property assets by investing US$7.3 million in a number of carefully selected, well-located sites. Our aim here is to expand our scope for success by acquiring and consolidating older properties in sought-after areas of Macau.

The past twelve months also saw us breaking new ground when, in June 2008, we agreed terms for our first bank loan facility with a consortium of banks led by HSBC. The signing of this in-principle agreement, which secures the financing of our One Central investment, says much for the strength of our relationships with HSBC, the Macanese banks and the financial community at large.

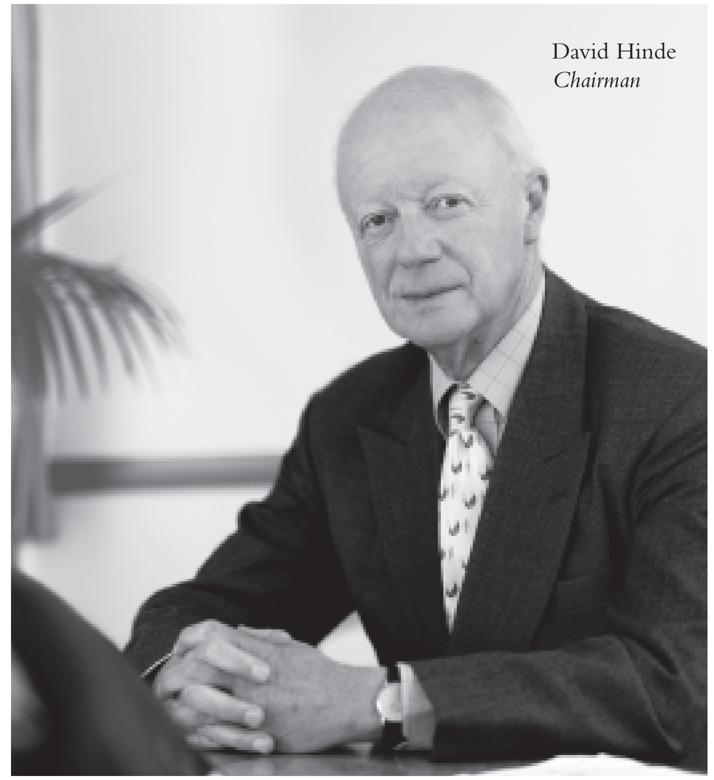
Since the year-end, we have added a fifth key property to our portfolio. This 1.1 million square foot Zhuhai-based site is our first acquisition in the important warehousing and logistics sector and also our first in mainland China. It is strategically located very close to Macau, and has excellent access to an extensive infrastructure network serving the entire Western Pearl River Delta.

As a result of all of these developments, we have not only strengthened our position in the region's property sector, but also gained a growing reputation for success in what is a very demanding, highly competitive market; one where the ability to identify suitable assets has to be matched by astute portfolio positioning and strong property development skills.

The progress we have made owes much to the quality of advice we receive from our investment manager, Sniper Capital. Their recommendations have helped us maintain our position as an investor in and developer of first-rate properties that meet the demands of our niche target markets.

Looking ahead, there is no doubt the current situation in the international financial markets will continue to have an impact on global confidence. Indeed, in light of these conditions, we are actively managing our long-term capital requirements and will continue to maintain our borrowing at levels which we believe are prudent and yet appropriate for Macau's rapidly growing market.

* Adjusted Net Asset Value is shown after accruing for the performance fee and is calculated by taking the NAV per share calculated under IFRS and adjusting inter alia to include the properties owned by the Company at net realisable value rather than at the lower of cost or net realisable value.



David Hinde
Chairman

We still believe Macau is one of the most dynamic and exciting investment markets in the world. The local economy, although still largely driven by the gaming industry, is beginning to broaden into the increasingly important tourism, convention, exhibition and retailing sectors. This is creating huge potential for further property development opportunities.

In line with the Company's stated objective of delivering attractive total returns from capital appreciation, no dividend will be proposed in respect of the trading year under review.

With our diversified and well-positioned portfolio of projects, a healthy pipeline of further opportunities and our entrepreneurial focus on selected niche markets, I believe we can look forward with optimism to sustained levels of growth for our Company.

David Hinde
Chairman
Macau Property Opportunities Fund Limited

"We still believe Macau is one of the most dynamic and exciting investment markets in the world."

The past twelve months have been a successful period for Macau Property Opportunities Fund. This report highlights the performance of its key investments and presents an overview of the prospects for the future.

MANAGER'S REPORT

Since the end of our last financial year, we have expanded into two new sectors – mixed-use properties and warehouse/logistics centres – increased the Company's total funds invested, secured attractively priced debt financing and achieved a growth of 27% in our Adjusted Net Asset Value.

This has been a testing but important year for the Company. For most of the twelve-month period since the publication of our last full year results, the world's financial markets have been dealing with the effects of the US sub-prime mortgage crisis. As a result, international property markets have experienced an unwanted downturn, most notably in the residential sector.

In Macau, where powerful growth drivers continue to fuel the city's rapid development, GDP increased by almost 30% in the first half of 2008. The current global economic slowdown and government imposed visa restrictions are, we believe, likely to moderate this growth to more sustainable levels. In this environment, we continue to avoid segments which we believe are most susceptible to over-supply – such as the overcrowded mass-market residential segment – remaining focused on our target niche segments where property values have been well supported.

Against this background, we have seen Macau Property Opportunities Fund (MPO) increase its Adjusted Net Asset Value by 27% over the year whilst continuing to improve its overall standing in the market. We believe the prospects for generating further value in our strategically chosen sectors are as encouraging as ever.

Investing in new projects

In October 2007, we acquired our first mixed-use property, Senado Square, a redevelopment project offering a projected gross floor area of 70,000 square feet.

Located in the heart of Macau's World Heritage district, with its bustling retail and tourist trade and its heavy pedestrian footfall, our plans for Senado Square include a multi-storey building offering prime mixed-use space designed to attract both the local population and tourists.

Projected
loan-to-value

20%

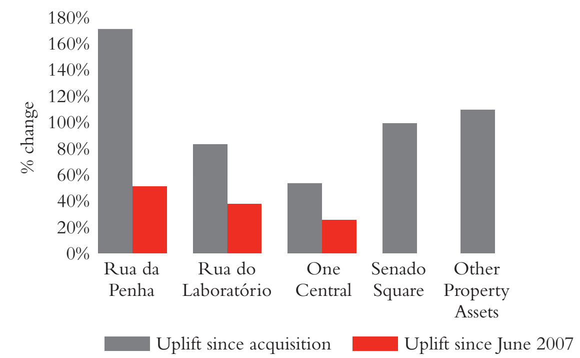
MPO is currently debt free and our only current obligation - the final payment due on One Central in 2009 - has been successfully secured via a forward loan facility of US$82.5 million.

Projected
gross floor area

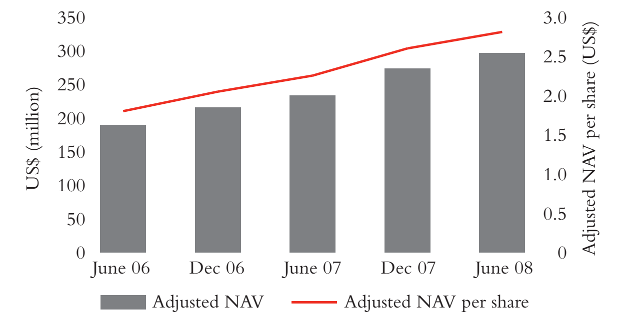
2m sq ft

When fully developed and subject to final planning approvals, our portfolio will offer a projected gross floor area of 2 million square feet.

PORTFOLIO VALUATION UPLIFT



ADJUSTED NET ASSET VALUE



We are currently in the process of assessing designs for Senado Square, together with its precise market positioning and prospective tenant mix. With forecasts for retailing and tourism indicating continuing growth in the region, we are confident this project will deliver good returns in the future. The acquisition was funded entirely from the Company's cash resources. Debt financing will be sought for the redevelopment of the project.

In January 2008, we announced our new, complementary smaller assets acquisition strategy with the purchase of a number of carefully chosen, well-located and attractively priced smaller properties worth a combined US$3.5 million. Our aim here is to source new projects which we believe offer potential for significant capital appreciation, either as investment properties in their own right, or through consolidation, refurbishment or redevelopment. We have subsequently invested a further US$3.8 million under this programme, bringing the total amount to US$7.3 million.

Since the year-end, we have made our first acquisition in the warehousing and logistics sector. Zhuhai Logistics Centre, acquired in August 2008, is also our first investment in mainland China. Situated just across the border from Macau, this 1.1 million square foot site has excellent access to the region's transport network and already offers 210,000 square feet of warehouse space, 50% of which is leased. We plan to up-grade the existing premises and develop logistics and warehouse facilities and workers' accommodation on the adjacent vacant land.

This investment was made in full awareness of the climate of uncertainty surrounding the world's financial markets, and well within the parameters of our borrowing policy. We recognise that we need to balance the negative effects of tighter global liquidity against the positive growth prospects of the Macau market and the generation of future cash flow from our projects. With this in mind, we will continue to maintain our gearing at levels we deem to be prudent yet appropriate for the high-growth environment we are operating in.

