Macau Property Opportunities Fund

ANNUAL REPORT & ACCOUNTS

for the period ended 30 June 2010

Investing today / Anticipating tomorrow

The Waterside

The Fountainside

Senado Square

Rua do Laboratório

Zhuhai Logistics Centre

Macau is a truly unique city, offering an extraordinary fusion of East and West, old and new.

Renewed growth

FOR OUR COMPANY

and Macau's economy

Total Adjusted NAV

US$262 million

2009 US$236 million

Adjusted NAV per share

US$2.50

+11% for the twelve month period ended 30 June 2010

Adjusted NAV per share

166p*

+22% for the twelve month period ended 30 June 2010

* Based on a US Dollar/Sterling exchange rate of 1.507 as at 30 June 2010.

Increase in Property Portfolio

+16% YoY

2009 -16% YoY

Increase in Share Price

+70%

30 June 2010 vs 30 June 2009

Current Loan-to-Value

27%#

Assuming full drawdown of MPO's committed loan facilities and based on portfolio value as at 30 June 2010.

Macau is one of the most exciting and dynamic investment markets in the world

Located on the south-eastern coast of China, just 60 kilometres south-west of Hong Kong and 145 kilometres south of Guangzhou, this former Portuguese colony is uniquely situated on the threshold of two cultures: a place where wealth and wisdom have joined hands and the future is being created.

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 began trading on AIM in June 2006 before migrating to the Main Market of the London Stock Exchange in June 2010.

A significant year for MPO

- Successful migration from AIM to Main Market of London Stock Exchange
- Strong start to *The Waterside* leasing campaign
- First redevelopment project commenced
- First development loan secured
- Significantly improved refinancing terms agreed for investment in One Central

The Waterside

The Fountainside

Senado Square

Rua do Laboratório

Zhuhai Logistics Centre

At over 300 metres high, the Macau Tower offers breathtaking views across the entire territory and the surrounding area.

Why Macau?

AND WHAT'S THE SOURCE OF ITS VIBRANT ENERGY?

For almost five hundred years

the Portuguese held sway in Macau until, in 1999, the territory became a Special Administrative Region of the People's Republic of China.

In early 2002, in a move which broke a 40-year-old gaming monopoly, the Macau government granted a total of six concessions and sub-concessions, which transformed the gaming industry.

Since then, Macau has seen a massive influx of foreign investment, with commitments currently estimated at US$30 billion.

1999 — End of Portuguese rule

2002 — New casino licences awarded

2004 — Sands Macao opening

2006 — Gaming revenue surpasses Las Vegas Strip; Wynn Macau opening

2007 — Venetian Macao opening; MGM Grand Macau opening; Grand Lisboa opening

2008 — Visa restrictions imposed; Property market correction

2009 — 10th anniversary of Macau SAR; City of Dreams opening; Wynn and Las Vegas Sands IPOs raise over US$4 bn; Gaming revenue surpasses Nevada & Atlantic City

2010 — Gaming revenue to break US$20 bn

2011-2014
- Galaxy Macau resort to open
- Las Vegas Sands parcels 5 & 6 to open
- Wynn's new project in Cotai to open

2014-2016

Operation of LRT Phase I

Airport expansion

Permanent Taipa Ferry Terminal

Completion of Hong Kong-Zhuhai-Macau Bridge

poised to capitalise on Macau's next phase of economic growth

Macau's resilient economy has emerged as strong as ever in the aftermath of the recent international financial crisis. Confidence and growth forecasts have rebounded energetically, with the property sector showing an upturn that is widely expected to be maintained in the future.

With its unique portfolio of investments, strategically positioned towards the territory's key markets, MPO is well placed to take advantage of Macau's future growth.

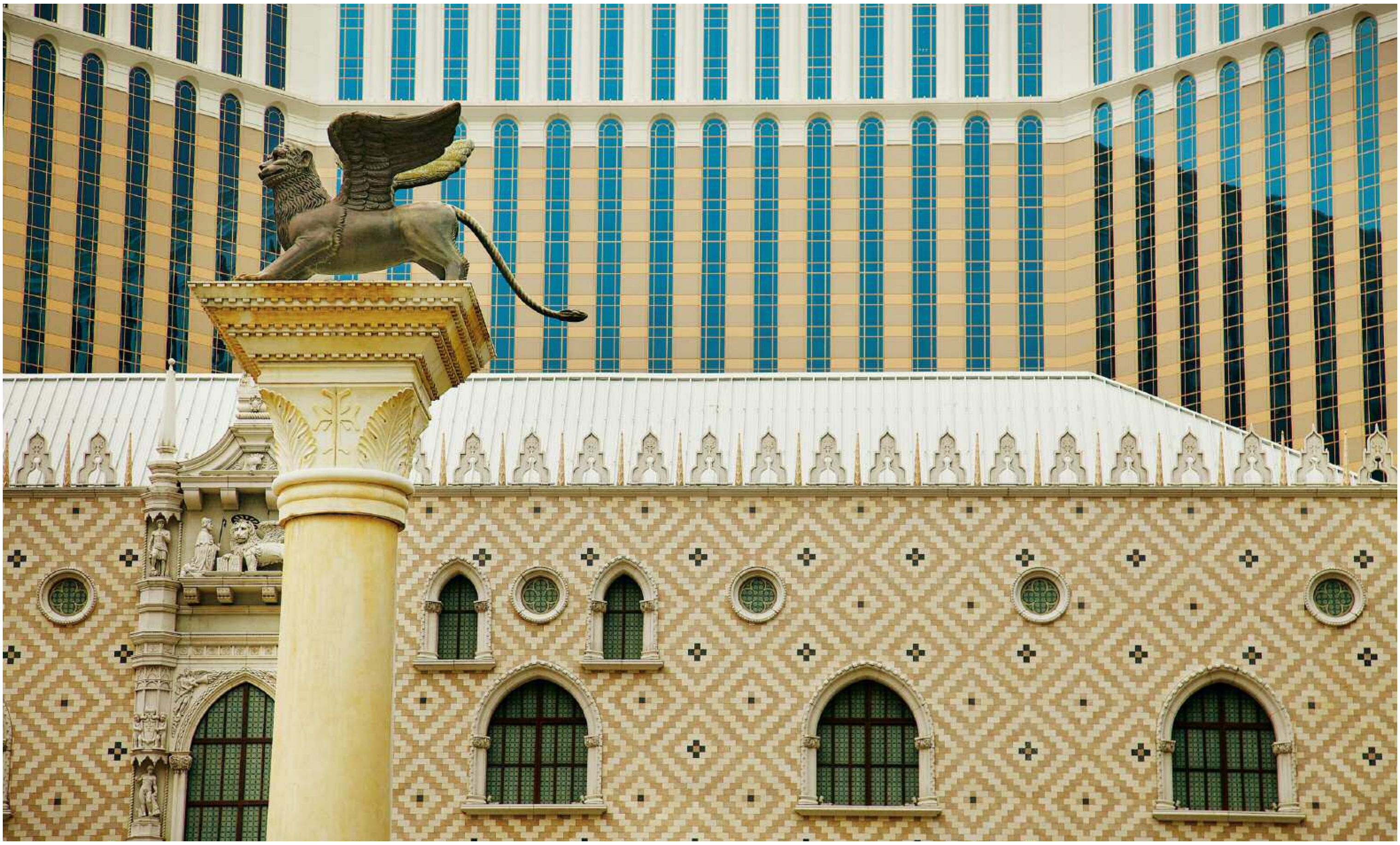
The historic Portuguese influence, *above*, blends seamlessly with the panache and glamour of modern trends. *Opposite above*, Macau Peninsula, the traditional centre of the gaming industry. Elsewhere, *opposite below*, the city boasts a number of lively shopping areas.

Rising skywards, City of Dreams, *above*, and the Venetian Macao, *opposite above*, offer exhilarating combinations of entertainment and luxurious accommodation for the millions of tourists who arrive at Macau International Airport, *below left*, and the Hong Kong-Macau ferry terminal, *below right*.

KEY STATISTICS

First half of 2010

	Figure	YoY Change
Visitor arrivals	12.2 million	+18%
Unemployment rate	2.8%	-0.8%
Monthly median income	US$1,062	0%
Property transaction value	US$3.4 billion	+300%
Property transaction volume	14,961	+178%
Meetings, Incentives, Conventions & Exhibitions (MICE)	809	+11%
No. of hotel rooms	19,560	+7.9%



Positive GDP growth returns

+40%

Driven by an increase in gaming revenues, the uplift in visitor numbers and improving business confidence, Macau's economy has returned to growth. In the first half of 2010, GDP has increased by 40% year-on-year.

Gaming revenues break records

+67%

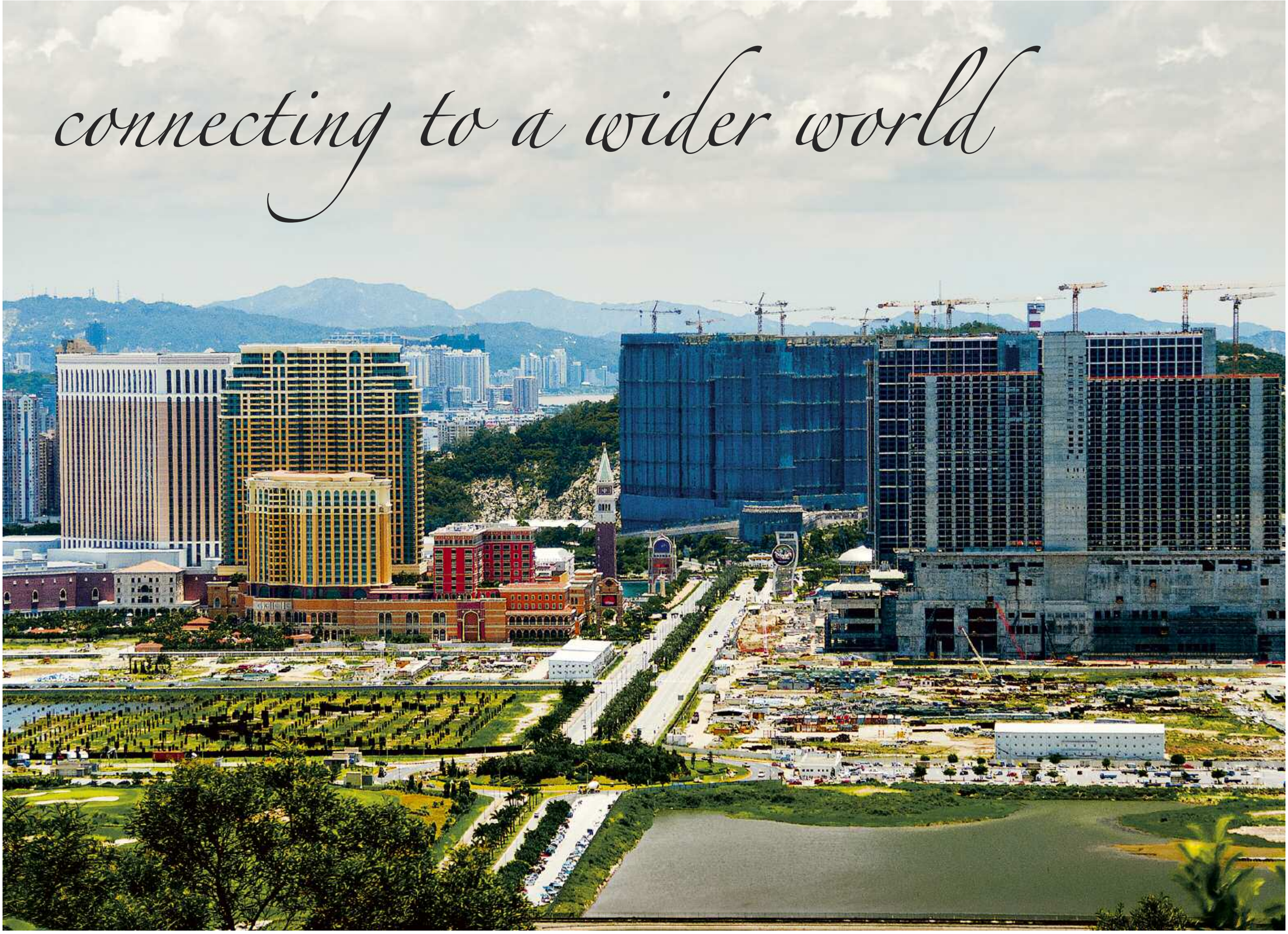
In the first half of 2010, the territory's gaming revenues reached a new high of US$10.7 billion – more than double that of Nevada in the same period.

Retail sales on the rise

+35%

Retail spending in Macau hit US$1.7 billion for the first half of 2010, fuelled by the welcome rise in local people's disposable incomes and a significant increase in tourist spending.

