Delivering Returns

Macau Property Opportunities Fund

Annual Report & Accounts
for the period ended 30 June 2011

About MPO

Macau Property Opportunities Fund, listed on the London Stock Exchange, is the only property fund solely dedicated to investing in Macau – one of the world's fastest growing and most dynamic regions. The Company seeks to deliver long-term returns from the investment in and development of high quality properties in Macau and China's Pearl River Delta.

Contents

Cover picture: The exclusive penthouse duplex at *The Waterside* features a large roof terrace offering unparalleled views of Macau

Right Financials

Adjusted NAV per share before return of capital

US$2.89

+16% YoY from US$2.50 per share

Of which US$0.17 per share (c. 8%) was returned to shareholders in July 2011

Adjusted NAV per share

US$2.72

+9% YoY from US$2.50 per share

Includes a provision for monies returned to shareholders in July 2011

Adjusted NAV per share

178p

+7% YoY from 166p per share

Based on a Dollar/Sterling exchange rate of 1.534 as at 22 September 2011

Senado Square - Macau's most prominent tourist and shopping destination

Right Financials

Return of capital

10.76p per share

8% yield

Based on share price as at 30 June 2011

Property portfolio valuation

US$334 million

+21% YoY

On a like-for-like basis

Loan-to-value ratio

24%

Versus 27% as at 30 June 2010

Assuming full drawdown of MPO's committed credit facilities and based on portfolio value as at 30 June 2011

The Fountainside – where cultural heritage meets sophisticated modern living

Right Divestments

Unlocking value

MPO embarked on an exciting phase in its investment cycle in 2011.

With a continued focus on maximising shareholder value, MPO capitalised on a buoyant property market to secure several residential asset divestments during the year.

In addition, the pre-sales programme for *The Fountainside* – our niche, low density residential project set in the prestigious Penha Hill district – has drawn strong buyer interest, with close to 50% of the project's 42 units pre-sold, one year prior to its completion.

First divestment completed

US$41 million
Rua do Laboratório

Entry-level residential development located on northern Macau Peninsula

Further divestments

US$25 million
Smaller property assets

These non-core residential assets form part of MPO's complementary strategy of acquiring well-located and attractively-priced smaller property assets in key locations across Macau

Right Progress

MPO Timeline

2006

AIM
London Stock Exchange

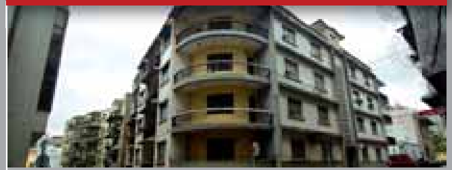
June
MPO was formed and domiciled in Guernsey, Channel Islands

June
Admitted to AIM, London Stock Exchange, raising £105m

October
Acquired Rua da Penha site

November
Acquired One Central Tower Six and *Rua do Laboratório* site

2007



July 2007 - January 2008
Acquired 25 individual units of One Central Residences

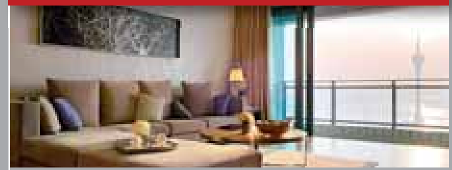
October
Acquired *Senado Square* site

2008

August
First investment in mainland China – Acquired *APAC Logistics Centre* and *Cove Residence* sites

November
Sniper Investments becomes substantial shareholder of MPO

2009



January - June
AUM exceeds US$300m

September
Took delivery of One Central units and drew down US$82m loan

2010

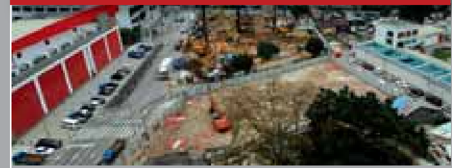
Main Market
London Stock Exchange

February
One Central Tower Six rebranded as *The Waterside* and launched for leasing

June
De-listed from AIM and listed on Main Market, London Stock Exchange

September
Rua da Penha rebranded as *The Fountainside* and launched for pre-sales