"The prospects for generating further value in our strategically chosen sectors are as encouraging as ever."

Macau is a remarkable city. In recent times, it has experienced something akin to an economic miracle, with growth that is turning it into one of the richest cities in the world. Since the 2002 relaxation of the gaming regulations, the population has multiplied almost exponentially while its GDP has risen dramatically.

THE ECONOMIC MIRACLE OF MACAU

Despite the current uncertainties in the world's financial markets, Macau's open attitude to gaming and its policy of fostering increasing levels of international tourism and retailing looks set to underpin yet more economic growth.

Macau's GDP per capita is now the highest in Asia

us$36,360

Driven by over five years of rapid economic growth, Macau's GDP per capita has overtaken that of Japan, Hong Kong and Singapore.

Total estimated foreign investment committed to Macau

us$35bn

With less than 25% of this figure spent so far, Macau looks set to continue its extraordinary economic growth.

Macau Property Opportunities Fund Limited 2008 Annual Report

Fast Facts

Location:	Southeast coast of China, 60km west of Hong Kong
Total area:	29.2 sq km; about 2% the size of Greater London
Population:	552,000 as at end June 2008
Population growth rate:	4.98% YoY
Ethnic groups:	Chinese 96%, Macanese 1%, Other 3%
Government:	Special Administrative Region of China
Currency:	Pataca; pegged to the Hong Kong dollar
GDP per capita:	US$36,360
GDP growth:	26% H1 2008
Labour force:	330,000 as at end June 2008
Unemployment rate:	2.9% as at Q2 2008

Macau's Making

1535:	Portuguese traders granted right to anchor in Macau's harbours
1557:	Portuguese establish permanent settlement in Macau
1847:	Gambling legalised; Portuguese government grants gaming licences
1937:	Macau government monopolises casino operations
1962:	Stanley Ho wins casino monopoly
1999:	Macau reverts to China as a Special Administrative Region
2002:	Gaming monopoly ended; three new gaming licences issued
2004:	Opening of Sands Macao, the city's first Western-style casino
2006:	Opening of Wynn Macau; Gaming revenues surpass Las Vegas for first time
2007:	Opening of MGM Grand Macau and Venetian Macao-Resort-Hotel
2008:	Macau's gaming revenues outstrip those of Nevada for first time

MANAGER'S REPORT

(continued)

Our investment properties

Our prime investment property, One Central, has recently topped out and is on schedule for completion in 2009.

One Central is destined to become the location of choice in the very high-end of Macau's residential property market. We have acquired the whole of Tower 6 and a further 25 well-positioned individual residences, which together account for 12% of the project's residential floor area.

Of the US$138 million invested in this prestigious development, US$82.5 million is due on handover. This will be funded through a loan agreement, announced in June 2008 and agreed in principle, with a consortium of international and Macanese banks led by HSBC. Our ability to secure attractive loan funding at this level stems largely from the quality of our property portfolio and the strong relationships we have developed in the financial community.

With panoramic views across Macau's Nam Van Lake, One Central is being developed by Hongkong Land and Shun Tak Holdings, two of the region's leading developers. Once complete, it will offer high quality luxury accommodation with a residents' clubhouse, an integral shopping centre, a new Mandarin Oriental Hotel and serviced apartments.

We are currently considering a number of options for the future of this investment, all of them geared towards maximising the possible returns.

Our development properties

MPO acts as both an investor and developer. In our role as a developer, we have three major projects in the planning and development phase. All of them – including Senado Square, as reported above – have made progress during the past year.

We acquired Rua da Penha in October 2006. Located in a popular residential neighbourhood in an architecturally sensitive part of Macau, this redevelopment – which has a projected gross floor area of some 80,000 square feet – has now reached an advanced stage of planning. Our objective is to create a low-rise apartment block designed to enhance the surrounding area and appeal to local middle-to-upper income residents, whose earning power has risen as affluence has spread throughout Macau.

Rua do Laboratório was acquired in November 2006. Located on a well-positioned site in the northern part of Macau, this residential redevelopment project, with a projected gross floor area of 220,000 square feet, will see us offering attractive accommodation to first-time buyers in an increasingly popular district close to the border with China. Ongoing improvements to the local infrastructure include plans for the nearby location of the proposed light railway system. The record price achieved for a neighbouring site at the government's early 2008 land auction has also had a significant impact on the area.

Healthy pipeline

Our acquisition pipeline remains strong and varied. At the present time, we are either in the process of reviewing or negotiating on a number of sites with a combined acquisition value of US$250 million. Of these, 55% are residential projects, 25% are mixed-use and 20% are industrial opportunities.

In line with our overall investment strategy, we continue to avoid market sectors, such as office and middle-income residential developments, which we think are susceptible to over-supply. This does not, however, preclude us from assessing opportunities that we think will add value to our existing portfolio.

Total commitment value*
(* as at 19 September 2008)

US$294m

To date, MPO has acquired properties totalling US$294 million in combined acquisition and projected development value.

Total acquisition pipeline value

US$250m

We are currently negotiating on several attractive sites across a range of sectors. Of these, 55% are residential projects, 25% are mixed-use and 20% are industrial.

The final audited results are summarised below:

	30 Jun 2008 US$	30 Jun 2008 £[1]	30 Jun 2007 US$	30 Jun 2007 £[1]
NAV	**$170.69m**	**£85.55m**	$188.24m	£94.08m
NAV per share	**$1.63**	**81.47p**	$1.79	89.60p
Adjusted NAV[2]	**$295.56m**	**£148.12m**	$232.81m	£116.34m
Adjusted NAV per share[2]	$2.81	141.07p	$2.22	110.80p
Uplift in Adjusted NAV				
Since Admission[3]	**56.37%**	**46.63%**	23.17%	15.16%
Since 30 June 2007	**26.96%**	**27.32%**	n/a	n/a

1 Based on US$/£ exchange rate of 1.995 at 30 June 2008 and 2.001 at 30 June 2007
2 Adjusted Net Asset Value is shown after accruing for the performance fee and is calculated by taking the NAV per share calculated under IFRS and adjusting inter alia to include the properties owned by the Company at net realisable value rather than at the lower of cost or net realisable value
3 Based on NAV per share at Admission on 5 June 2006 of US$1.80 (96.21p)

Strong financial results

During the current financial year, the Company has continued the strong financial performance delivered in its first year. As at 30 June 2008, total commitment – including estimated redevelopment costs – amounted to US$244 million. Following further acquisitions made since 30 June 2008, this figure has increased to US$294 million.

In accordance with International Financial Reporting Standards and the Company's valuation policy, all properties have been valued by Savills (Macau) Limited as at 30 June 2008 and included in the financial statements at the lower of cost or net realisable value. This results in a reported Net Asset Value per share as at 30 June 2008 of US$1.63. The reduction in Net Asset Value per share reflects the fact that development properties are classified as inventories and carried at their deemed cost whilst operating expenses including management and performance fees are expensed through the income statement.

The market valuation of MPO's interests in these properties, as reported by Savills and as detailed in the Portfolio Summary of this report, was US$311.9 million. This represents an uplift of US$124.9 million over the cost of the properties, or a 66.8% increase over cost. The Company's Adjusted Net Asset Value per share has exceeded both basic performance hurdle of 10% (calculated on a compounded basis) and the high watermark. This has resulted in an Adjusted Net Asset Value per share, after accruing for performance fees, of US$2.81 or 141p at 30 June 2008. These figures represent a respective 27.0% and 27.3% increase from 30 June 2007 and a respective 56.4% and 46.6% increase from the Net Asset Value per share at the time of the Company's admission to AIM.

The Sterling/Dollar exchange rate has fallen by 9% since 30 June 2008 to 1.82 as at 19 September 2008. Based on this exchange rate, the Sterling equivalent Adjusted Net Asset Value per share has increased to 154p.

"We continue to place a significant emphasis on managing our long-term cash flows."

Macau is a city that never sleeps. Nor does it stand still. Recent initiatives show that the government is eager to widen the city's role as a gaming destination by encouraging international tourism and its associated retailing activities.

THE DRIVERS OF GROWTH

All forms of tourism – whether they be gaming, international exhibitions and conferences or retailing – need servicing. Macau's phenomenal growth has created two populations: those there for pleasure and those who service their needs. Both have a growing need for good accommodation.

Forecast housing shortage

10,000

The demand for housing across all residential segments is expected to substantially outstrip supply over the next four years.

Forecast growth in retail spending

+30% pa

As more and more retail destinations open for business, the growth in retail spending is forecast to continue at its current breakneck pace.

Gaming

The Chinese love gambling and Macau is their only legal gaming destination. Such is its popularity, the city's gaming revenues have already outstripped those of Las Vegas and Nevada.

Housing

As Macau's personal incomes rise, so do its people's expectations. In businesses right across the city, from the boardroom to the workplace, the demand for high quality housing is on the increase. With this demand comes a rise in land and property values.