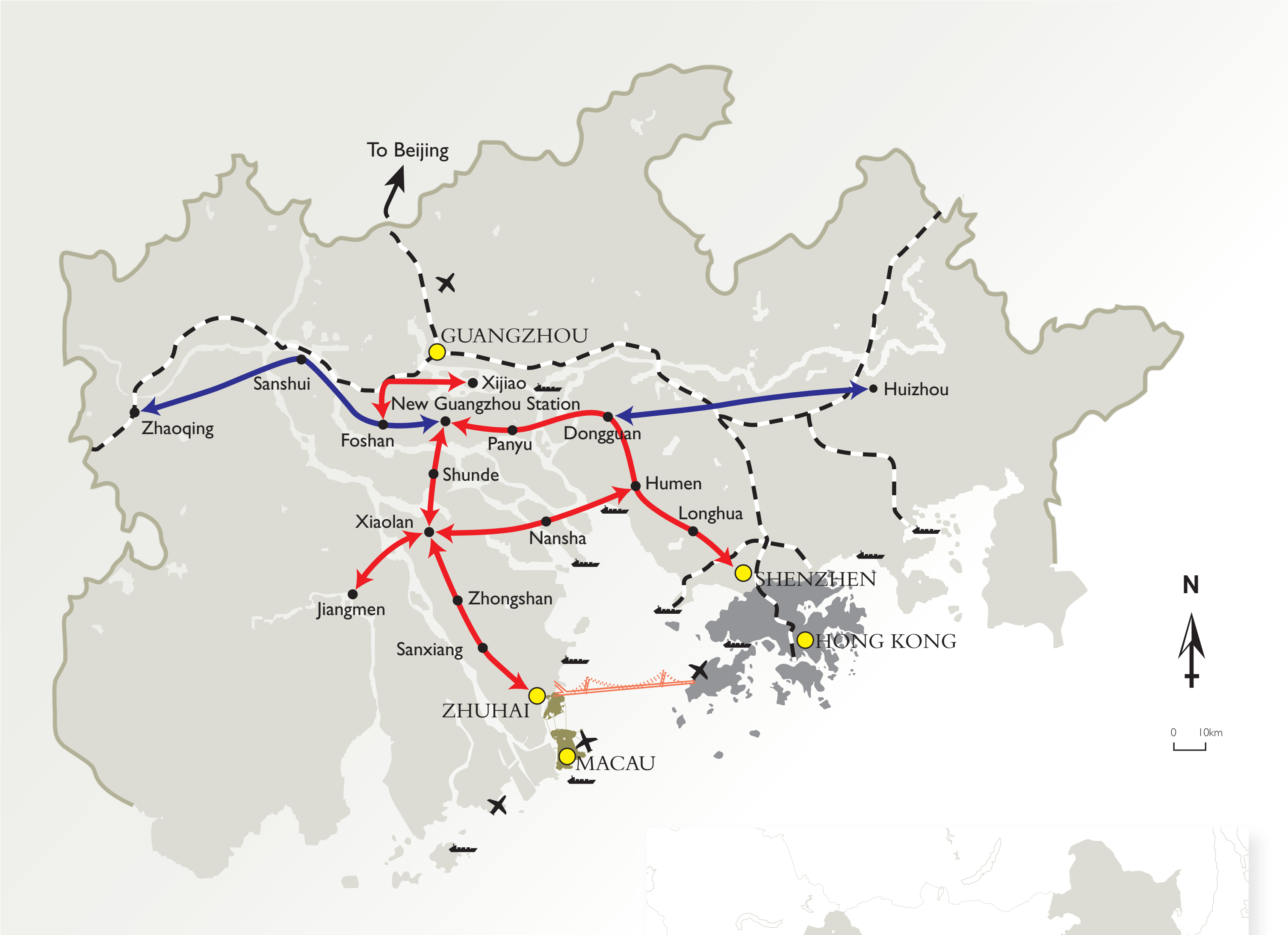
connecting to a wider world



The government of Macau is set on a course that will see the territory become one of East Asia's key tourist and convention and exhibition destinations.

Ambitious regional and domestic infrastructure plans are in hand. Massive new resort and casino developments are underway; the economy is diversifying; and a new, outward-looking, positive future is unfolding.

The Cotai Strip, *top*, where new developments will add to Macau's powerful lure as a tourism destination and Wynn's 52-acre site, *above*, where the group plans further expansion.



PEARL RIVER DELTA REGION

- PRD Rapid Transit System by 2011
- PRD Rapid Transit System by 2020
- Hong Kong-Zhuhai-Macau Bridge by 2016
- Existing Railway
- Pearl River Delta Economic Zone
- Port
- Airport

Alignments and locations are indicative only.

- Over 100 daily flights to/from Macau International Airport
- Over 300 daily ferries between Hong Kong and Macau
- Hong Kong-Macau Bridge (under construction): 20 mins to Hong Kong

Chairman's Statement

During the past twelve months, our attention has been heavily focused on the ongoing development and management of our well positioned assets. We have achieved an overall improvement in our Fund's performance and seen a welcome upturn in Macau's economy.

David Hinde
Chairman

"We have embarked on an exciting phase in our investment cycle as we work towards the creation of high calibre tangible assets."

The past year has proved encouraging for Macau Property Opportunities Fund. Despite the doubts of early 2009, when the uncertain conditions in the financial markets were continuing to affect international confidence, we have achieved an overall improvement in our performance and seen a marked resumption in growth of the Macau property sector.

I am pleased to report that, during the twelve month period under review, the valuation of our portfolio increased by 16%, resulting in a year-on-year rise of 11% in US Dollar terms (22% in Sterling terms) in our Company's Adjusted Net Asset Value.

The significant narrowing to 18% of the discount to Adjusted Net Asset Value at which our shares trade has been particularly encouraging, bearing in mind the deep discount we were experiencing prior to the start of this trading period.

The Company remains focused on capital growth potential and no dividend will therefore be paid in respect of the trading period under review.

Over the year, we have embarked on an exciting phase in our investment cycle as we work towards the creation of high calibre tangible assets.

Our prime luxury residential property, *The Waterside*, has seen an encouraging uptake, achieving a 25% occupancy of its standard units since the launch of the leasing campaign earlier this year. Capitalising on Macau's increasing demand for world class luxury rental accommodation, we have received a steadily increasing stream of enquiries for our apartments, with a number of additional tenancies currently under negotiation.

On the development front, we have publicly unveiled our first residential development project as *The Fountainside*. Construction of this niche low rise property, previously referred to as Rua da Penha, has been underway since March and will be funded by a newly secured development loan of US$13.5 million.

Despite the challenges associated with achieving full governmental planning approvals in Macau, we are making steady progress with our development programmes at Senado Square, Rua do Laboratório and the Zhuhai Logistics Centre.

One of the high points of this year has been the successful migration of our Company's ordinary shares to trading on the Main Market of the London Stock Exchange from its original listing on AIM. This important move should further enhance our profile in financial circles leading to an increase in the liquidity and underlying performance of our shares and further broadening of the Company's investor base.

The prospects for Macau look equally promising.

The territory's gaming revenues continue to go from strength to strength as stability and confidence return. Meanwhile, under the leadership of the new Chief Executive, Fernando Chui Sai-on, a much greater emphasis is being placed on creating a broader economy through the development of non-gaming tourism and world class convention and exhibition facilities.

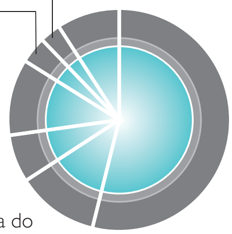
After the sharp rebound witnessed in the second half of 2009, growth in Macau's property market has slowed to a more sustainable rate, and both volume and value of transactions have remained buoyant during the first half of 2010.

Against this encouraging backdrop and as we embark upon the construction phase of our development activities, we continue to seek every opportunity to crystallise value for our shareholders. With this in mind, we intend to launch the pre-sales programme for *The Fountainside* later this year.

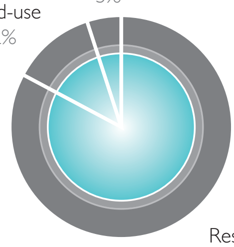
David Hinde
Chairman
Macau Property Opportunities Fund Limited

Strength of Our Portfolio

PORTFOLIO COMPOSITION BY PROJECT
(based on market value)



PORTFOLIO COMPOSITION BY SECTOR
(based on market value)



Valuation US$317m

Uplift (YoY) +16%

One Central*

Valuation: US$188,618,000
Uplift (YoY): +21%
Uplift (since acquisition): +38%

The Fountainside

Valuation: US$22,866,000
Uplift (YoY): +5%
Uplift (since acquisition): +184%

Senado Square

Valuation: US$39,180,000
Uplift (YoY): +19%
Uplift (since acquisition): +144%

Rua do Laboratório

Valuation: US$40,593,000
Uplift (YoY): +7%
Uplift (since acquisition): +90%

Zhuhai Logistics Centre

Valuation: US$14,259,000
Uplift (YoY): +11%
Uplift (since acquisition): +29%

Other Property Assets

Valuation: US$11,216,000
Uplift (YoY): +10%
Uplift (since acquisition): +55%

** Including The Waterside and individual units at One Central Residences.*

Market value information is based on independent valuations of the Company's portfolio properties by Savills (Macau) Limited.

Our objective is to generate attractive returns from carefully selected property opportunities in Macau and China's Pearl River Delta. Our portfolio includes luxury and entry level residential apartment projects, a mixed-use project and a strategically located warehouse/logistics centre, all of which are well placed to capitalise on the present and future needs of the Macanese community.

MACAU AND SURROUNDING AREA

Alignments and locations are indicative only.

MPO'S KEY PROPERTIES

1 *The Fountainside*
2 *The Waterside* / One Central
3 Rua do Laboratório
4 Senado Square
5 Zhuhai Logistics Centre

CASINOS (by operators)

SJM

D Lisboa (1970)
E Grand Lisboa (2007)
G L'Arc Macau (2009)
H Ponte 16 (2008)
I Oceanus (2009)

Las Vegas Sands

A Sands Macao (2004)
M Venetian Macao (2007)
N Four Seasons (2008)
O Intercon/Crowne Plaza/ Holiday Inn*
Q Shangri-La/Traders/ Sheraton (2011)
R St Regis (2012)
S Hilton & Conrad*
T Fairmont & Raffles*

Wynn Resorts

C Wynn Macau (2006) & Encore (2010)
U Wynn Cotai (2014)

Melco/PBL

J Altira Macau (2007)
P City of Dreams (2009)

Galaxy Entertainment

B Starworld (2006)
K Grand Waldo (2006)
L Galaxy Macau (2011)

MGM/Pansy Ho

F MGM Grand Macau (2007)

* Under planning

One Central offers a unique mix of luxury accommodation, prime shopping and sophisticated dining and entertainment facilities.

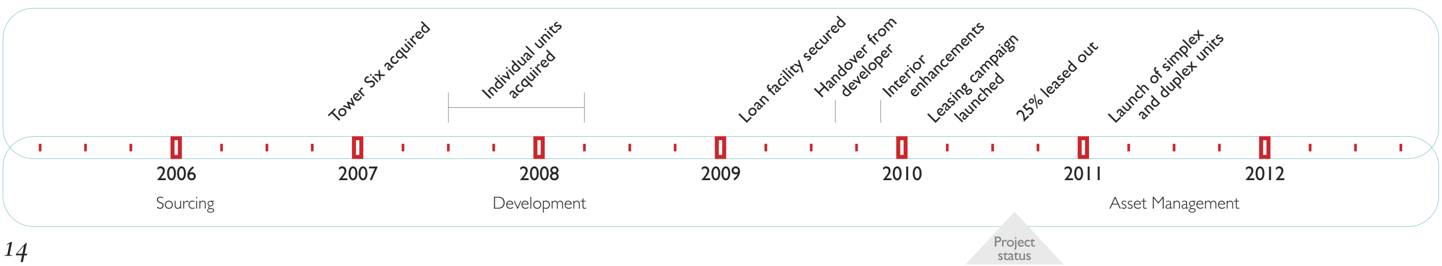
The Waterside

PRESTIGIOUS, HIGH-END RESIDENTIAL

The Waterside is one of Macau's most exciting waterfront developments. Comprising 59 luxury apartments – each one created for the upper end of the residential rental market – it offers a broad range of fully flexible furnishing and service options.

Located within Tower Six of One Central, Macau's premier mixed-use development, all the apartments command uninterrupted views over the Nam Van Lake and the historic Penha Hill.

The Waterside is also adjacent to the magnificent dining, shopping and entertainment facilities offered by the MGM Grand Macau, the One Central Macau shopping centre and the newly opened Mandarin Oriental hotel.