2011



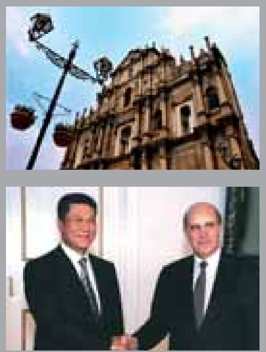
April
Exited *Rua do Laboratório* project (US$41m)

May
Bulk sale of One Central units (US$21m)

July
Returned US$17.9m to shareholders

2006 → 2007 → 2008 2009 → 2010 → 2011

1999



End of Portuguese rule

2002

Gaming sector liberalised and new casino licences awarded

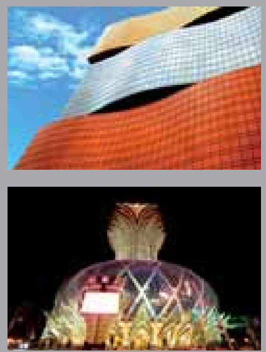
2004

First international casino, Sands Macao, opened on Macau Peninsula

2006

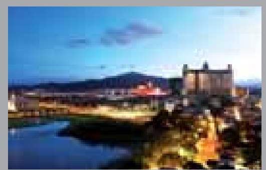
Macau surpassed Las Vegas with over US$7b in gaming revenues; Wynn Macau opened

2007



Venetian Macao, the first casino property in Cotai, opened; MGM Grand Macau and Grand Lisboa opened

2008



Visa restrictions imposed; Property market correction; Macau surpassed Nevada with US$14b in gaming revenues

2009

City of Dreams opened; Wynn Macau and Sands China IPOs raise over US$4b

2011-2013

Guangzhou-Zhuhai Light Rail commenced operation; Galaxy Macau opened; Sands Cotai Central to open in 2012

2014-2016

Operation of LRT Phase 1; Completion of Hong Kong-Zhuhai-Macau Bridge; Macao Studio City and Wynn Cotai to open

Macau Timeline

Right Location

Macau at a glance

Macau is a dynamic city of approximately 30 square kilometres situated on the southeastern coast of China. After almost 500 years of being a Portuguese colony, it returned to Chinese rule in 1999. Like its neighbour Hong Kong, Macau is governed as a Special Administrative Region, under a "one country, two systems" arrangement.

Currently the only jurisdiction in China where gambling is legal, Macau has since 2006 replaced Las Vegas as the world's largest single gaming market. Five of the top ten largest casinos in the world are in Macau – The Venetian, City of Dreams, Ponte 16, MGM Grand and Sands Macao.

World's fastest growing economy in 2010

Source: DSEC and International Monetary Fund

One of the world's highest GDP per capita

US$50,000
Higher than Singapore and Japan

World's largest gaming market

US$35 billion
On a par with entire USA market

Annualised for 2011 and refers to US commercial casinos only

Popular tourist destination

27 million visitors
75% of visitors to Las Vegas

Annualised for 2011

Cotai – Asia's answer to the Las Vegas Strip – will feature 20,000 hotel rooms by 2016

Right Location

Cotai – The best is yet to come

Located on reclaimed land that connects Coloane and Taipa islands in Macau, the Cotai Strip was conceived as the Las Vegas Strip transplanted to Asia. The Venetian Macao was the first casino property to open in the area in 2007, followed by City of Dreams and Galaxy Macau in 2009 and 2011 respectively.

Forthcoming major projects in Cotai total approximately US$20 billion in investment capital. These include Las Vegas Sands' Cotai Central (previously known as parcels five and six) in 2012 and new projects by Wynn Macau, Melco Crown, MGM China and SJM Holdings over the next few years.

Investment capital

US$20 billion
Upcoming projects on Cotai

Cotai hotel rooms by 2016

20,000
Versus Las Vegas 150,000

Map of Cotai

Existing Casinos on Cotai

Venetian Macao (2007)
- US$2.4 billion project by Las Vegas Sands
- 3,000 all-suite rooms and 1 million square feet of meeting, convention and exhibition space
- World's largest casino with 800 gaming tables
- Features "Zaia" – Cirque du Soleil's first permanent show in Asia

City of Dreams (2009)
- US$2.4 billion project by Melco Crown
- 1,400 rooms across Hard Rock, Crown and Grand Hyatt brands
- 550 gaming tables and 1,500 slot machines
- Features "The House of Dancing Water" – The world's largest water-based show