Tourism & hotels

Tourism is booming in Macau. The city welcomed 27 million visitors in 2007, an increase of 135% over five years. The draw of the world-class casinos and resort hotels has created 16,235 hotel rooms in the city, with another 23,500 planned by 2010.

Infrastructure

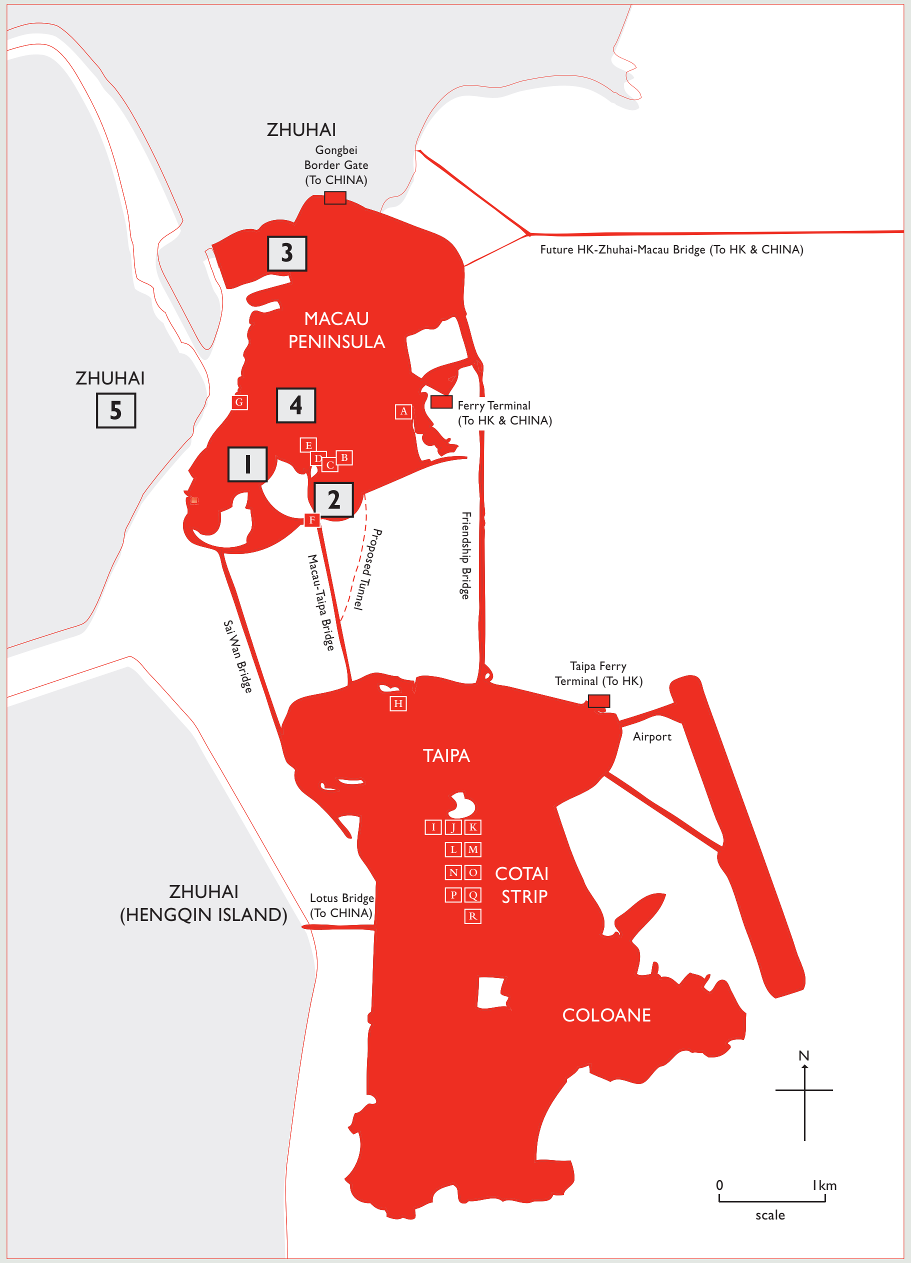
Macau's overstretched infrastructure is set to improve dramatically. A domestic light railway will be in service by 2011. The international airport is expanding, new ferry services have been launched and the Hong Kong-Zhuhai-Macau Bridge is being planned.

Non-gaming activities

While gaming is still the big draw, Macau is actively promoting a wider choice of entertainment, together with international exhibitions and conferences and a broader retail experience.

Government

With China's policy of "one country, two systems", Macau enjoys a high degree of autonomy and a stable political environment. A favourable tax regime and attractive investment policies are backed by a strong legal system.



MPO'S KEY PROPERTIES

1 Rua da Penha
2 One Central
3 Rua do Laboratório
4 Senado Square
5 Zhuhai Logistics Centre

MAJOR CASINOS ON MACAU PENINSULA

A Sands Macao
B Starworld
C Wynn Macau
D Lisboa
E Grand Lisboa
F MGM Grand Macau
G Ponte 16

MAJOR CASINOS ON COTAI

H Crown Macau
I Galaxy Mega Resort*
J Venetian Macao-Resort-Hotel
K City of Dreams*
L Four Seasons
M Shangri-La*
N Far East Consortium*
O Sheraton & St. Regis*
P Macao Studio City*
Q Hilton & Conrad*
R Fairmont & Raffles*

* Expected to open in 2009-2011

MANAGER'S REPORT
(continued)

As at 30 June 2008, MPO's total assets stood at US$185.2 million comprising US$104.6 million of development properties and cash of US$80.6 million. If development properties were included in the Balance Sheet at market value, as reported by Savills and as used for the Adjusted Net Asset Value, total assets would be US$392.5 million. Total liabilities of the Company as at 30 June 2008, including the outstanding amounts due on all One Central properties were US$96.9 million, of which US$14.5 million comprised performance fees and expense accruals.

Cash Management

As at 19 September 2008, the Company had a cash balance, after adjusting for the payment of performance fees, equivalent to US$52 million. Cash balances are held primarily in HK$ fixed deposits, with some in US$ fixed deposits and in savings and current accounts with international banks located in Guernsey, Hong Kong and Macau. The majority of the cash balances are held with a United Kingdom bank that holds a Aa2 rating from Moody's.

With most MPO assets denominated in US$s and HK$s during the year, our exposure to foreign exchange risk can be considered minimal.

Developments in financing

In June 2008, MPO signed an in-principle agreement for a US$82.5 million forward commitment loan facility with a consortium of international and Macanese banks led by HSBC. This facility will be used to meet the Company's outstanding obligations in connection with One Central. Drawdown of the loan will be on handover in 2009 and is subject to the agreement of final documentation. The facility extends until 30 September 2012 at an interest rate of 3-month HIBOR plus 1.4% per annum.

Our ability to secure this attractively priced facility in the current credit market conditions, and against a background of tightening global liquidity, has given us renewed confidence in the pursuit of our investment strategy.

Having developed strong relationships with the region's financial institutions, we are also in advanced discussions regarding construction financing for our redevelopment projects.

We operate a highly measured borrowing policy, and continue to place a significant emphasis on managing our long-term cash flows. To date, no debt has been drawn down and, even after accounting for the final payment of One Central, our most recent valuations imply a fully drawn down projected loan-to-value ratio of only 20%. We are confident our cash flow management is sufficiently strong to countervail any worsening credit or liquidity situations over the next three to four years.

Trading of shares

In common with other London-listed property stocks, MPO's share price has suffered from weak market sentiment, with its shares trading at a discount to Adjusted Net Asset Value. Earlier this year, MPO renewed the authority to repurchase and cancel its own shares. Since then, extensive consideration has been given to the subject of a share buyback. The current stance of the directors remains that so long as attractive investment opportunities with high potential returns continue to be identified, a stock buyback programme does not best utilise our remaining cash resources and that our stock price is more likely to be positively influenced through the ongoing successful implementation of our investment strategy.

Latest cash balance*
(* As at 19 September 2008 and after adjusting for payment of performance fees)

us$52m

We will continue to manage our cash flow with prudence so that, over the longer term, we remain well-positioned to endure any worsening credit or liquidity situations.

Debt secured

us$82.5m

The final payment of our investment in One Central due in 2009, has been financed via an attractively priced in principle loan facility with a consortium of banks led by HSBC.

Significant shareholders*

Name of shareholder	Number of shares	%
Amvescap (including Invesco & Aim)	30,828,244	29.36%
Insight Investment	21,595,000	20.57%
Midas Capital Partners	17,100,000	16.29%
Universities Superannuation Scheme	10,500,000	10.00%
MPC Investors	4,106,609	3.91%
Other	20,870,147	19.87%
Total	**105,000,000**	**100%**

* As of 31 August 2008

The political landscape

The Macau government has made a commitment to fighting inflation and to providing more help for low income families. It is also moving towards both a greater degree of transparency in its land policy and the creation of a more level playing field in the land market.