The elegant dining and living spaces of *The Waterside*, *top*. *Above*, the master bedroom of a Classic apartment.

One Central*

PRESTIGIOUS, HIGH-END RESIDENTIAL

Total Commitment: US$138 million

Property Type:	**Investment**
Gross Floor Area:	198,000 ft^2/18,400 m^2
Current Status:	Leasing
Exit Strategy:	Lease and asset manage

**MPO acquired the whole of Tower Six of One Central Residences in late 2006 and subsequently purchased a number of additional units in adjacent blocks. Please refer to the disclaimer on the inside back page.*

Artist's impression

The Fountainside

NICHE MARKET RESIDENTIAL

Capitalising on an exceptional location close to the popular and highly sought-after Penha Hill district, *The Fountainside* – previously known as Rua da Penha – features 42 apartments designed to attract the middle/upper-income strata of the local population.

In June 2010, MPO entered into a credit facility arrangement with Banco Weng Hang S.A. for up to US$13.5 million, which will cover the anticipated development costs.

Pre-sales for this project will commence in the latter part of 2010.

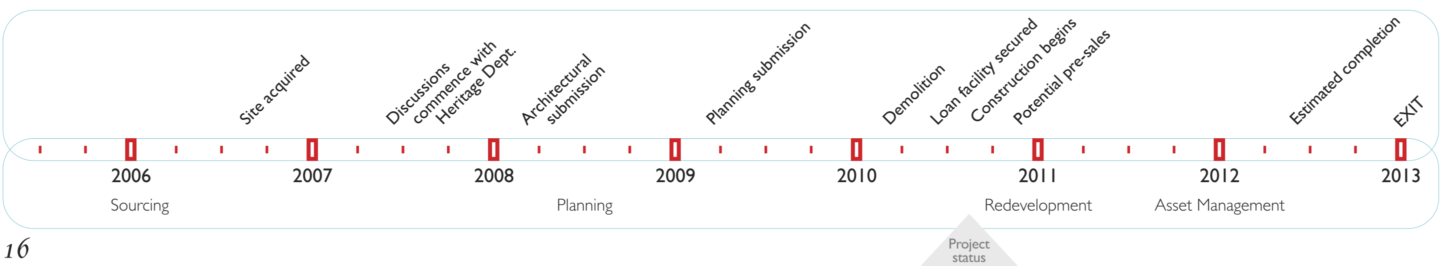
Total Commitment: **US$20 million**

Acquisition Cost: **US$8.6 million**

Projected Development Cost: **US$11.4 million**

Property Type:	**Development**
Projected Gross Floor Area:	80,000 ft^2/7,430 m^2
Current Status:	Under construction
Exit Strategy:	Pre-sell and sell

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



Senado Square

MIXED-USE DEVELOPMENT

Located in the heart of Macau's famed tourist and shopping district, Senado Square is MPO's first mixed-use redevelopment project.

Completion is scheduled for 2012, when the multi-storey complex will feature an iconic design, housing some 70,000 square feet of prime retail space.

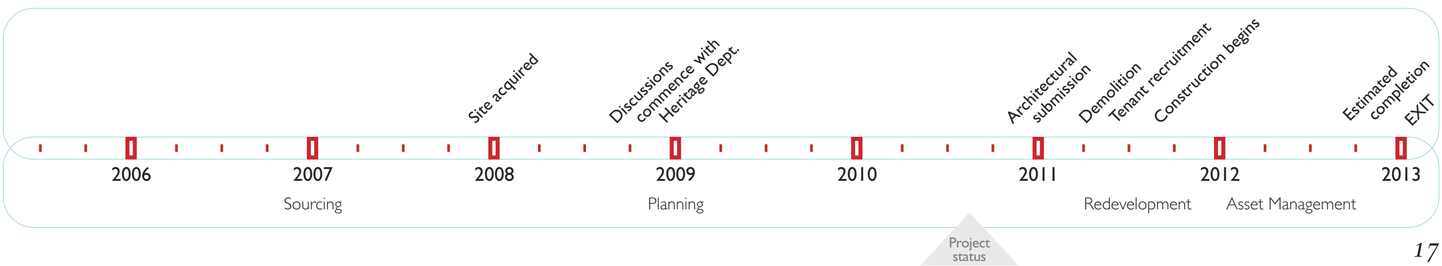
Total Commitment: **US$33 million**

Acquisition Cost: **US$16 million**

Projected Development Cost: **US$17 million**

Property Type:	**Development**
Projected Gross Floor Area:	70,000 ft²/6,500 m²
Current Status:	Advanced planning
Exit Strategy:	Lease and sell

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



Rua do Laboratório

ENTRY LEVEL RESIDENTIAL

Situated close to the border with mainland China – and with easy access to the future Light Rapid Transit system, which is designed to serve Macau and the surrounding area – this high rise project is being developed specifically for first-time buyers seeking to enter the local residential market.

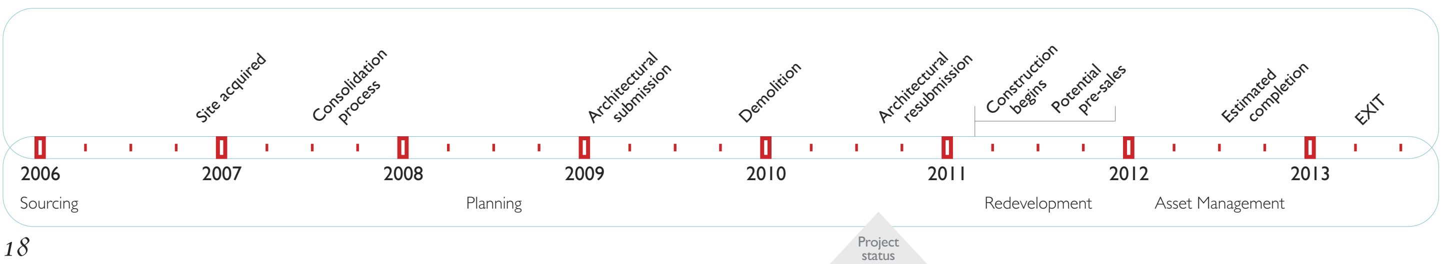
Total Commitment: **US$50 million**

Acquisition Cost: **US$20.6 million**

Projected Development Cost: **US$29.4 million**

Property Type:	**Development**
Projected Gross Floor Area:	220,000 ft^2/20,440 m^2
Current Status:	Planning
Exit Strategy:	Pre-sell and sell

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



Artist's impression

Zhuhai Logistics Centre

WAREHOUSING AND LOGISTICS

Ideally situated, adjacent to the recently started Hong Kong-Zhuhai-Macau Bridge, this industrial project is MPO's first investment in the all-important logistics and warehousing sector.

The Centre is well placed to serve the growing demand for logistics created by the ever increasing needs of Macau's gaming, tourist and convention and exhibition industries.

Total Commitment: US$45 million

Acquisition Cost: US$11 million

Projected Development Cost: US$34 million

Property Type:	**Investment/Development**
Projected Gross Floor Area:	1.6m ft²/150,000 m²
Current Status:	Leasing and planning
Exit Strategy:	Sell with long-term leases

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

2007	2008	2009	2010	2011	2012	2013	2014

Site acquired

Ph 2 architectural submission

Ph 2 architectural resubmission

Ph 2 construction begins

Ph 2a estimated completion

Ph 2b estimated completion

Ph 2c estimated completion

Sourcing

Asset Management (Phase 1)

Planning (Phase 2)

Redevelopment (Phase 2)

Asset Management (Phase 2)

Project status

Manager's Report

As we embark on our fifth year of operation,

Macau Property Opportunities Fund has entered an important stage of its asset management and development cycle. At the same time, Macau's economy has resumed its long term growth cycle with investors and operators continuing to demonstrate their confidence in the territory's future.

This has been an important year for Macau Property Opportunities Fund (MPO). Having weathered the effects of the international financial crisis, we have continued to strengthen our position in the Macau property sector and have enhanced our standing in the financial community at large.

As our Chairman has noted, the Company's Adjusted Net Asset Value has risen during the past year by 11% in US Dollar terms (22% in Sterling terms) and the valuation of its underlying portfolio has increased by 16% year-on-year.

We have also seen a strong recovery in our share price to 131.5p per share as at 16 September 2010 leading to a narrowing of the discount to Adjusted Net Asset Value at which our shares trade to 18%.

Successful London Main Board listing

The successful migration of the Company's ordinary shares from AIM to a premium listing on the Main Market of the London Stock Exchange took place on 30 June 2010.

Although AIM has served as a useful platform for the Company's development over the past four years, the transfer to the Main Market will bring MPO to the attention of a much wider investment audience. This in turn should lead to an increase in the underlying performance and liquidity of its shares and a further broadening of the Company's investor base. In the longer term – and subject to achieving certain liquidity conditions – it may also lead to the Company's eligibility for inclusion in the FTSE All-Share Index.

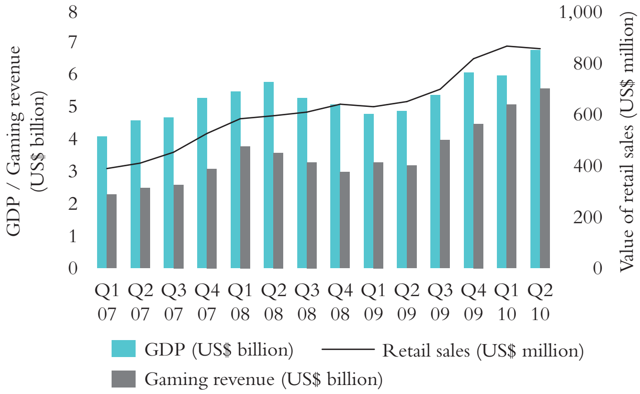
Focus on asset management and development

During the year, we have been focusing primarily on the asset management and development aspects of our various projects, but we also continue to source and assess further potential investment opportunities.

At *The Waterside* – our key investment property in Tower Six of One Central Residences – we have launched a targeted marketing and leasing programme directed towards the premium sector of Macau's residential rental market.

Having commissioned three unique living environments from the award-winning Japanese interior designer, Yasumichi Morita, we are offering a choice of luxury accommodation – Classic, Contemporary and Grand Deluxe – in apartments complemented by exceptional services at an unparalleled location. *The Waterside* occupies an enviable position, with direct links to the newly opened One Central Macau shopping centre, the MGM Grand Macau and the five-star Mandarin Oriental Hotel, all of which offer prime shopping, dining and entertainment options. All 59 apartments at *The Waterside* command stunning views across the Nam Van Lake and Macau's historic Penha Hill.

GDP, GAMING REVENUE & RETAIL SALES



Source: DICJ, DSEC

EMPLOYED POPULATION & MONTHLY INCOME

Source: DSEC

We are pleased to report that our leasing programme has started encouragingly, with 25% of *The Waterside's* standard units successfully leased as at 1 September 2010. Given the upturn in the Macanese economy, we remain confident that this exceptional residential asset is well placed to meet the territory's continuing demand for world class luxury rental accommodation.

"We have continued to strengthen our position in the Macau property sector and enhance our standing in the financial community at large."

Progress at other developments

MPO's first residential development project, previously known as Rua da Penha, has been publicly branded as *The Fountainside*. Echoing the theme adopted at its sister property, *The Waterside*, this new name is inspired by the distinctive fountain at nearby historical Lilau Square.

Redevelopment of *The Fountainside* began in March this year, following the receipt of architectural planning approvals. We are currently finalising our marketing programme for the project, with a public sales campaign expected to be launched in the latter part of 2010, subject to appropriate market conditions. On completion, this niche residential property will offer 42 residential units ranging in size from 700 to 3,700 square feet in an attractive and well appointed eight-storey building.

Work is continuing at our other development properties: Rua do Laboratório, Senado Square and the Zhuhai Logistics Centre.

In January 2010, we completed the demolition work at Rua do Laboratório, where we are developing a high rise residential project designed for the entry level market. The overall accommodation mix has been confirmed, site investigations are ongoing, and we expect to commence construction by the first quarter of 2011 on the receipt of full government approvals. Considerable time has been spent revising designs for this project to maximise floor area while at the same time complying with newly enforced technical requirements.

Owing to the time taken in this process and in obtaining new approvals, the estimated project completion date is now late 2012 versus the previous target at the end of 2011. The project IRR has not been adversely affected, however, since our revisions to the architectural design have successfully led to an increase in the project's marketable area.

Our mixed-use project, Senado Square, which is situated in the heart of Macau's historic tourist district, is subject to strict guidelines for heritage conservation. These have been fully complied with, but architectural approval remains dependent on continuing discussions with a number of relevant government departments. These discussions are progressing well and once finalised will enable us to progress applications for site works, demolition and detailed planning approvals. Based on the current programme, the target date for completion of this project is now expected to be in 2012.