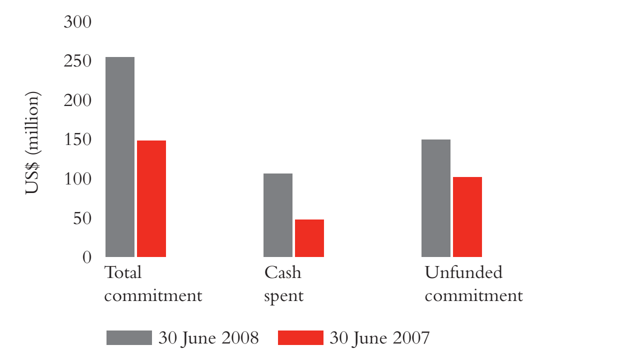
Practical evidence of these policies has been seen in the abolition of stamp duty on properties bought by first-time buyers, and in a promise to build 19,000 new public housing units by the end of 2010. The government has also introduced land auctions for disposal of public land, some of which have seen record prices paid for recently released development sites.

The eradication of corruption is also high on the government's agenda. We believe that any initiatives of this kind should help further strengthen public confidence in the administration.

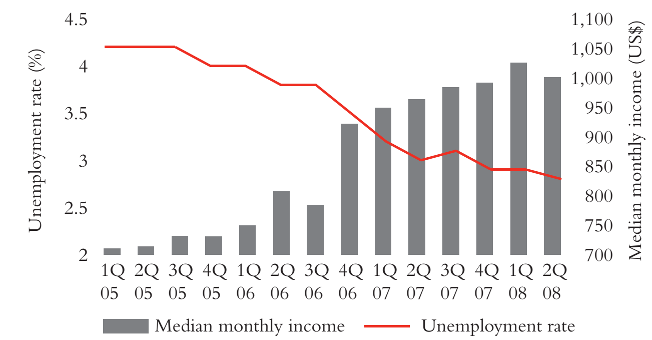
A strong economy

There is no doubting the current strength of the Macau economy. Indeed, driven by gaming revenues and the continuous stream of foreign investment, there is still room for further growth, with less than 25% of the committed capital of US$35 billion so far invested.

MPO CAPITAL ALLOCATION

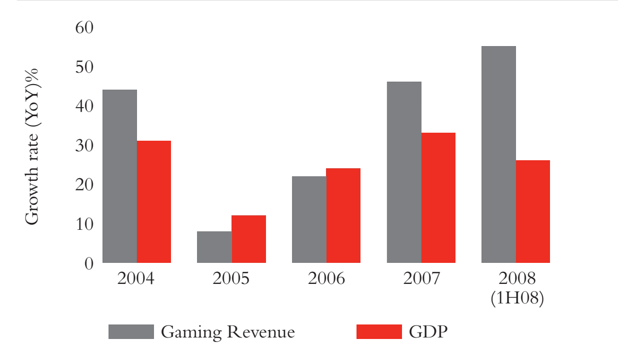


MEDIAN MONTHLY INCOME & UNEMPLOYMENT RATE



Source: DSEC

GAMING REVENUE & GDP GROWTH



Source: DSEC, DICJ

Macau is one of the most exciting property markets in the world. Our constant aim is to provide our shareholders with attractive total returns from selected property investments not only in Macau, but also the surrounding Western Pearl River Delta of Southern China.

OUR INVESTMENT STRATEGY

Our current investment strategy focuses on investment and development opportunities in Macau's niche market segments. We particularly look for undervalued sites in attractive locations where we believe there is a sustainable end-user demand.

Equity raised to date

£105m

In June 2006, MPO successfully placed 105 million new ordinary shares at £1 per share, raising £105million (approximately US$200 million).

Portfolio uplift since acquisition

+67%

MPO's property portfolio has recorded a significant uplift reflecting the unique positioning and attractive value of its acquisitions.

Target Market Segments

Residential

We focus solely on the two opposite ends of this segment – "premium luxury" and "affordable" – where we believe there is a sustainable end-user demand. We particularly look for undervalued opportunities in attractive and established locations. We avoid the mass, middle-market segment, which we believe is susceptible to over-supply.

Retail

We are actively seeking sites that are well positioned to capitalise on the future of Macau's burgeoning retail and tourist industries. Non-gaming revenue accounts for less than 20% of Macau's economy and is forecast to continue to grow exponentially.

Leisure

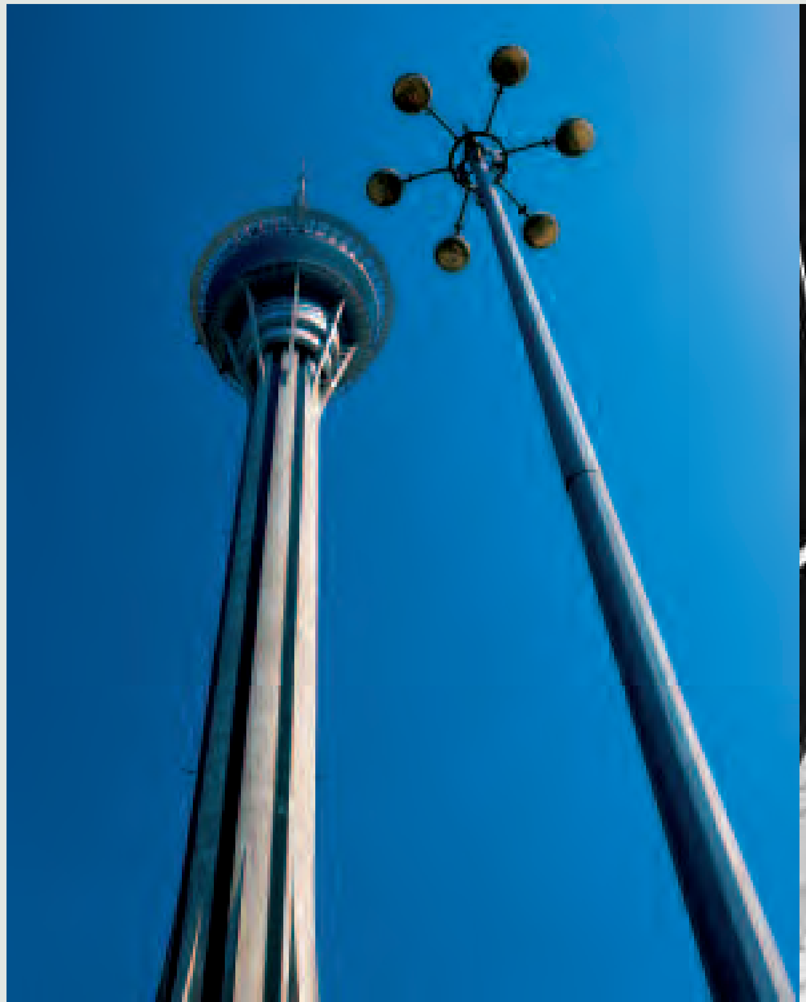
Rapid growth in the disposable income of Macau's growing population, combined with large forecast increases in non-gaming visitors to Macau, open up a wide range of leisure related property opportunities. We are actively sourcing assets which are geared into this developing sector of the market.

Warehousing & Logistics

Macau's rapid economic growth and constrained land area has resulted in a significant shortage of modern warehouse and logistics space. We are currently sourcing both existing buildings and development sites which can serve the needs of the new breed of tenants and users in this market.

Key Company milestones

2006	June:	Macau Property Opportunities Fund listed on AIM
	October:	Acquired Rua da Penha
	November:	Acquired One Central Tower 6 and Rua do Laboratório
	December:	Adjusted NAV increased by 14% to US$2.05 (105p)
2007	June:	Adjusted NAV increased by 23% to US$2.22 (111p)
	October:	Acquired Senado Square
	December:	Adjusted NAV increased by 17% to US$2.60 (130p)
2008	January:	Announced smaller assets acquisition strategy
	June:	Secured US$82.5 million loan facility for One Central; Adjusted NAV increased by 27% to US$2.81 (141p)
	August:	First investment in China through acquisition of Zhuhai Logistics Centre



MANAGER'S REPORT
(continued)

Despite its location in a comparatively high inflation region, the city boasts Asia's highest level of GDP per capita. In the past two years, median monthly incomes have grown by 23% while the local unemployment rate stands at 2.9%. Strong consumer spending and the constant demand for housing provide ample evidence of the city's prosperity.

Macau has also seen a massive influx of foreign workers, which continues unabated at about 2,000 per month. These incomers are employed at both the managerial and service levels of the hospitality and construction industries, where plentiful jobs fuel the population's growth and spending power.

An improving infrastructure

As a measure of Macau's economic prosperity, the city's infrastructure is in the midst of a huge improvement and expansion programme.

On the domestic front, a new light rail system, designed to serve the whole city, is due to open in 2011, and a Macau-Taipa undersea tunnel is planned as a new connection between the peninsula and Cotai. In response to local demand and as a way of easing congestion, more taxi licences are being granted.

At a regional level, improvements are being made at the Gongbei border gate, where Macau meets Zhuhai and mainland China. The Lotus Bridge – connecting Macau's Cotai Strip and Zhuhai – has been opened to traffic and ferry services between Macau and Hong Kong have been stepped up. Perhaps the most ambitious plan is to build a 30 kilometre bridge – the Hong Kong-Zhuhai-Macau Bridge – that will connect Macau with both Zhuhai and Hong Kong. Finance for this massive project, which will cut the journey time from Hong Kong to Macau to just 20 minutes, is already in place, with construction due to begin by 2010.