Despite this delay, we have pressed ahead with the appointment of an international design consultancy which is working on a variety of detailed concepts for the project. At the same time, Macau's retail and tourism sectors have continued to boom, leading to the recent announcement of a record transaction of another premium retail property adjacent to our site. This is encouraging for values and rents in the area and suggests a positive future for our Senado Square property.

After extensive discussions with relevant departments, we have now received approvals for the revised master plans for both the residential and logistics development projects within the Zhuhai Logistics Centre. Full site investigations are currently ongoing on the residential site and preliminary on-site work has commenced on the logistics site. Detailed planning approvals and permits for commencement of construction are currently expected to be received by the first quarter of 2011. On completion, these will comprise 1.3 million square feet of state-of-the-art logistics warehouses and 450-unit employee accommodation.

We have made steady progress with the asset management aspects of Phase 1 of the Zhuhai Logistics Centre, having now refurbished two of the three blocks and achieved an occupancy rate of almost 60%, with stable rental income and continued interest from a range of prospective tenants.

The Zhuhai Logistics Centre is expected to benefit enormously from the future development of Zhuhai's Hengqin Island, which will include a new six square kilometre Shizimen Central Business District, as well as from being close to the future Hong Kong-Zhuhai-Macau Bridge, on which construction began in December 2009. When it is completed in 2016, this ambitious infrastructure project will give Macau greatly improved links with Hong Kong and the entire Pearl River Delta and is likely to be a catalyst for significant further growth and economic activity in the region.

Improved valuations

The Company's financial statements as at 30 June 2010 have been prepared in accordance with International Financial Reporting Standards. All properties in the Company's portfolio have been valued by Savills (Macau) Limited.

Development properties classified as inventories are included in the financial statements at the lower of cost and net realisable value, whereas properties classified as investment properties are carried at fair value.

The final audited results are summarised below:

	30 June 2010 US$	30 June 2010 £[1]	30 June 2009 US$	30 June 2009 £[1]
NAV	**$203.06m**	**£134.74m**	$155.51m	£94.13m
Adjusted NAV[2]	**$262.36m**	**£174.08m**	$236.45m	£143.12m
NAV per share	**$1.93**	**128.32p**	$1.48	89.65p
Adjusted NAV per share[2]	**$2.50**	**165.79p**	**$2.25**	**136.31p**
Changes in Adjusted NAV				
Since Admission[3]	**38.80%**	**72.32%**	25.10%	41.68%
YoY	**10.96%**	**21.63%**	-20.00%	-3.37%

1 Based on US$/£ exchange rate of 1.5071 at 30 June 2010 and 1.652 at 30 June 2009.
2 Adjusted Net Asset Value is shown after accruing for the performance fee (if any) 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 fair value rather than at the lower of cost and net realisable value.
3 Based on NAV per share at Admission on 5 June 2006 of US$1.80 (96.21 pence).

The Company has recorded a net profit of US$47.6 million during the current year, mainly as a result of the fair value adjustment from reclassification of the investment in *The Waterside* from inventory to investment property as well as the unrealised gain on the Zhuhai Logistics Centre. This results in a Net Asset Value per share of US$1.93 as at 30 June 2010, representing a 30.6% increase during the twelve month period.

The market valuation of the Company's properties, as detailed in the portfolio summary of this report, was US$316.7 million as at 30 June 2010. This represents an uplift of US$106.2 million or 50.4% over the cost of the properties. This has resulted in an Adjusted Net Asset Value per share of US$2.50 or 165.79p as at 30 June 2010. These figures represent a respective 38.8% and 72.3% increase from the Net Asset Value per share at the time of the Company's admission to AIM.

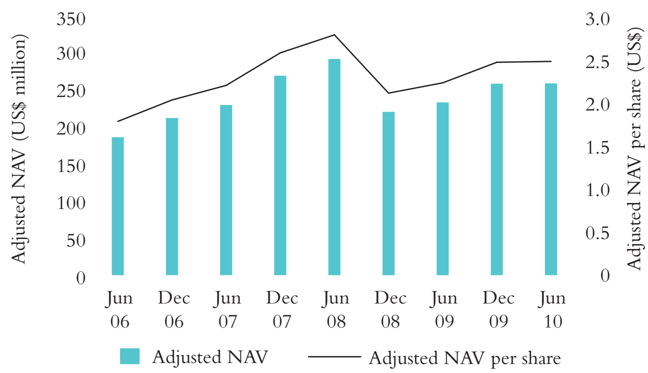
As at 30 June 2010, the Company's total assets stood at US$287.6 million, comprising US$97.3 million of development properties, US$159.7 million of investment properties and cash of US$30.4 million. If development properties were included in the financial statements at market value, as reported by Savills and as used for the Adjusted Net Asset Value, total assets would be US$347.3 million. MPO's total liabilities as at 30 June 2010 were US$84.5 million, mainly consisting of the bank financing for One Central Residences.

Cash management

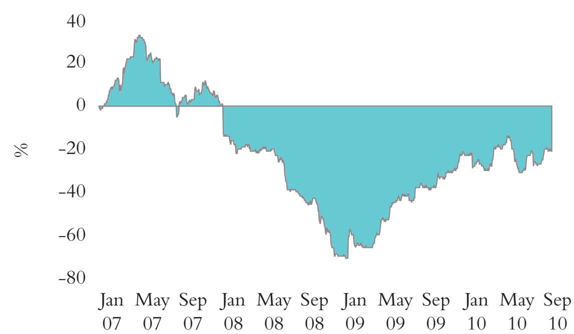
As at 30 June 2010, the Company had a cash balance equivalent to US$30.4 million. Cash balances are held primarily in HK$ fixed deposits and in savings and current accounts with international banks located in Guernsey, Hong Kong and Macau. The Company continues to adopt a prudent cash management policy and closely monitors its capital requirements.

With most of the Company's assets denominated in US$ and HK$, the Company's exposure to foreign exchange risk can be considered minimal.

ADJUSTED NET ASSET VALUE



MPO SHARE PRICE PREMIUM / DISCOUNT TO ADJUSTED NAV



Source: Bloomberg, Sniper Capital Research

Manager's Report continued

Major loans secured

In August 2009, MPO successfully completed the drawdown of a US$82 million loan, which has been used to finance the Company's investment in One Central Residences. On 10 September 2010, the Company successfully arranged a new loan facility with Hang Seng Bank to refinance its existing loan for One Central Residences on more favourable terms. The new loan facility will generate interest savings of 80 basis points compared to the existing loan facility and will extend the existing debt maturity by a further 3.5 years to November 2015.

In June 2010, MPO entered into a credit facility arrangement, for a term of approximately two years, for up to US$13.5 million with Banco Weng Hang S.A., one of Macau's leading banks. This facility will be used to finance the redevelopment of *The Fountainside* and to partially refinance the original acquisition cost of the property. The first drawdown was made in the third quarter of 2010 and consequently *The Fountainside* is now considered to be fully funded.

Based on the Company's portfolio value as at 30 June 2010 and assuming a full drawdown of its committed loan facilities, MPO's total loan-to-value ratio is 27%.

Trading of shares

During the past twelve months, MPO's share price has benefited from the steadily improving confidence in both the global and Macau's economies and rising values in the local property market.

The net result has been a significant improvement in the Company's share price since the second half of 2009. The price stood at 129.5p as at 30 June 2010 and shares were trading at an improved discount to Adjusted Net Asset Value per share. A year ago, the discount to the Adjusted Net Asset Value stood at 44% whereas the figure was 22% as at 30 June 2010.

Significant shareholders

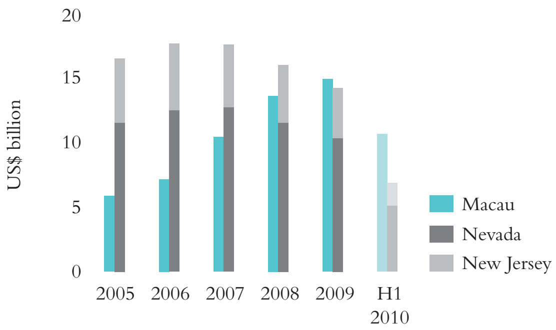
In the course of the year, as testament to the Company's strong fundamentals and the potential of the portfolio, MPO has been able to attract several new tier one institutional investors.

During the same period, Sniper Investments Limited – an investment vehicle associated with the Company's Manager – has increased its total holding in MPO to 5.15 million shares, or 4.90% of the Company's issued share capital, making it MPO's sixth largest shareholder.

Name of shareholder	No. of shares	%
Invesco Asset Management	30,768,244	29.30%
Insight Investment	11,054,195	10.53%
Universities Superannuation Scheme	10,500,000	10.00%
Lazard Asset Management LLC	9,875,330	9.41%
Midas Capital Partners	7,673,000	7.31%
Sniper Investments Limited	5,150,000	4.90%
RWC Partners	4,146,293	3.95%
Apollo Multi Asset Management	3,455,000	3.29%
Other	22,377,938	21.31%
	105,000,000	**100%**

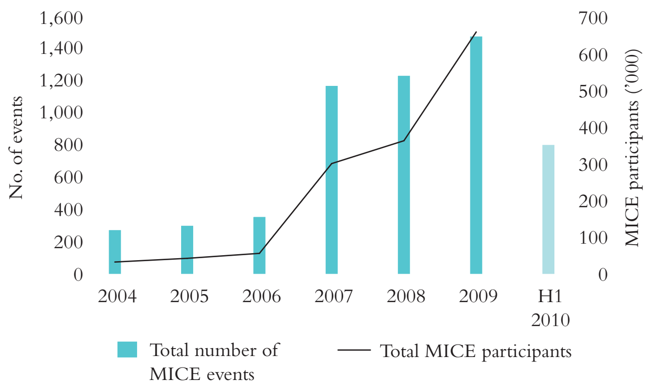
As at 30 June 2010

MACAU, NEVADA & NEW JERSEY GAMING REVENUES



Source: DICJ, NGC and NJCCC

MICE EVENTS & PARTICIPANTS



Source: DSEC, Macau Government Tourist Office

Macau regains momentum

Macau's economy has resumed its high rate of growth and is officially forecast to expand up to 30% for 2010 as a whole.

Under the new leadership of Fernando Chui Sai-on, the government is determined to push through its policies for further diversifying the economy. Unemployment remains low at 2.8%, as at the end of June 2010, and new laws are being introduced to promote jobs for the local population. This should lead to increased domestic consumption, improved living standards and greater housing affordability. Within the last year, the monthly median income has reached a new high of US$1,062 – an increase of 84% since 2001.

Growth anchored by gaming and tourism

The government's concerted efforts to diversify Macau's economy will take time to take effect and hence gaming still remains the chief economic driver.

Capitalising on the strong growth momentum in the second half of 2009, gaming revenues hit new heights in the first half of 2010. The record of US$10.7 billion for the six-month period represents a year-on-year growth of 67%. Currently, the government is forecasting year-on-year growth of 30% for 2010 which, if achieved, will see Macau's full year gaming revenues achieve almost double the US$10.4 billion generated by the US State of Nevada for the whole of 2009.

Underscoring Macau's position as the world's biggest and fastest growing gaming market, a number of large scale resort/casinos – including the City of Dreams and Encore at Wynn Macau – have opened for business during the period.

"Assuming a full drawdown of its committed loan facilities, MPO's total loan-to-value ratio is 27%."

Looking ahead, the momentum is set to continue. Galaxy Macau, a US$1.8 billion landmark property on the Cotai Strip, is scheduled to open in early 2011, to be followed at the end of the year by the US$2.35 billion Las Vegas Sands' Shangri-La/Traders/Sheraton complex, which had been temporarily shelved during the financial crisis. Between them, these two projects alone will add a further 8,200 hotel rooms, increasing Macau's total hotel capacity by 40% to over 27,700 rooms. Having successfully established themselves on the Macau Peninsula, Wynn Resorts, SJM and MGM have also publicly announced plans to embrace the success of the Cotai Strip by each developing new complexes.

Despite new competition from Singapore, the Macau gaming industry continues to fuel the profits of the world's major entertainment groups. Wynn Macau and Sands China contributed almost 70% of total revenues for their US-based parent companies in the first half of 2010, with the latter breaking the billion-dollar mark for the first time in the second quarter of 2010.

Macau remains a popular tourist destination, especially among the people of mainland China. Total visitor numbers were up 19% year-on-year during the first seven months of 2010 to 14.4 million and look set to far exceed 2009's 22 million.

Property rebounds

Data from various sources indicates that Macau's property market made a strong recovery in the latter part of 2009. This has been maintained through the first half of 2010, with transaction volumes and values returning to their pre-crisis levels.