It has also been recognised that Macau International Airport's current capacity of 6 million passengers and 120,000 tonnes of cargo per year is insufficient to cope with the anticipated strong growth in air traffic, and the facilities are being expanded substantially.

The gaming industry

Since 2002 and the issue of the government's six gaming licences, Macau has become one of the world's most vibrant playgrounds.

The city's gaming revenues – which contribute significantly to the government's income through gaming tax – grew by 45.8% during the year ended 2007. In January of this year, for the first time ever, they overtook those of Nevada. The growth slowed down in the second quarter of 2008 compared with the first quarter, but it was nothing compared with the Las Vegas and Nevada experience, where revenues fell by some 5% year-on-year over the first half of 2008.

Even allowing for the government's April announcement that no new gaming licences would be issued, and that future casino developments would be halted pending further studies of their impact, Macau currently has a total of 31 casinos offering over 4,300 gaming tables. In the period between July 2007 and June 2008, four more luxury casino-hotel developments were opened, with many more to follow in the next three years. All of them were approved at the time of the government's April announcement.

In August 2007, the Venetian Macao-Resort-Hotel was launched on the Cotai Strip. With its 3,000 hotel rooms, 1 million square feet of retail space and a 1.2 million square foot exhibition and entertainment complex, this US$2.4 billion venture is aimed at the mass market. Within 12 months of its launch, it had recorded a total of nearly 25 million visitors.

Wynn Macau Phase II opened in December 2007 as an extension of the successful Phase I, offering additional gaming space and up-scale retail premises. A second hotel tower is currently under construction, which will double the hotel's capacity to over 1,000 rooms. In the same month, the MGM Grand Macau opened for business. This US$1.3 billion hotel and casino, which has been developed to serve the upper end of the market, is already proving popular.

February of this year saw the opening of Ponte 16, a theme-park-style gaming and hotel development in the northern part of Macau, facing towards China. Other major projects in hand and approved by the government include the integrated entertainment resort, City of Dreams, the 32-acre Macao Studio City and the Galaxy Mega Resort on Cotai Strip. All these, and other projects which will come to fruition during the next few years, will add to Macau's allure as one of the most exciting tourist destinations in the world.

Tourism, MICE and retailing

This does not mean, however, that the government and investors are ignoring the need to develop Macau's non-gaming attractions. On the contrary, a commitment is being made to satisfy the demands of the growing number of visitors, many of them from mainland China, which is increasing by 27% year-on-year in the first half of 2008.

Beyond gaming, and in the past year alone, Macau has enhanced its growing reputation as Asia's principal entertainment centre, with Venetian Macao's 15,000-seat arena hosting concerts by performers such as Celine Dion, The Police and The Black Eyed Peas. Another international attraction of 2008 was Zaia, Cirque du Soleil's first permanent show in Asia.

On the sporting front, Macau has hosted an exhibition match between tennis stars Roger Federer and Pete Sampras. NBA basketball games have also been staged, complementing the established Macau Grand Prix – a four-day event featuring motorcycle, touring car and Formula 3 races – the annual Macau Open Golf Tournament and the Macau International Marathon.

Forecast number of new foreign workers

156,000

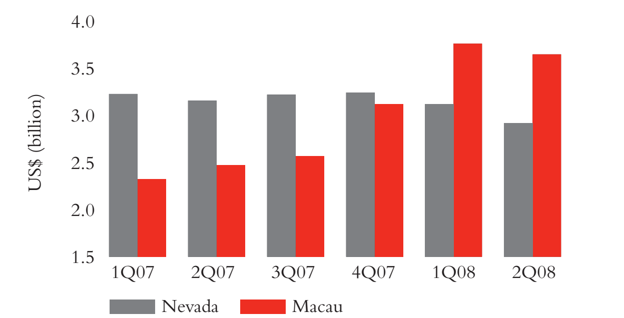
A recently commissioned government study suggests that Macau's current population of 100,000 foreign workers will need to rise significantly to satisfy future demand.

Local unemployment rate

2.9%

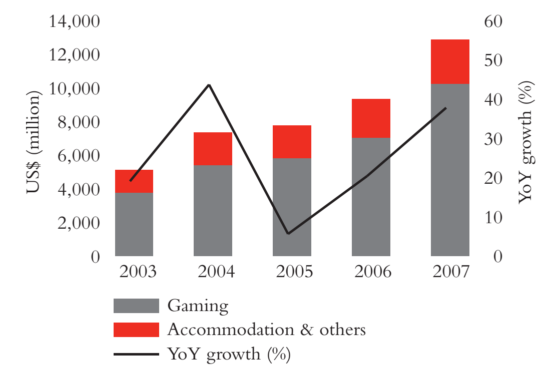
Macau's booming gaming industry has resulted in phenomenal economic growth, resulting in a sharp fall in the unemployment rate over the past few years.

GAMING REVENUE (NEVADA VS MACAU)



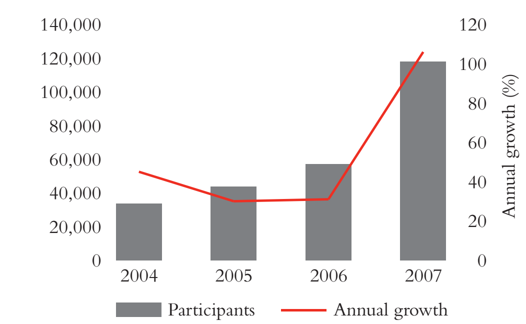
Source: DICJ, NEVADA Gaming Commission

TOURIST SPENDING EXPENDITURE



Source: DSEC

MICE PARTICIPANTS



Source: Macau Government Tourist Office

MANAGER'S REPORT
(continued)

In parallel with the expansion of Macau's tourist attractions, the opening of the Venetian Macao's exhibition and convention facilities has given fresh impetus to the MICE industry (meetings, incentives, conferences and exhibitions). Over the past year, the number of MICE events has increased by 8.6%, with MICE now seen as one of the new drivers of Macau's growth. In bringing a new kind of visitor to the city, MICE will bolster the demand for hotel accommodation and increase the footfall in the new retail centres.

In the retail sector itself, one of the most compelling statistics of 2007 was its 33% growth over the full year. Sales were up, capital values and rents increased and the supply of new retail space continued.

A prime example is the opening of the Venetian Macao, featuring 350 new outlets, which has added 1 million square feet to the city's retail space. Directly connected to The Shoppes at Four Seasons – the new 211,000 square foot shopping centre which houses the DFS Galleria Macao and its 180 luxury brands – Venetian Macao and the rest of the city's new retail space will do much to cement Macau's burgeoning reputation as an attractive retail destination.

The property market

This remarkable combination of strong economic growth and the government's encouragement of Macau's development as an international gaming centre and tourist and retail destination, is playing well in the property market. We continue to stress, however, that highly strategic portfolio positioning is essential to maximising investment returns in this rapidly developing market.

In the residential sector, sentiment is cautiously optimistic despite the global economic downturn. Nevertheless, we remain highly selective investors in this market segment, focusing on niche areas and avoiding the mass market which we believe is in danger of over-supply. During the period between July 2007 and June 2008, the number of transactions remained comparatively stable, if slightly down on the first half of 2007. Of these, 7,114 were primary transactions and 9,963 secondary transactions. Values continued to grow during the period, with an increase of 6.2% YoY.

For the most part, the US sub-prime crisis has made only a marginal impact on Macau, despite the resulting volatility in regional stock markets during 2008. As mentioned earlier, the principal drivers of growth in the property sector can be seen as the steady rise in affluence within Macau, coupled with the limited supply of good quality residential projects such as One Central.

In the retail sector, Macau's growing importance as a tourist destination has fuelled retail sales growth of 40.4% year-on-year in the second quarter of this year. The sector's capital values and rental incomes have also increased by 3.5% and 2.2% respectively during the same period.

In the residential leasing market, rentals grew by 22.4% during the year, fuelled in part by the influx of foreign workers seeking accommodation. These migrant numbers are set to grow further over the next few years, as new hotels and casinos come on stream and employment opportunities increase.

All the evidence suggests that we have been right to adhere to our strategy of investing in and developing selected quality projects that meet the needs of both luxury and entry-level residential buyers.

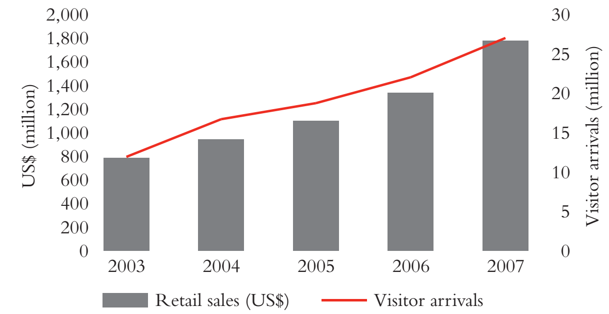
While we are mindful of the city's potential over-supply of retail space in casinos and hotels, we are optimistic about the intrinsic profitability of good quality retail space located in key non-gaming parts of Macau.

Moreover, the weakening of sentiment in the global property market has resulted in some vendors becoming more open to price negotiation, which will help our acquisition strategy. With strong cash reserves, we are well-placed to act quickly when the opportunity arises.

The challenges for Macau

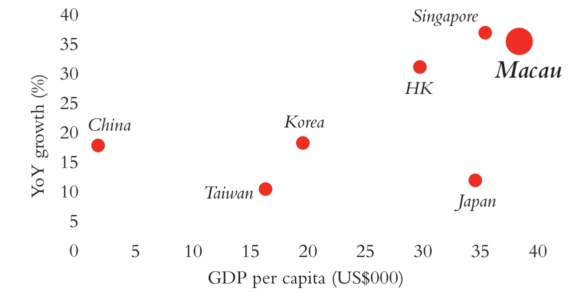
Despite its vibrant casino and tourism industries, which continue to drive Macau's economic growth, the city is not immune to the financial difficulties being experienced by the larger international community. There is no doubt that the global economic slowdown is making lending and financing difficult for everyone, and that Macau has not entirely escaped the effects of the credit crunch.

RETAIL SALES & VISITOR ARRIVALS



Source: DSEC

GDP PER CAPITA VS HIGH-END RESIDENTIAL PRICE GROWTH (Q2 2008)



Source: IMF, Jones Lang LaSalle

The Chinese government's recent tightening of their visa policy may also have an impact on Macau's tourism, with new visa restrictions reducing the number of visits from mainland China. Paradoxically, the proposed restrictions may result in people making longer stays in Macau, where the average is still only 1.5 days versus 3.5 days in Las Vegas, and in them making an increased contribution to the city's economy. In any event, none of the restrictions is likely to affect the city's high rollers who, between them, account for almost 70% of Macau's gaming revenues.

As mentioned earlier, the government is tackling corruption and the delays in land and project approval and is pressing ahead with plans for the city's infrastructure, which will combat the congestion created by the recent rapid development.

Future prospects

Looking ahead, we have good cause for continued optimism, despite the challenges being faced. Macau and the surrounding region remain amongst the fastest-growing areas in the world and are experiencing unprecedented prosperity. The government and local operators are taking all the necessary steps to encourage the development of a more diverse economy – one which will attract a broader range of visitors than the city's established gaming community. As a result, Macau's further progress looks to be assured.

We believe that our present portfolio of sound investments in carefully selected niche markets in Macau, and our recent acquisition across the border in China, provides us with a solid and strategic base from which to capture the continuing growth in the region.

Sniper Capital Limited
Manager

"Our present portfolio provides us with a solid and strategic base from which to capture the continuing growth in the region."

BOARD OF DIRECTORS

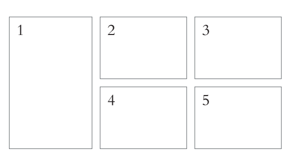
1 David Hinde, Chairman
David Hinde qualified and practised as a solicitor for five years before moving into investment banking. Much of his career has been connected with Asia. From 1977 to 1982, he worked in Hong Kong for Wardley Limited, part of the HSBC Group, and then returned to London for 12 years 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. He is currently a Non-executive Director of Dah Sing Banking Group Limited and Chairman of INVESCO Asia Trust plc.

2 Tom Ashworth, Non-executive Director
Tom Ashworth has over 20 years' experience in international financial markets. He started his career in London with HSBC Securities before transferring to Hong Kong in 1995. He later joined Morgan Stanley before establishing an independent specialist hedge fund research and brokerage business in 2000. He identified the investment potential for Macau at an early stage and over the past seven years has established an extensive local network in the territory where he has undertaken several property-related business ventures. He is a Director of the Fund's Investment Manager, Sniper Capital and a permanent resident of Macau.

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

4 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 Managing Director of Morley Fund Management, the asset management arm of Aviva plc, the UK's largest insurance group. He is currently Chairman of JPMorgan Fleming Japanese Smaller Companies Trust plc and of Schroder UK Growth Fund plc and a Director of several other investment companies.

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



MANAGER AND ADVISERS

Manager

Responsibility for the day-to-day management of the Macau Property Opportunities Fund's portfolio rests with Sniper Capital Limited. Founded in 2004, Sniper Capital is focused on growth from property investment, development and redevelopment opportunities in niche and undervalued markets. The Company achieves its objectives through the acquisition of properties clearly differentiated by their location and potential value, and by the sustainable demand for the accommodation or facilities they offer.

In the past twelve months, Sniper Capital has significantly expanded its team in the key areas of research, acquisition, project development, asset management, investor relations and finance. The total number of professionals employed by Sniper Capital currently stands at 22.

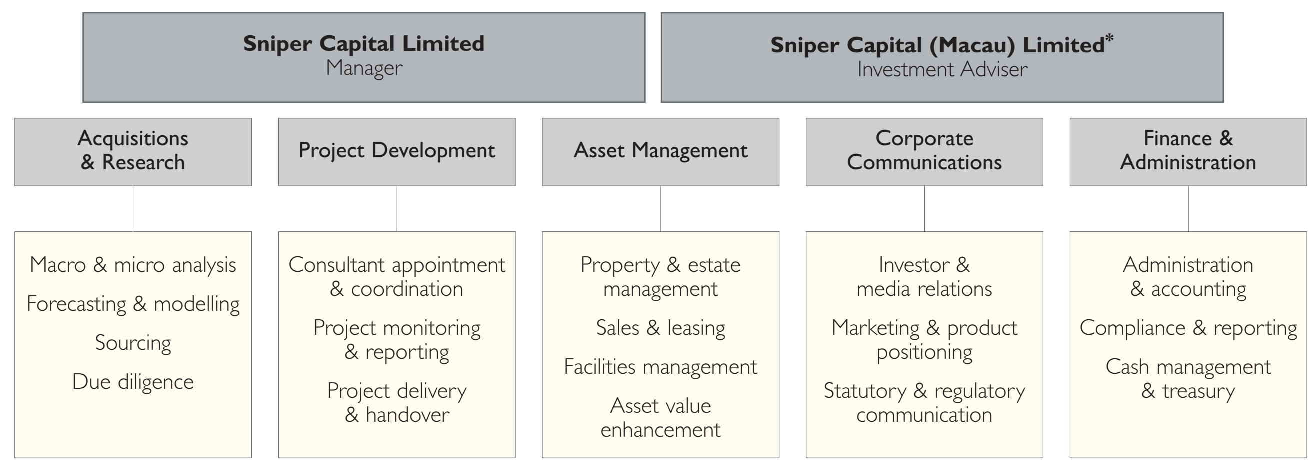
For more information on the Manager, please visit: www.snipercapital.com

Advisers

The Fund's Board of Directors and Manager are advised by Sniper Capital (Macau) Limited*, which has a highly developed, extensive network spanning the city's financial and business community.

Their brief is to source and analyse potential investment opportunities and to provide the Board with general property investment and management advisory services in relation to the MPO's investments.

GROUP STRUCTURE



* Formerly known as Sniper Capital Management Limited

DIRECTORS' REPORT

For the year ended 30 June 2008

The Directors present their report and audited financial statements of the Company and the Group for the year ended 30 June 2008.

Principal activities

The Company is a Guernsey-registered closed-ended investment fund traded on AIM, the market of that name operated by the London Stock Exchange. During the year its principal activities were property development and investment in Macau and Greater China.

Business review

A review of the business during the year, together with likely future developments, is contained in the Chairman's Statement on pages 8 to 9 and in the Manager's Report on pages 10 to 25.

Results and dividend

The results for the year are set out in the financial statements on pages 31 to 54.

The Directors have not recommended the payment of a dividend in respect of the year to 30 June 2008.

Directors

Biographies of the Directors who served during the year are detailed on page 26.

At the Annual General Meeting of the Company, one third by number of the Directors shall retire from office in accordance with the Articles of Association.

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.

Directors' interests

Directors who held office during the year and had interests in the shares of the Company as at 30 June 2008 were:

	ORDINARY SHARES OF US$0.01	
	Held at 30 June 2008	Held at 30 June 2007
David Hinde	**50,000**	30,000
Tom Ashworth	**800,000**	750,000
Richard Barnes	**25,000**	25,000
Alan Clifton	**100,000**	50,000
Tim Henderson	**30,000**	25,000

Significant shareholdings

As at 30 June 2008, a total of six shareholders held more than 3% each of the issued ordinary shares of the Company, accounting for a total amount of 83,684,853 shares or 79.7% of the issued shared capital. Further details are available on page 19 of the Manager's report.

Directors' remuneration

During the year, the Directors received the following emoluments in the form of Directors' fees from the Company:

	2008 US$	2007 US$
David Hinde	**80,360**	85,848
Tom Ashworth*	**–**	–
Richard Barnes	**50,225**	53,655
Alan Clifton	**59,900**	64,360
Tim Henderson	**60,291**	53,655
Total	**250,776**	257,518

* as disclosed in Note 14 to the consolidated financial statements, Tom Ashworth is a shareholder and Director of Sniper Capital Limited and Adept Capital Partners Services Limited which received fees from the Company during the year.