This improvement has been fuelled as much by the global economic recovery as by the continuing growth in the Chinese economy. Returning investor confidence has also contributed to Macau's rising levels of inward investment.

On the residential property front, Jones Lang LaSalle reported a particularly strong market in the first half of 2010, driven by a pent-up demand for high quality accommodation and the introduction of a number of new mass market residential projects in northern Macau Peninsula and Taipa. In all, a total of 9,256 residential sales amounting to US$2.7 billion were recorded between January and June 2010, a year-on-year increase of 200% and 332% in terms of volume and value respectively.

Despite these increases in capital values, Macau property remains at significant discounts to other property markets in the region, such as those of close neighbour Hong Kong.

According to Jones Lang LaSalle, the high-end segment of the residential market registered increases of 3.2% and 1.5% in capital values and rents respectively in the first six months of 2010.

At the lower end of the market, the territory's low unemployment rate, better job security and rising incomes – which have doubled over the past decade – are all contributing to an increasing demand for affordable accommodation from first-time local buyers.

We believe that the pressure on residential accommodation is likely to remain high on every rung of the economic ladder as new employment opportunities are created by major infrastructure and the new Cotai Strip construction projects.

On the retail front, one of the largest transactions of recent years was completed when a prime site close to our Senado Square site was sold for a reported US$49 million – a record US$3,600 per square foot, according to media reports. Other new retail spaces that opened during the year include the One Central shopping centre, Macau's flagship destination for high value brands.

In more general terms, retail sales for the first six months of 2010 were up 35% year-on-year to US$1.7 billion.

An optimistic outlook

The prospects for Macau's property sector have been boosted by the government's determination to improve the administration of its land policy by speeding up the planning process and encouraging developers to build small to medium sized apartments catering to local residents. Other proposals include the creation of a number of public housing projects, together with improved urban planning and urban renewal for several designated areas.

All these moves are likely to add further value to our portfolio, as will the diversification of the economy and the government's ambitious plans for the improvement of Macau's infrastructure and its transport links, including its first Light Rapid Transit system.

The Chinese government's blueprint for the development of the entire Western Pearl River Delta and the construction of the Hong Kong-Zhuhai-Macau Bridge, together with the increasing number of international flights and ferry services, all point to a dynamic economy.

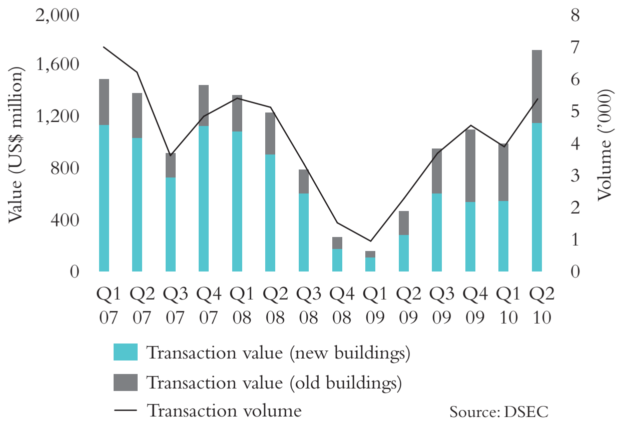
Opportunities for crystallising value

As we focus on the redevelopment and asset management aspects of our investment programme and embark upon the construction phase of our development activities, we are constantly on the look out for opportunities to crystallise value. This process is likely to commence with the pre-sales programme planned for *The Fountainside* later this year.

The unique fundamentals and powerful drivers of Macau's economy remain as strong as ever. MPO is well positioned to capitalise on the territory's new chapter of economic growth.

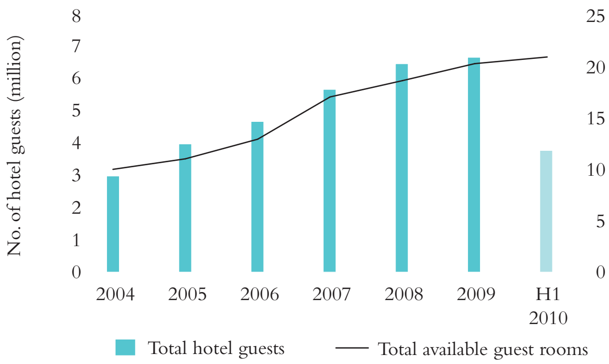
Sniper Capital Limited
Manager

RESIDENTIAL TRANSACTIONS



Source: DSEC

HOTEL STATISTICS



Source: Macau Government Tourist Office

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 twelve years to run the international corporate finance arm of Samuel Montagu & Co. Limited. From 1994 to 1998, he was an Executive Director of Dah Sing Financial Holdings Limited, the Hong Kong based banking and financial services group. He is currently a Non-executive Director of Dah Sing Banking Group Limited and Chairman of Invesco Asia Trust plc. David Hinde is a UK resident.

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 Asia 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 eight years has established an extensive local network in the territory. He is a Director of the Fund's Investment Manager, Sniper Capital and is a permanent resident of Hong Kong.

3 

Richard Barnes, Non-executive Director

Richard Barnes is a Member of the Royal Institution of Chartered Surveyors and has over 25 years of experience in the commercial property sector. He has worked at Hillier Parker (CB Richard Ellis), Vigers (GVA Grimley) and Bernard Thorpe (DTZ) and is now a Director of BNP Paribas Real Estate Jersey Limited specialising in Channel Islands commercial property consultancy. He is a 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 the Managing Director of Morley Fund Management, the asset management arm of Aviva plc, the UK's largest insurance group. He is currently Chairman of JP Morgan Japanese Smaller Companies Trust plc and of Schroder UK Growth Fund plc and a Director of several other investment companies. Alan Clifton is a UK resident.

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 in London. He returned to Guernsey in 1994 to become Chief Executive of Leopold Joseph (Channel Islands) Limited. In 1998 he was appointed Business Manager of the James Capel operation in Guernsey. He has a Personal Fiduciary Licence issued by the Guernsey Financial Services Commission and currently holds a number of Non-executive Directorships in the financial sector. He is also a Fellow of the Institute of Directors and a Guernsey resident.

Manager and Advisers

Group Structure

Sniper Capital

Sniper Capital Limited
Manager

Sniper Capital (Macau) Limited
Investment Adviser

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

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

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

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

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

Manager

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

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

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

Sniper Capital's team of over 20 professionals covers all the required investment and development disciplines, including research, site acquisition, project development, asset management, investor relations and finance.

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

With its current holding of 5.15 million shares or 4.90% of the Company's issued share capital, Sniper Investments Limited – an investment vehicle associated with Sniper Capital[2] – is now the sixth largest shareholder in Macau Property Opportunities Fund, which bears witness to Sniper Capital's belief in the Fund's long-term prospects.

For more information, please visit www.snipercapital.com

1. Headland Developments Limited is part owned by Tom Ashworth and Martin Tacon, Directors of Sniper Capital, and therefore constitutes a related party of the Company.
2. Tom Ashworth and Martin Tacon, Directors of Sniper Capital, have a beneficial interest in Sniper Investments Limited and Tom Ashworth is also a Non-executive Director of the Company.

Advisers

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

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

Investment Policy

During the year, the shareholders approved the resolution of a change to the investment policy of the Company, increasing the amount that can be invested in any single development from 30 percent of Gross Asset Value to 40 percent of the Company's Gross Asset Value. The shareholders approved a further change to the investment policy to remove the prohibition on the Company investing in third party managed collective investment schemes and replace it with the restriction in the Listing Rules limiting such investment to 10 percent of the Company's total assets (except where such listed closed-ended funds have published investment policies to invest no more than 15 percent of their total assets in other closed-ended listed funds).

The changes to the investment policy became effective from the date of the approval, 28 June 2010. However, there were no such breaches to the above thresholds throughout the year and at the year end.

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

Asset allocation

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

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

The Company targets types of developments which are often overlooked by large developers and which, in the opinion of the Manager and the Investment Adviser, offer opportunities to achieve an attractive total return through their location, sector or 'value-added' potential.

The Company looks to add value through redevelopment, development, refurbishment, change of use and repositioning. In particular, it seeks to acquire undervalued sites in attractive locations where it believes there is a sustainable end-user demand. The Company seeks to maximise the total return on its portfolio, either through selling the properties after development or redevelopment or by generating rental income.

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

Diversification

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

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

Gearing

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

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

Directors' Report

For the year ended 30 June 2010

The Directors present their report and audited financial statements of the Group for the year ended 30 June 2010.

Principal activities

Macau Property Opportunity Fund Limited (the "Company") is a Guernsey-registered closed-ended investment fund traded on the London Stock Exchange (the "LSE"). The Company was previously listed on AIM. Following the passing of all resolutions at the Extraordinary General Meeting held on 28 June 2010, the Company's shares delisted from AIM and began trading on the London Stock Exchange Main Market on 30 June 2010.

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

Business review

A review of the business during the year, together with likely future developments, is contained in the Chairman's Statement on pages 10 and 11 and in the Manager's Report on pages 20 to 27.

Results and dividend

The results for the year are set out in the financial statements on pages 35 to 58.

The Directors have not recommended the payment of a dividend in respect of the year to 30 June 2010 (2009: nil).

Directors

Biographies of the Directors who served during the year are detailed on page 28.

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 2010 were:

	ORDINARY SHARES OF US$0.01	
	Held at 30 June 2010	Held at 30 June 2009
David Hinde	**60,000**	60,000
Thomas Ashworth	**–***	–*
Richard Barnes	**50,000**	50,000
Alan Clifton	**100,000**	100,000
Timothy Henderson	**50,000**	45,000

* Thomas Ashworth transferred all his personal shareholdings in the Company to Sniper Investments Limited ("Sniper Investments") for nil consideration. At the year end, Sniper Investments held 5,150,000 shares (2009: 4,175,000).

Significant shareholdings

As at 30 June 2010, a total of eight shareholders held more than 3% each of the issued Ordinary Shares of the Company, accounting for a total amount of 82,622,062 shares (2009: 76,549,401) or 78.7% (2009: 72.9%) of the issued share capital. Further details are available on page 24 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:

	2010 US$	2009 US$
David Hinde	**62,148**	63,914
Thomas Ashworth*	**–**	–
Richard Barnes	**39,061**	39,946
Alan Clifton	**46,611**	48,212
Timothy Henderson	**46,611**	47,936
Total	**194,431**	200,008

* as disclosed in Note 15 to the consolidated financial statements, Thomas Ashworth is a shareholder and Director of Sniper Capital Limited and Adept Capital Partners Services Limited which received fees from the Group during the year.

Directors' Report

For the year ended 30 June 2010

Statement of Directors' responsibilities

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards, of the state of affairs of the Group and of the profit or loss of the Group for that period. 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

The maintenance and integrity of the Group'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.

The Directors confirm that, so far as they are aware, there is no information relevant to the audit of which the Group's auditors are unaware. The Directors also confirm that, they have taken all steps they ought to have taken as Directors to make themselves aware of any information relevant to the audit and to establish that the Group's auditors are aware of that information.

For financial years beginning on or after 29 June 2010, The Financial Reporting Council has replaced the Combined Code with the UK Corporate Governance Code (the "Code") to help company boards become more effective and more accountable to their shareholders. All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.

Responsibility statement

The Directors confirm to the best of their knowledge that:

a) the consolidated financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

b) the Chairman's Statement, the Directors' Report and the Manager's Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties it faces.

Appointment of manager

Sniper Capital Limited ("SCL") acts as the Manager to the Company. A summary of the contract between the Company, its group companies, and SCL in respect of services provided is set out in Note 16 to the consolidated financial statements. It is the Directors' opinion, based on performance in the year that the continuing appointment of SCL on the agreed terms is in the best interests of the shareholders as a whole.

Independent Auditors

A resolution proposing the appointment of Ernst & Young LLP as Auditors of the Company 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 3 November 2010 at the Registered Office of the Company, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey.

Resolution 10, within the Notice of the AGM, will grant the Company authority to dis-apply pre-emption rights in respect of up to 10,500,000 shares, which is equal to 10% of the Company's issued share capital. This would allow the Company the flexibility to issue further shares for cash without conducting a rights issue or other pre-emptive offer. In accordance with Listing Rule 15.4.11, the Company will not issue new shares, or sell shares from treasury, for cash on a pre-emptive basis at a price below NAV per share without shareholder approval.

Corporate governance

Guernsey does not have its own corporate governance code and, as a Guernsey incorporated company listed on AIM, the Company was not required to comply with the Combined Code on Corporate Governance as revised by the Financial Reporting Council in June 2008 (the "Combined Code") during the course of the financial period to which these reports and accounts relate. As a result of its delisting from AIM and migration to the Main Market of the London Stock Exchange as a premium listed company on 30 June 2010, the Company will be required for future accounting periods to comply with the requirements of the UK Corporate Governance Code (as the newly revised version of the Combined Code is known) or, where it does not do so, to set out the extent of, and reasons for, such non-compliance. The revised Code will apply to listed companies with financial years beginning on or after 29 June 2010.

Directors' Report

For the year ended 30 June 2010

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 the Group and is responsible for the following:

1) reviewing objectives for the Company and the Group and setting the Group's strategy for fulfilling those objectives;
2) reviewing and approving investments, disposals and significant capital expenditure made by the Company and the Group;
3) reviewing the capital structure of the Company and the Group and ensuring necessary resources are in place for the Company and the Group to meet its objectives;
4) reviewing and monitoring the performance of the Manager, Administrator and other service providers to the Company and the Group; and
5) reviewing key elements of the Company's and the Group'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 Group'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 2010:

	Maximum possible attendance	Actual attendance
David Hinde	4	4
Thomas Ashworth	4	4
Richard Barnes	4	4
Alan Clifton	4	4
Timothy Henderson	4	4

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

Audit Committee

The Board has operated an Audit Committee throughout the year under review. The Audit Committee is chaired by 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 Group 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 Group by the Manager and other professional advisers.

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

Risk management

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

On behalf of the Board

Timothy Henderson
24 September 2010

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Macau Property Opportunities Fund Limited which comprise the consolidated statement of financial position as of 30 June 2010 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Group as of 30 June 2010, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

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

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

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

Evelyn Christine Brady
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

24 September 2010

Consolidated Statement of Financial Position

As at 30 June 2010

	Note	2010 US$'000	2009 US$'000
ASSETS			
Non-current assets			
Investment property	*6*	**159,676**	12,903
		159,676	12,903
Current assets			
Inventories	*7*	**97,294**	181,047
Trade and other receivables	*9*	**149**	37
Prepayments		**14**	20
Cash and cash equivalents		**30,432**	47,010
		127,889	228,114
Total assets		**287,565**	241,017
EQUITY			
Capital and reserves attributable to the Company's equity-holders			
Share capital	*11*	**1,050**	1,050
Distributable reserves		**187,960**	187,960
Retained earnings		**14,121**	(33,527)
Foreign exchange on consolidation		**(68)**	23
Total equity		**203,063**	155,506
LIABILITIES			
Non-current liabilities			
Interest-bearing loans	*8*	**65,456**	–
		65,456	–
Current liabilities			
Trade and other payables	*10*	**2,682**	85,511
Interest-bearing loans	*8*	**16,364**	–
		19,046	85,511
Total liabilities		**84,502**	85,511
Total equity and liabilities		**287,565**	241,017

The consolidated financial statements on pages 35 to 58 were approved by the Board of Directors and authorised for issue on 24 September 2010.

Timothy Henderson
Director

Richard Barnes
Director

Consolidated Statement of Comprehensive Income

Year ended 30 June 2010

	Note	2010 US$'000	2009 US$'000
Income			
Bank and other interest		**18**	511
Rental income		**280**	233
Net gain from fair value adjustment on investment property	*6*	**52,173**	1,811
Sale of inventories		**2,282**	–
Write back of inventories to net realisable value	*7*	**5,804**	–
Gains on foreign currency exchange		**–**	1,138
Other income		**66**	–
		60,623	3,693
Expenses			
Management fee	*16*	**4,983**	5,154
Non-executive Directors' fees		**194**	200
Auditors' remuneration		**143**	116
Write-down of inventories to net realisable value	*7*	**–**	12,296
Cost of inventories sale		**2,343**	–
General and administration expenses	*12*	**2,822**	1,144
Losses on foreign currency exchange		**715**	–
		(11,200)	(18,910)
Operating profit/(loss) for the year		**49,423**	(15,217)
Finance expenses			
Bank loan interest		**1,775**	–
Profit/(loss) for the year		**47,648**	(15,217)
Other comprehensive income			
Currency transaction differences		**(91)**	37
Total comprehensive income for the year		**47,557**	(15,180)
Profit/(loss) attributable to:			
Equity-holders of the Company		**47,648**	(15,217)
Total comprehensive income attributable to:			
Equity-holders of the Company		**47,557**	(15,180)

		2010 US$	2009 US$
Basic and diluted profit/(loss) per Ordinary Share attributable to the equity-holders of the Company during the year (expressed in $ per share)	*14*	**0.4538**	(0.1449)

The accompanying notes on pages 39 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June 2010

Movement for the year from 1 July 2009 to 30 June 2010	**Share capital US$'000**	**Retained earnings US$'000**	**Distributable reserves US$'000**	**Foreign exchange on consolidation US$'000**	**Total US$'000**
Balance brought forward at 1 July 2009	**1,050**	**(33,527)**	**187,960**	**23**	**155,506**
Profit for the year	–	47,648	–	–	47,648
Other comprehensive income					
– Foreign exchange differences on consolidation	–	–	–	(91)	(91)
Total comprehensive income for the year	**–**	**47,648**	**–**	**(91)**	**47,557**
Balance carried forward at 30 June 2010	**1,050**	**14,121**	**187,960**	**(68)**	**203,063**

Movement for the year from 1 July 2008 to 30 June 2009	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign exchange on consolidation US$'000	Total US$'000
Balance brought forward at 1 July 2008	1,050	(18,310)	187,960	(14)	170,686
Loss for the year	–	(15,217)	–	–	(15,217)
Other comprehensive income					
– Foreign exchange differences on consolidation	–	–	–	37	37
Total comprehensive income for the year	–	(15,217)	–	37	(15,180)
Balance carried forward at 30 June 2009	1,050	(33,527)	187,960	23	155,506

The accompanying notes on pages 39 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 30 June 2010

	Note	2010 US$'000	2009 US$'000
Net cash used in operating activities	*13*	**(14,346)**	(24,464)
Cash flows from investing activities			
Acquisition of subsidiary		**(1,861)**	(9,118)
Final instalment on acquisition of properties		**(82,100)**	–
Net cash used in investing activities		**(83,961)**	(9,118)
Cash flows from financing activities			
Proceeds from bank borrowings		**81,820**	–
Net cash generated from financing activities		**81,820**	–
Net decrease in cash and cash equivalents		**(16,487)**	(33,582)
Cash and cash equivalents at beginning of year		**47,010**	80,555
Effect of foreign exchange rate changes		**(91)**	37
Cash and cash equivalents at end of year		**30,432**	47,010

The accompanying notes on pages 39 to 58 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

General information

Macau Property Opportunities Fund Limited (the "Company") is a company incorporated and registered in Guernsey under The Companies (Guernsey) Law, 1994. This law was replaced by the Companies (Guernsey) Law, 2008 on 1 July 2008. The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. The address of the registered office is given on the inside back cover.

The consolidated financial statements for the year ended 30 June 2010 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

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

These consolidated financial statements have been approved for issue by the Board of Directors on 24 September 2010.

1. Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as defined by IAS 1; applicable legal and regulatory requirements of Guernsey Law and under the historical cost convention as modified by the revaluation of investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and interpretations effective in the period and adopted by the Group

The following standards were adopted during the period:

IFRS 7, "Financial instruments: Disclosures" (amendment), and the complementary amendment to IAS 1, "Presentation of financial statements – Capital disclosures", introduces new disclosures relating to financial instruments. These new disclosures do not have any impact on the classification and valuation of the Group's financial instruments as the Group's financial instruments only comprise cash and bank balances and debtors. There is also no impact on disclosures relating to taxation and trade and other payables.

IAS 1 (revised), "Presentation of financial statements", requires the financial statements to include a statement of comprehensive income either in a single statement or two statements. The revised standard also prohibits income and expenses "non-owner changes in equity" to be presented through the statement of changes in equity. Only "owner's changes" in equity may be reflected in this statement; all other changes in equity should be reflected through the consolidated statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity; all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The adoption of this revised standard impacts only presentational aspects, therefore has no impact on profit.

IFRS 8, "Operating segments", (effective 1 January 2009) replaces IAS 14, "Segment reporting", and requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. For management purposes; the Group is organised into one business unit. The Group determined that this operating segment is the same as the business segment previously identified under IAS 14, "Segment reporting".

(b) Standards, amendments to published standards and interpretations effective in the period and not relevant to the Group

The following interpretations are effective in the period but not relevant to the Group's operations:

IAS 23 (amendment), "Borrowing costs", (effective 1 January 2009) is still to be endorsed by the EU. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to qualifying assets, broadly being assets that take a substantial period of time to get ready for use or sale. This standard has no present impact on the financial statements.

IFRS 2, "Share-based payment", (effective 1 January 2009)

IFRS 1 (amendments), "First time adoption of IFRS", and IAS 27, "Consolidated and separate financial statements", (effective 1 January 2009)

IAS 27, (revised), "Consolidated and separate financial statements", (effective 1 July 2009)

1. Summary of significant accounting policies (continued)

Basis of preparation (continued)

(b) Standards, amendments to published standards and interpretations effective in the period and not relevant to the Group (continued)

IFRS 3 (revised), "Business combinations", (effective 1 July 2009)

IFRS 5 (amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendments to IFRS 1, "First time adoption") (effective 1 July 2009)

IAS 28 (amendment), "Investments in associates" (and consequential amendments to IAS 32, "Financial instruments: Presentation" and IFRS 7, "Financial instruments: Disclosures") (effective 1 January 2009)

IAS 36 (amendment), "Impairment of assets", (effective 1 January 2009)

IAS 38 (amendment), "Intangible assets", (effective 1 January 2009)

IAS 19 (amendment), "Employee benefits", (effective 1 January 2009)

IAS 39 (amendment), "Financial instruments: Recognition and measurement"

IAS 32 (amendment), "Financial instruments: Presentation", and IAS 1 (amendment), "Presentation of financial statements – puttable financial instruments and obligations arising on liquidation".

IFRIC 16, "Hedges of a net investment in a foreign operation", (effective 1 October 2008)

IAS 16, "Property plant and equipment", (and consequential amendment to IAS 7), (effective 1 January 2009)

IAS 20 (amendment), "Accounting for government grants and disclosures of government assistance", (effective 1 January 2009)

IAS 29, "Financial reporting in hyperinflationary economies", (effective 1 January 2009)

IAS 31, "Interests in joint ventures" (and consequential amendments to IAS 32 and IFRS 7) (effective 1 January 2009)

IAS 41, "Agriculture", (effective 1 January 2009)

IFRIC 13, "Customer loyalty programmes", (effective 1 July 2008)

IFRIC 15, "Agreements for the construction of real estate", (effective 1 January 2009)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following are standards and interpretations, relevant to the entity but which have not been applied in these financial statements as they were in issue but not yet effective:

IAS 24 (amendment), "Related party disclosures", (effective 1 January 2011)

(d) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations and amendments to existing standards have been published and are not yet effective and are not presently relevant to the Group's operations:

IFRS 9, "Financial instruments", (effective 1 January 2013)

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

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

1. Summary of significant accounting policies (continued)

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all special-purpose vehicles controlled by the Company (its subsidiaries). Control is achieved 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, generally accompanying a shareholding of more than half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

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

Segmental reporting

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

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and related business. The Group invests in residential and commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region. Please refer to Note 5 for segmental reporting.

Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

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

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. As from 1 January 2009, investment property also includes property that is being constructed or developed for future use as investment property.

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

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of the cost. Borrowing costs are capitalised while the acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development is suspended.

1. Summary of significant accounting policies (continued)

Investment property (continued)

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

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

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

Changes in fair values are recorded in the consolidated statement of comprehensive income.

Seasonal and cyclical variations

The Group operates in an industry where significant seasonal or cyclical variations in total income are not experienced during the financial year.

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.

Disposals

Disposals are recognised when the risks and rewards transfer to the purchaser.

Loans to subsidiaries

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

Trade receivables

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and on hand and demand deposits 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 consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

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

Share capital

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

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

1. Summary of significant accounting policies (continued)

Revenue recognition

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

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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

Expenses

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

Expenses include legal, accounting, auditing and other fees. They are recognised in the profit or loss in the period in which they are incurred (on an accruals basis).

Finance income and expenses

Interest income is recognised as it accrues in the consolidated statement of comprehensive income.

Finance costs comprise interest expense on borrowings. Interest expense is recognised as it accrues in the consolidated statement of comprehensive income.

Taxation

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

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

(i) not exempted under the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 (the "Ordinance") and it is;

(ii) treated as carrying on a trade or business in Hong Kong either on its own account or through any person as an agent.

No accrual has been made for Hong Kong profits tax as the Board believe that no such tax exposure exists at the end of the reporting period (2009: Nil).