Statement of Directors' responsibilities

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period and are in accordance with applicable laws. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company or the Group will continue in business.

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Company and the Group 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 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 website.

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

DIRECTORS' REPORT

For the year ended 30 June 2008

Independent Auditors

PricewaterhouseCoopers CI LLP have agreed to offer themselves for reappointment as Auditors of the Company and a resolution proposing their reappointment and authorising the Directors to determine their remuneration will be presented at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at 2.30pm on 6 November 2008 at the Registered Office of the Company, Polygon Hall, Le Marchant Street, St Peter Port, Guernsey.

Corporate governance

Guernsey does not have its own corporate governance regime and as an AIM-listed Guernsey-registered company, the Company is not required to comply with the Combined Code on Corporate Governance ('the Code'). However, the Directors of the Company support best practice in Corporate Governance and its practical application to the Company's structure and decision-making processes as is appropriate to its size and current stage of development.

The Board of Directors

The Company is led and controlled by a Board comprising five non-executive Directors, four of whom are considered independent of Sniper Capital Limited, the Company's Manager. The role of Chairman is held by David Hinde.

The Board determines the overall strategic direction of the Company and is responsible for the following:

1) reviewing objectives for the Company and setting the Company's strategy for fulfilling those objectives;
2) reviewing and approving investments, disposals and significant capital expenditure made by the Company;
3) reviewing the capital structure of the Company and ensuring necessary resources are in place for the Company to meet its objectives;
4) reviewing and monitoring the performance of the Manager, Administrator and other service providers to the Company;
5) reviewing key elements of the Company's performance.

Board meetings

The Board meets at least quarterly and as required from time to time to consider specific issues including all potential acquisitions and disposals.

The Board receives regular reports and papers prior to each board meeting to allow it to perform its duties. Prior to each of its quarterly meetings, the Board receives reports from the Manager covering activities during the period, performance of relevant property markets, performance of the Company's assets, financing, compliance matters, working capital position and other areas of relevance to the Board. The Board also considers reports provided from time to time by the Administrator and other service providers.

The table below shows the attendance of Directors at quarterly Board meetings during the year ended 30 June 2008:

	Maximum possible attendance	Actual attendance
David Hinde	4	4
Tom Ashworth	4	4
Richard Barnes	4	4
Alan Clifton	4	4
Tim Henderson	4	4

In addition to its regular quarterly meetings, the Board has also met on a number of occasions during the year to approve property acquisitions and for various other matters.

Audit Committee

The Board has operated an Audit Committee throughout the year under review. The Audit Committee is chaired by Mr Alan Clifton and meets not less than twice a year and is responsible for reviewing the interim and annual financial statements and reviewing with the Auditors the results and effectiveness of the audit before their submission to the Board.

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.

Shareholder relations

Shareholder communications are a high priority of the Board. Management and staff of the Manager make themselves available at all reasonable times to meet with key shareholders and analysts. Feedback is provided by the Manager to Directors at quarterly Board meetings.

In addition, the Board is also kept fully appraised of all market commentary on the Company by the Manager and other professional advisors.

Through this process, the Board seeks to monitor investor relations and to ensure that the Company's investor communication programme is effective.

Risk management

Each Director is aware of the risks inherent in the Company'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.

On behalf of the Board
David Hinde
23 September 2008

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

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

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands

23 September 2008

CONSOLIDATED BALANCE SHEET

As at 30 June 2008

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

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

COMPANY BALANCE SHEET

As at 30 June 2008

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

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2008

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

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

COMPANY INCOME STATEMENT

Year ended 30 June 2008

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

Macau Property Opportunities Fund Limited 2008 Annual Report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2008

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

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2008

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

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2008

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

COMPANY CASH FLOW STATEMENT

Year ended 30 June 2008

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

The notes on pages 39 to 54 are an integral part of these consolidated financial statements.

Macau Property Opportunities Fund Limited 2008 Annual Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

General information

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

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

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

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

1. Significant accounting policies

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

Basis of accounting

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

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

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

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

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

- IFRS 8: Operating Segments – for accounting periods commencing on or after 1 January 2009
- IAS 1 Revised: Presentation of Financial Statements – for accounting periods commencing on or after 1 January 2009
- IAS 23 Revised: Borrowing Costs – for accounting periods commencing on or after 1 January 2009; and
- IFRIC 12 – Service Concession Agreements – for accounting periods commencing on or after 1 January 2008.

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

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

Consolidation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

1. Significant accounting policies (continued)

Segmental reporting

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

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

Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

c) Group companies

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

i) Assets and liabilities for each balance sheet are presented at the closing rate at the date of that balance sheet;
ii) Income and expenses for each income statement are translated at average exchange rates; and
iii) All resulting exchange differences are recognised as a separate component of equity.

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

Inventories

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

Investment in subsidiaries

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

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

Trade receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

1. Significant accounting policies (continued)

Cash and cash equivalents

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

Provisions

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

Share capital

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

Revenue recognition

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

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

Expenses

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

Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

2. Financial risk management

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

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

Financial instruments by category

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

Group

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

2. Financial risk management (continued)

Company

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

2. Financial risk management (continued)

Market risk

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

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

a) Foreign exchange risk

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

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

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

Group

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

2. Financial risk management (continued)

b) Price risk

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

c) Cash flow interest rate risk

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

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

Group

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

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

As at 30 June 2008	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Inventories	–	104,599	104,599
Trade and other receivables	–	27	27
Prepayments	–	26	26
Cash and cash equivalents	80,555	–	80,555
Total assets	**80,555**	**104,652**	**185,207**
Trade and other payables	–	14,521	14,521
Total liabilities	**–**	**14,521**	**14,521**

As at 30 June 2007	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Inventories	–	56,084	56,084
Trade and other receivables	–	458	458
Prepayments	–	54	54
Cash and cash equivalents	144,297	–	144,297
Total assets	144,297	56,596	200,893
Trade and other payables	–	12,654	12,654
Total liabilities	–	12,654	12,654

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

2. Financial risk management (continued)

c) Cash flow interest rate risk (continued)

Company

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

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

As at 30 June 2008	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Investment in subsidiaries	–	–	–
Loans to subsidiaries	125,539	–	125,539
Trade and other receivables	–	5,928	5,928
Prepayments	–	25	25
Cash and cash equivalents	60,282	–	60,282
Total assets	**185,821**	**5,953**	**191,774**
Investment in subsidiaries	–	(6,772)	(6,772)
Trade and other payables	–	(14,321)	(14,321)
Total liabilities	**–**	**(21,093)**	**(21,093)**

As at 30 June 2007	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Investment in subsidiaries	–	–	–
Loans to subsidiaries	–	54,455	54,455
Trade and other receivables	–	455	455
Prepayments	–	54	54
Cash and cash equivalents	137,790	–	137,790
Total assets	137,790	54,964	192,754
Investment in subsidiaries	–	(256)	(256)
Trade and other payables	–	(3,981)	(3,981)
Total liabilities	–	(4,237)	(4,237)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

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

The Group has deposits with the below banks:

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

* From Standard & Poor's

**A subsidiary of The Royal Bank of Scotland plc

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

Liquidity risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

2. Financial risk management (continued)

Liquidity risk (continued)

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

Capital risk management

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

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

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

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

3. Critical accounting estimates and assumptions

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

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

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

4. Subsidiaries

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

4. Subsidiaries (continued)

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

	Ownership	Incorporation		Ownership	Incorporation
MPOF Macau (Site 1) Limited	100%	Macau	Talent Empire International Limited	100%	BVI
MPOF Macau (Site 2) Limited	100%	Macau	Tycoon Villa International Limited	100%	BVI
MPOF Macau (Site 3) Limited	100%	Macau	Yield Return Limited	100%	BVI
MPOF Macau (Site 4) Limited	100%	Macau	Championway International Limited	100%	BVI
MPOF Macau (Site 5) Limited	100%	Macau	Swift Link Limited	100%	BVI
MPOF Macau (Site 6) Limited	100%	Macau	Magic Bright International Limited	100%	BVI
MPOF Macau (Site 7) Limited	100%	Macau	Multi Gold International Limited	100%	BVI
MPOF Macau (Site 8) Limited	100%	Macau	Right Year International Limited	100%	BVI
MPOF Macau (Site 9) Limited	100%	Macau	Gainsun Investments Limited	100%	BVI
MPOF Macau (Site 10) Limited	100%	Macau	Honeypot International Limited	100%	BVI
MPOF (Penha) Limited	100%	Guernsey	Jin Mei International Limited	100%	BVI
MPOF (Taipa) Limited	100%	Guernsey	Lucky Go International Limited	100%	BVI
MPOF (Jose) Limited	100%	Guernsey	Smooth Run Group Limited	100%	BVI
MPOF (Sun) Limited	100%	Guernsey	Hillsleigh Holdings Limited	100%	BVI
MPOF (Senado) Limited	100%	Guernsey	Gorey Hills International Limited	100%	BVI
MPOF (Domingos) Limited	100%	Guernsey	Worthy Way Limited	100%	BVI
MPOF (Monte) Limited	100%	Guernsey	Pacific Success Properties Limited	100%	Hong Kong
MPOF (Paulo) Limited	100%	Guernsey	Maxland Properties Limited	100%	Hong Kong
MPOF (Guia) Limited	100%	Guernsey	Queensland Properties Limited	100%	Hong Kong
MPOF (Antonio) Limited	100%	Guernsey	Union Century Properties Limited	100%	Hong Kong
MPOF (6A) Limited	100%	Guernsey	Pacific Link Properties Limited	100%	Hong Kong
MPOF (6B) Limited	100%	Guernsey	Pacific Asia Properties Limited	100%	Hong Kong
MPOF (7A) Limited	100%	Guernsey	Golden Properties Limited	100%	Hong Kong
MPOF (7B) Limited	100%	Guernsey	Platinum Properties Limited	100%	Hong Kong
MPOF (8A) Limited	100%	Guernsey	Victory Star Properties Limited	100%	Hong Kong
MPOF (8B) Limited	100%	Guernsey	Top Faith Properties Limited	100%	Hong Kong
MPOF (9A) Limited	100%	Guernsey	China City Properties Limited	100%	Hong Kong
MPOF (9B) Limited	100%	Guernsey	Sky Century Properties Limited	100%	Hong Kong
MPOF (10A) Limited	100%	Guernsey	Golden City Properties Limited	100%	Hong Kong
MPOF (10B) Limited	100%	Guernsey	Newton Properties Limited	100%	Hong Kong
MPOF Mainland Company 1 Limited	100%	Barbados	Orient Land Properties Limited	100%	Hong Kong
Bream Limited	100%	Guernsey	China Crown Properties Limited	100%	Hong Kong
Cannonball Limited	100%	Guernsey	World Pacific Properties Limited	100%	Hong Kong
Civet Limited	100%	Guernsey	Excelsior Properties Limited	100%	Hong Kong
Extra Able International Limited	100%	BVI	Goldex Properties Limited	100%	Hong Kong
Go Gain International Limited	100%	BVI	Windex Properties Limited	100%	Hong Kong
See Lucky Enterprises Limited	100%	BVI	Honway Properties Limited	100%	Hong Kong
Aim Top Enterprises Limited	100%	BVI	Gold Century Properties Limited	100%	Hong Kong
Manage Gain Investments Limited	100%	BVI	New Perfect Properties Limited	100%	Hong Kong
Poly Advance Management Limited	100%	BVI	Top Century Properties Limited	100%	Hong Kong
Fondue International Limited	100%	BVI	Weltex Properties Limited	100%	Hong Kong
Richsville Investment Limited	100%	BVI	East Base Properties Limited	100%	Hong Kong
Phoenixville Holdings Limited	100%	BVI	Eastway Properties Limited	100%	Hong Kong
Lucan Investments Limited	100%	BVI	Glory Properties Limited	100%	Hong Kong
Mega League Investments Limited	100%	BVI	Capital Full Limited	100%	Hong Kong
Prominent Group Limited	100%	BVI	Elite Gain Limited	100%	Hong Kong

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

5. Inventories

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

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

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

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

6. Trade and other receivables

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

7. Trade and other payables

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

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

Macau Property Opportunities Fund Limited 2008 Annual Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

8. Investment in subsidiaries

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

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

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

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

9. Share capital

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

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

10. Share premium

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

11. General and administration expenses

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

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

12. Net cash used in operating activities

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

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

13. Basic and diluted loss per Ordinary Share

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

	Year ended 30 June 2008			Period from 18 May 06 to 30 June 07		
	Loss Attributable US$'000	Weighted Average No. of Shares '000s	EPS US$	Loss Attributable US$'000	Weighted Average No. of Shares '000s	EPS US$
Basic	(17,786)	105,000	(0.1694)	(524)	105,000	(0.0050)
Diluted	(17,786)	105,000	(0.1694)	(524)	105,000	(0.0050)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

14. Related party transactions

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2008

15. Material contracts

Management Fee

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

Performance Fee

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

Payment of the performance fee is subject to:

(i) the achievement of a performance hurdle condition: Adjusted NAV per Ordinary Share at the end of the relevant performance period must exceed an amount equal to the US dollar equivalent of the Placing Price increased at a rate of 10 per cent. per annum on a compounding basis up to the end of the relevant performance period (the "Basic Performance Hurdle"); and

(ii) the achievement of a 'high watermark': Adjusted NAV per Ordinary Share at the end of the relevant performance period must be higher than the highest previously reported Adjusted NAV per Ordinary Share at the end of a performance period in relation to which a performance fee, if any, was last earned.

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

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

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

The amounts accrued in the financial statements are as follows:

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

16. Post balance sheet event

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

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

NOTICE OF AGM

Macau Property Opportunities Fund Limited (the "Company")

NOTICE is hereby given that the Annual General Meeting of Macau Property Opportunities Fund Limited is to be held at the Registered Office of the Company, Polygon Hall, Le Marchant Street, St Peter Port, Guernsey, on 6th November 2008 at 2.30 p.m. for the transaction of the following business:

1. To receive and adopt the audited accounts, the Directors' report, and the Auditors' report for the year ended 30th June 2008.

2. To re-appoint PricewaterhouseCoopers CI LLP, who have indicated their willingness to continue in office, as Auditors of the Company to hold office until the next Annual General Meeting.

3. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers CI LLP.

4. To re-appoint Thomas William Ashworth as Director of the Company, retiring in accordance with the Company's Articles of Association.

5. To consider, as special business which will be proposed as an Ordinary Resolution, THAT the Company's Investment Policy and Strategy as defined in the Admission Document be approved in accordance with the AIM Rules.

6. To consider, as special business which will be proposed as an Ordinary Resolution, THAT the Company in accordance with Section 315 of The Companies (Guernsey) Law 2008 (the "Law") be approved to make market purchases (as defined in Section 316 of the Law) either for retention as treasury shares, or cancellation, provided that:-

   i. the maximum number of shares authorised to be purchased is up to 14.99 per cent. of the shares in issue;

   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 105 per cent of the average of the middle market quotations for a share as derived from the Alternative Investment Market of the London Stock Exchange for the five business days immediately preceding the day on which that share is purchased and either the higher of the price of the last independent trade or the highest current independent bid at the time of purchase;

   iv. subject to paragraph (v), such authority shall expire at the Annual General Meeting of the Company in 2009 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 2008

Polygon Hall
Le Marchant Street
St Peter Port
Guernsey

NOTICE OF AGM

Macau Property Opportunities Fund Limited (the "Company")

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. 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, not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.

3. The quorum for the Meeting is at least two shareholders present in person or by proxy.

4. In accordance with the Regulation 41 of the Uncertificated Securities Regulations 2001 and Article 17.5 of the Company's Articles of Association, only those members entered in the Register of Members of the Company at close of business on 4th November 2008 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

5. The Register of Directors' Interests kept by the Company shall be available for inspection at the Registered Office of the Company by any member between the hours of 10am and 12noon 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.

DIRECTORS AND COMPANY INFORMATION

Directors
David Hinde (Chairman)
Tom Ashworth
Richard Barnes
Alan Clifton
Tim Henderson

Audit Committee
Alan Clifton (Chairman)
Richard Barnes
Tim Henderson

Registered Office
Polygon Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey GY1 4HY

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

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

Administrator & Company Secretary
Heritage International Fund Managers Limited
Polygon Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey GY1 4HY

Macau and Hong Kong Administrator
Adept Capital Partners Services Limited
(formerly Adept Capital Services Limited)
26/F Jubilee Centre
42-46 Gloucester Road
Hong Kong

Public Relations
Hogarth Partnership Limited
No 1 London Bridge
London SE1 9BG

Nominated Adviser & Joint Broker
Collins Stewart Europe Limited
9th Floor
88 Wood Street
London EC2V 7QR

Joint Broker
Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

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

Independent Auditors
PricewaterhouseCoopers CI LLP
PO Box 321
National Westminster House
Le Truchot
St Peter Port
Guernsey GY1 4ND

Property Valuers
Savills (Macau) Limited
Suite 1310
13/F Macau Landmark
555 Avenida da Amizade
Macau

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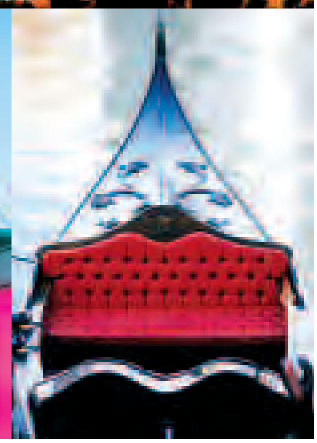

Macau Property Opportunities Fund Limited

PO Box 225
Le Marchant Street
St. Peter Port, Guernsey
Channel Islands GY1 4HY

www.mpofund.com