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

The Macanese SPVs are liable to Macau Property Tax in respect of their ownership of Macau properties. Taxation will be charged at the higher of 16% of any rent received or 10% of the official rateable rentable value. Newly built residential buildings or commercial buildings are exempt from Property Tax for four years and six years respectively (such time running from the month after the occupancy permit is issued) for properties located in Macau peninsula and outlying islands. Macau Complementary Taxes are generally levied on income and profits arising in or derived from commercial and/or industrial activities carried on in Macau. There is no distinction made between a "revenue profit" and "capital profit" under the Macau Complementary Tax regulations. Accordingly, all income booked by a Macau corporate taxpayer, including gains on sale of investment/immovable property, will be subject to Complementary Tax. In general, gains on the disposal of shares in a Macau company (such as an SPV of the Company) should not attract Macau Complementary Tax.

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

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

Due to the structure of the Group the Board does not believe the Group currently has any deferred tax implications.

2. Financial risk management

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

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

Management assesses and reviews the sensitivity percentages and believes these to be the most relevant indicators.

Financial instruments by category

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

As at 30 June 2010	**Loans and receivables US$'000**	**Total US$'000**
Assets as per statement of financial position		
Trade and other receivables	**149**	**149**
Cash and cash equivalents	**30,432**	**30,432**
Total	**30,581**	**30,581**

	Other financial liabilities US$'000	**Total US$'000**
Liabilities as per statement of financial position		
Trade and other payables	**2,682**	**2,682**
Interest bearing loans	**81,820**	**81,820**
Total	**84,502**	**84,502**

As at 30 June 2009	Loans and receivables US$'000	Total US$'000
Assets as per statement of financial position		
Trade and other receivables	37	37
Cash and cash equivalents	47,010	47,010
Total	47,047	47,047

	Other financial liabilities US$'000	Total US$'000
Liabilities as per statement of financial position		
Trade and other payables	85,511	85,511
Total	85,511	85,511

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

2. Financial risk management (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual financial instrument or all factors affecting all financial instruments traded in the market including foreign exchange risk, 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.

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

a) Foreign exchange risk

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

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

The tables below summarise the Group's exposure to foreign currency risk as at 30 June 2010 and 30 June 2009. The Group's financial assets and liabilities are included in the table, categorised by their currency at their carrying amount in US$'000.

As at 30 June 2010	**US$'000**	**£'000**	**HK$'000**	**MOP'000**	**RMB'000**	**JPY'000**	**Total US$'000**
Trade and other receivables	–	–	125	–	24	–	149
Cash and cash equivalents	199	63	29,794	24	352	–	30,432
Total financial assets	**199**	**63**	**29,919**	**24**	**376**	**–**	**30,581**
Trade and other payables	745	192	1,509	–	160	76	2,682
Interest-bearing loans	–	–	81,820	–	–	–	81,820
Total financial liabilities	**745**	**192**	**83,329**	**–**	**160**	**76**	**84,502**
Net financial position	**(546)**	**(129)**	**(53,410)**	**24**	**216**	**(76)**	**(53,921)**

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

The table above presents financial assets and liabilities denominated in foreign currencies held by the Group as at 30 June 2010 and 30 June 2009 and can be used to monitor foreign currency risk as at that date.

2. Financial risk management (continued)

Market risk (continued)

a) Foreign exchange risk (continued)

At 30 June 2010, if the US Dollar weakened/strengthened by 10% against Sterling with all other variables held constant, the post-tax profit for the year would have been US$12,900 lower/higher (2009: US$10,700 lower/higher).

The HK Dollar is pegged to the US Dollar with the Hong Kong Monetary Authority pledging to keep the exchange rate within a trading band of 5 Hong Kong cents either side of HK$7.80 per dollar. If the US Dollar weakened/strengthened by 1% against the HK Dollar with all other variables held constant, the post-tax profit for the year would have been US$534,100 lower/higher (2009: US$403,270 lower/higher).

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

If the US Dollar weakened/strengthened by 10% against Chinese Yuan with all other variables held constant, the post-tax profit for the year would have been US$21,600 higher/lower (2009: 9,600 higher/lower).

If the US Dollar weakened/strengthened by 10% against Japanese Yen with all other variables held constant, the post-tax profit for the year would have been US$7,600 lower/higher (2009: nil).

b) Price risk

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

c) Cash flow and fair value 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.

The Group has entered into a credit facility agreement for a club loan facility with a consortium of banks, lead by HSBC, of HK$642.82m (US$82.94m). This facility was used to finance the final consideration for the One Central Residences apartments held in Tower Six and the individual apartments upon handover of the project on 27 August 2009, drawing down HK$636.93m (US$81.82m) of the facility to meet this commitment.

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

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

The Group is in the process of refinancing its One Central facility under improved terms, details of which are provided in Note 17.

The Group has also entered into a credit facility arrangement for up to HK$105 million (c.US$13.5 million) with Banco Weng Hang S.A. to finance the Rua da Penha development (now rebranded as *The Fountainside*). As at the year end, no funds had been drawn on the facility.

This facility is secured by a first legal mortgage over the property for an amount of HK$105 million. The loan-to-value covenant is 60%. This facility is non-recourse to the Company.

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

2. Financial risk management (continued)

Market risk (continued)

c) Cash flow and fair value interest rate risk (continued)

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

As at 30 June 2010	**Interest bearing US$'000**	**Non-interest bearing US$'000**	**Total US$'000**
Trade and other receivables	–	149	149
Cash and cash equivalents	30,432	–	30,432
Total financial assets	**30,432**	**149**	**30,581**
Trade and other payables	–	2,682	2,682
Interest-bearing loans	81,820	–	81,820
Total financial liabilities	**81,820**	**2,682**	**84,502**

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

An increase of 100 basis points in interest rates as at the reporting date would have decreased the net assets attributable to the Group's equity-holders and changes in net assets attributable to the Group's equity-holders by US$513,880 (2009: US$470,100 increase).
A decrease of 100 basis points would have had an equal but opposite effect.

Credit risk

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

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

The Group's deposits are split by banks with the following ratings from Standard & Poor's:

Credit Rating	**2010 USD'000**	2009 USD'000
AA	**11,959**	12,049
AA-	**4,716**	12,011
A+	**2,912**	11,088
A-	**11**	12
BBB	**10,834**	11,850
	30,432	47,010

2. Financial risk management (continued)

Liquidity risk

The Group adopts a prudent approach to liquidity management and maintains sufficient cash reserves and borrowings to meet its obligations. The Group maintains sufficient cash and obtains funding through credit facilities to meet its current property development liabilities.

The Group has entered into a credit facility agreement for a club loan facility with a consortium of banks, lead by HSBC, of HK$642.82m (US$82.94m). This facility was used to finance the final consideration for the One Central Residences apartments held in Tower Six and the individual apartments upon handover of the project on 27 August 2009, drawing down HK$636.93m (US$81.82m) of the facility to meet this commitment.

The Group is in the process of refinancing its One Central facility under improved terms, details of which are provided in Note 17.

The Group has also entered into a credit facility arrangement for up to HK$105 million (c.US$13.5 million) with Banco Weng Hang S.A. to finance the Rua da Penha development (now rebranded as *The Fountainside*). As at the year end, no funds had been drawn on the facility.

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

The table below analyses the Group's financial assets and liabilities into relevant maturity profiles based on the remaining period at the consolidated statement of financial position 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 deemed to be significant.

	2010 US$'000	2009 US$'000
Financial assets – current		
Trade and other receivables – maturity less than 1 year	**149**	37
Cash and cash equivalents – maturity at demand	**30,432**	47,010
	30,581	47,047
Financial liabilities – non-current		
Interest-bearing loans – 12 months to 2 years	**65,305**	–
Financial liabilities – current		
Trade and other payables – maturity less than 1 year	**2,682**	85,511
Interest-bearing loans – maturity less than 6 months	**8,257**	–
Interest-bearing loans – 6 to 12 months	**8,258**	–
	19,197	85,511

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Year ended 30 June 2010

2. Financial risk management (continued)

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 2010, there were no borrowings other than trade and other payables and the Group credit facility in place. There were sufficient cash and cash equivalents to pay these as they fell due.

3. Critical accounting estimates, assumptions and judgements

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

a) Fair value of the investment property, net realisable value and adjusted net asset value are based on the current market valuation provided by Savills (Macau) Limited, an independent valuer. Savills is required to make assumptions on establishing the current market valuation. The valuation has been made on the assumption that the owner sells the properties in the open market without a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the properties.

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

c) Upon the final payment and handover of Tower Six of One Central Residences from the developer to the Company's SPV MPOF Macau (Site 5) Limited, Tower Six was transferred from inventory to investment property as it is intended that Tower Six will be held to generate rental income and is not available for sale. As at the year end 30 June 2010, eight of the 59 units were let with a further five units let in the period to the approval date of these financial statements, 24 September 2010.

d) The Group did not make any critical accounting judgements, other than as described above, in the year ended 30 June 2010 or the year ended 30 June 2009.

4. Subsidiaries

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

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

During the current year, Golden Properties Limited was liquidated and Fondue International Limited was struck off from the BVI companies register as the underlying property was disposed of.

4. Subsidiaries (continued)

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

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

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

5. Segment reporting

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

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

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

Information about major customers

The Group does not have any customers or rental agreements which each represent more than 10% of Group revenues. The customers' revenues represented by rental income were US$280,491 for the year ended 30 June 2010 (2009: US$233,256).

6. Investment property

	2010 US$'000	2009 US$'000
At beginning of the year	**12,903**	–
Transfer from inventory	**93,501**	–
Additions	**1,309**	11,092
Fair value adjustment	**52,173**	1,811
Exchange difference	**(210)**	–
Balance at end of year	**159,676**	12,903

The Group's investment properties were revalued at 30 June 2010 by independent, professionally-qualified valuers Savills (Macau) Limited. The valuation has been carried out in accordance with the current Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition.

During the year, the Group made the final payment to acquire *The Waterside* investment (previously known as Tower Six in One Central Residences). The payment made was equivalent to US$82.4m (HK$639m). The value of this investment at 30 June 2010 is US$145.4m (HK$1,132m).

Prior to the final payment and handover, *The Waterside* had been held as inventory with a carrying value of US$93.5m at the date of transfer (30 June 2009: US$88.9m).

Rental income of US$35,845 was received during the year. Direct operating expenses of US$11,849 arising from *The Waterside* that generated rental income were incurred during the year.

The Zhuhai Logistics Centre located in the Zhuhai Free Trade Zone, China received rental income of US$244,646 (2009: US$233,256) during the year. Direct operating expenses of US$118,541 (2009: US$159,157) arising from the Zhuhai Logistics Centre that generated rental income were incurred during the year.

7. Inventories

	2010 US$'000	2009 US$'000
Cost		
Balance brought forward	**193,343**	104,599
Additions	**6,975**	88,744
Transfer to investment property	**(93,501)**	–
Disposals	**(2,343)**	–
Exchange difference	**(688)**	–
Balance carried forward	**103,786**	193,343
Adjustment to net realisable value		
Balance brought forward	**(12,296)**	–
Write-back/(down) to net realisable value	**5,804**	(12,296)
Balance carried forward	**(6,492)**	(12,296)
Carrying amounts	**97,294**	181,047

Additions include capital expenditure and development costs.

During the year, there has been a recovery in the values of the inventories held due to a general increase in the market value of properties in Macau. Write-back of inventories amounting to US$5,804,271 has been recognised as income in the consolidated statement of comprehensive income (2009: write-down of US$12,296,372) to maintain the carrying value of inventories at the lower of cost and net realisable value.

The Company was guarantor for its subsidiary company MPOF Macau (Site 5) Limited in respect of outstanding amounts due on *The Waterside*. The total of the guarantee was HK$471,370,716 (US$60,818,999) and was fully released upon handover of the property on 27 August 2009.

The Waterside is now held as investment property and had a carrying value of US$93.5m at the date of transfer.

Subsidiaries of the Group made the final payment on the additional units in One Central Residences. The outstanding amount due on these units was paid on 27 August 2009 with a value of HK$167,727,719 (US$21,639,056).

During the year, the Group sold two of the additional units in One Central Residences for US$2,281,927 against costs of US$2,343,244.

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

8. Interest bearing loans

	2010 US$'000	2009 US$'000
Bank loans – Secured		
– Current portion	**16,364**	–
– Non-current portion	**65,456**	–
	81,820	–

On 27 August 2009, HK$636,930,000 (US$81,820,000) of the credit facility with a consortium of banks lead by HSBC (the "Lenders") was drawn down to finance the remaining payments due on the One Central Residences apartments held in Tower Six and the individual apartments.

The credit facility is secured by means of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences. The Company is the Guarantor for the credit facility. The credit facility is to be repaid in four half-yearly instalments commencing on 27 November 2010 with 65% of the principal due on the final repayment date. The loan-to-value covenant is 55%. In addition, the Group is required to maintain a cash reserve equal to 6 months' interest with the Lenders. As at 30 June 2010, the property had a loan-to-value ratio of 43%.

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

The Group has also entered into a credit facility arrangement for up to HK$105 million (US$13.5 million) with Banco Weng Hang S.A., to finance *The Fountainside* redevelopment. As at 30 June 2010, no drawdown on the facility has been made. This facility is secured by a first legal mortgage over the property for an amount of HK$105 million. The loan-to-value covenant is 60%. This facility is non-recourse to the Company.

As at the year end, the Company had a letter of credit for HK$16.94m with Citic Bank International Limited, Macau Branch.

9. Trade and other receivables

	2010 US$'000	2009 US$'000
Interest receivable	**–**	28
Other debtors	**149**	9
	149	37

The Directors believe the above amounts to be recoverable.

10. Trade and other payables

	2010 US$'000	2009 US$'000
Payments due for acquired property	**–**	82,941
Accruals	**1,245**	408
Other payables	**1,437**	2,162
	2,682	85,511

Other payables principally comprise amounts outstanding for ongoing costs.

11. Share capital

	2010 US$'000	2009 US$'000
Authorised:		
300 million Ordinary Shares of US$0.01 each	**3,000**	3,000
Issued and fully paid:		
105 million Ordinary Shares of US$0.01 each	**1,050**	1,050

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

12. General and administration expenses

	2010 US$'000	2009 US$'000
Legal and professional	**265**	233
Holding Company administration	**205**	198
Guernsey SPV administration	**102**	99
Property service fee	**456**	35
BVI, HK & Macau SPV administration	**112**	112
Insurance costs	**31**	30
Listing fees	**13**	14
Fees relating to the move to full LSE listing	**663**	–
Bank charges	**25**	6
Printing & postage	**128**	44
Property and other marketing	**232**	–
Other operating expenses*	**590**	373
General and administration expenses	**2,822**	1,144

* This includes PRC tax of US$53,526 (2009: US$38,612).

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

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

13. Net cash used in operating activities

	2010 US$'000	2009 US$'000
Profit/(loss) for the year	**47,648**	(15,217)
Adjustments for:		
Net gain from fair value adjustment on investment property	**(52,173)**	(1,811)
Write-(back)/down of inventories to net realisable value	**(5,804)**	12,296
Operating cash flows before movements in working capital	**(10,329)**	(4,732)
Movement in receivables	**(103)**	(4)
Movement in payables	**101**	(13,971)
Expenditure on properties	**(4,015)**	(5,757)
Net change in working capital	**(4,017)**	(19,732)
Net cash used in operating activities	**(14,346)**	(24,464)

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

14. Basic and diluted profit/(loss) per Ordinary Share

The basic and diluted profit/(loss) per equivalent Ordinary Share is based on the profit/(loss) attributable to equity-holders for the year of US$47,648,000 (2009: US$(15,217,000)) and on the 105,000,000 (2009: 105,000,000) weighted average number of Ordinary Shares in issue during the year.

	30 June 2010			30 June 2009		
	Profit attributable US$'000	**Weighted average no. of shares '000s**	**EPS US$**	Loss attributable US$'000	Weighted average no. of shares '000s	EPS US$
Basic	**47,648**	**105,000**	**0.4538**	(15,217)	105,000	(0.1449)
Diluted	**47,648**	**105,000**	**0.4538**	(15,217)	105,000	(0.1449)

15. Related party transactions

	2010 US$'000	2009 US$'000
Directors' Fees	**194**	200

Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Group and received fees during the year as detailed in the consolidated statement of comprehensive income and in Note 16.

Thomas Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Macanese, Hong Kong and British Virgin Islands SPVs and received fees during the year as detailed in Note 12.

During the year, the Group has entered into the Development Management Services Agreement with a development management company named Headland Developments Limited ("Headland"). Headland is part-owned by Thomas Ashworth and therefore, constitutes a related party of the Group. The Development Management Services Agreement was approved by the shareholders of the Company at the Extraordinary General Meeting held on 28 June 2010. During the year, Development Management Services fees of HK$2,890,610 (US$371,328) (2009: HK$ nil (US$ nil)) were capitalised in investment property and HK$4,102,180 (US$526,966) (2009: HK$ nil (US$ nil)) were capitalised in inventories.

All intercompany loans and related interest are eliminated on consolidation.

16. Material contracts

Management fee

Under the terms of an appointment made by the Board of Directors of Macau Property Opportunities Fund Limited on 23 May 2006, Sniper Capital Limited was appointed as Manager to the Group. The Manager is paid quarterly in advance a fee of 2.0% of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. Management fees paid for the year were US$4,983,000 (2009: US$5,154,000).

Performance fee

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

Notes to the Consolidated Financial Statements

Year ended 30 June 2010

16. Material contracts (continued)

Payment of the performance fee is subject to:

(i) the achievement of a performance hurdle condition: Adjusted NAV per Ordinary Share at the end of the relevant performance period must exceed an amount equal to the US Dollar equivalent of the Placing Price increased at a rate of 10% per annum on a compounding basis up to the end of the relevant performance period (the "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% 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 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% 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:

	2010 US$	2009 US$
Performance Fee	**–**	–
Super Performance Fee	**–**	–

In the year ended 30 June 2010, a performance fee of US$nil (2009: US$14,043,700) was paid by the Group.

The Manager's appointment as investment manager is terminable by the Manager or the Company on not less than 12 months' notice. The Company may terminate the Management Agreement with immediate effect if either or both of the Principals is removed from their position of full-time employment with the Manager or ceases to be available for any reason beyond the Manager's reasonable control and the Manager fails, within 3 months (or 6 months in the case of one only) of such event, to cause to be made available the services of a competent replacement(s) of equivalent skill and experience. The Management Agreement may also be terminated with immediate effect by either the Manager or the Company if the other party has gone into liquidation, administration or receivership or has committed a material breach of the Management Agreement.

16. Material contracts (continued)

Development Management Services Agreement

A Development Management Services Agreement dated 1 June 2010 has been entered into between the Group and Headland Developments Limited ("Headland") under which Headland will provide development management services to the Group in respect of the Group's properties that require development. The agreement, which was approved by the shareholders of the Company at the Extraordinary General Meeting held on 28 June 2010, provides for Headland to be paid a development management fee based on the hourly rates of its personnel working on projects for the Group, such hourly rates will be reviewed annually, commencing on 1 January 2011. The total development management fee payable over the life of the agreement is capped at the lower of (i) 5 percent of the total construction cost in relation to the sites on which Headland is engaged; and (ii) HK$50 million. The Group also agrees to reimburse Headland for any reimbursable expenses reasonably incurred in the performance of its duties under the agreement. Headland agrees to exercise all the reasonable skill, care and diligence to be expected of a prudent and competent development manager experienced in the provision of development management services for projects of a similar size, scope, nature and complexity as the projects on which it will be engaged by the Group.

During the year, Development Management Services fees of HK$2,890,610 (US$371,328) (2009: HK$ nil (US$ nil)) were capitalised in investment property and HK$4,102,180 (US$526,966) (2009: HK$ nil (US$ nil)) were capitalised in inventories.

17. Subsequent events

On 4 August 2010, the Group entered into an interest rate swap with Standard Chartered Bank with a notional amount of HK$100m. The tenure of the interest rate swap is from 6 August 2010 – 6 August 2015. The Group will pay quarterly a fixed interest rate of 1.7% per annum in exchange for 3-month HIBOR. HK$624,000 has been pledged to secure the interest rate swap facility.

On 10 September 2010, the Company successfully arranged a new loan facility with Hang Seng Bank to refinance its existing loan facility for One Central Residences on more favourable terms.

The interest rate applicable to the new loan is 1.6% per annum over the 1, 2 or 3-month HIBOR. The principal is to be repaid in half-yearly instalments, commencing 1 year after the initial loan agreement date, with 70% of the principal due upon maturity of the loan in November 2015. The loan-to-value covenant is 60%. This compares with the existing facility which has an interest rate of 2.4% per annum over the 3-month HIBOR, with the first instalment due in November 2010, and 65% of the principal due on maturity in May 2012. The loan-to-value covenant of the existing loan is 55%.

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, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, on 3 November 2010 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 period ended 30 June 2010.
2. To approve the Directors' remuneration for the period ended 30 June 2010.
3. To appoint Ernst & Young LLP, who have indicated their willingness to act, as Auditors of the Company to hold office until the next Annual General Meeting.
4. To authorise the Directors to determine the remuneration of Ernst & Young LLP.
5. To re-appoint Alan Henry Clifton, who retires as a Director of the Company, in accordance with the Company's Articles of Incorporation.
6. To re-appoint Timothy James Henderson, who retires as a Director of the Company, in accordance with the Company's Articles of Incorporation.
7. To re-appoint David Richard Hinde, who retires as a Director of the Company, in accordance with the Company's Articles of Incorporation.
8. To re-appoint Thomas William Ashworth, who retires as a Director of the Company, in accordance with the UKLA Listing Rules.
9. To consider, as special business which will be proposed as a Special 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 percent 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 (a)105 percent of the average of the middle market quotations for a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and either the higher of the price of the last independent trade and (b) the highest current independent bid at the time of purchase;
   iv) subject to paragraph (v), such authority shall expire at the next Annual General Meeting of the Company unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting;
   v) notwithstanding paragraph (iv), the Company may make a contract to purchase shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration and the Company may make a purchase of shares pursuant to any such contract.
10. To consider, as special business which will be proposed as an Extraordinary Resolution, that the Directors be and they are hereby empowered to allot Ordinary Shares for cash and to sell Ordinary Shares from Treasury as if pre-emption rights did not apply to any such allotment, provided that:
    i) this power shall be limited to the allotment or sale of Ordinary Shares up to an aggregate nominal amount of US$105,000 being ten percent of the issued share capital of the Company;
    ii) this power shall expire at the conclusion of the next annual general meeting of the Company; and
    iii) the Company may before such expiry make an offer which would or might require Ordinary Shares to be allotted or sold after such expiry and the Directors may allot or sell Ordinary Shares in pursuance of such offer.

Heritage International Fund Managers Limited
Company Secretary

11 October 2010

Heritage 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. Pursuant to article 16.7 of the Company's Articles of Association, a resolution put to the vote shall be decided on a show of hands or by a poll at the option of the chairman.

3. A form of proxy is enclosed with this notice. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 2.30pm on 3 November 2010, or not less than 48 hours before the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.

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

5. 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 1 November 2010 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

6. 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.

Explanatory Note

Directors' remuneration report – resolution 2

The Directors' Remuneration Report Regulations 2002 ("the Regulations") came into force on 1 August 2002 and it is a requirement of the Regulations that all quoted companies produce a board-approved report on directors' remuneration for financial years ending on or after 31 December 2002. This report is set out in the Annual Report and Accounts. It is a further requirement of the Regulations that at the general meeting of the Company before which the Company's annual accounts for the financial year relate, an ordinary resolution be put to shareholders seeking approval of the remuneration report.

Dis-application of pre-emption rights resolution 10

The passing of resolution 10 will grant the Company authority to dis-apply pre-emption rights in respect of up to 10,500,000 shares, which is equal to 10% of the Company's issued share capital. This would allow the Company the flexibility to issue further shares for cash without conducting a rights issue or other pre-emptive offer. In accordance with Listing Rule 15.4.11, the Company will not issue new shares, or sell shares from treasury, for cash on a non-pre-emptive basis at a price below NAV per share without shareholder approval.

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:
Heritage 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
918 Avenida da Amizade
14/F World Trade Centre
Macau

Solicitors to the Group
as to English Law
Norton Rose LLP
3 More London Riverside
London SE1 2AQ

Advocates to the Group
as to Guernsey Law
Carey Olsen
Carey House
Les Banques
Guernsey GY1 4BZ

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

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

Public Relations:
Hogarth
No 1 London Bridge
London SE1 9BG

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

Independent Auditors:
PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
1 Glategny Esplanade
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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Sovereign Gloss contains material sourced from responsibly managed forests, certified in accordance with the FSC (Forest Stewardship Council) and is manufactured to ISO 14001 and EMAS (Eco-Management & Audit Scheme) international standards, minimising negative impacts on the environment.

Look! is produced using wood fibre from fully sustainable forests in Finland, Sweden, Portugal, Spain and Brazil, with FSC certification. The pulps used are Elemental Chlorine Free (ECF), and the manufacturing mill is accredited with the ISO 14001 standard for environmental management and with EMAS (The EU Environmental Management and Audit System).

Splendorgel Extra White is produced with FSC mixed sources pulp which is fully recyclable, biodegradable, pH Neutral, heavy metal absence and acid-free. It is manufactured within a mill which complies with the international environmental ISO 14001 standard.

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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