Galaxy Macau (2011)
- US$2 billion project by Galaxy Entertainment
- 2,200 rooms across Banyan Tree, Okura and Galaxy brands
- 500 gaming tables and 1,500 slot machines
- Features the world's biggest rooftop wave pool

Forthcoming Casinos on Cotai

Cotai Central (2012)
- US$4.5 billion project by Las Vegas Sands
- 6,000 rooms across Sheraton, Holiday Inn, Conrad and St. Regis brands
- 530 gaming tables across two casinos
- Opening in phases from 2012

Macao Studio City (2015)
- US$2.5 billion project by Melco Crown
- 2,000 hotel rooms
- Up to 400 gaming tables and 1,200 slot machines
- Expected completion in 2015

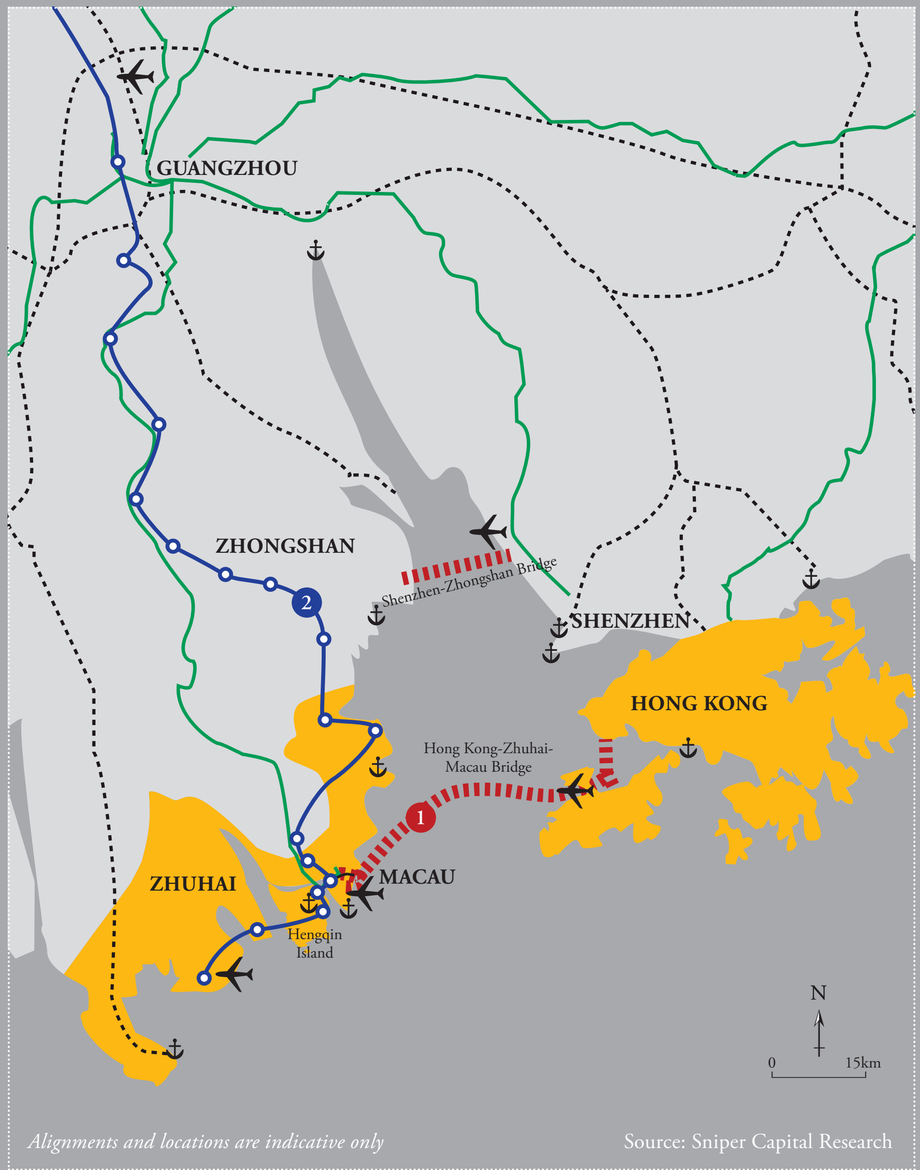
Wynn Cotai (2015)
- US$2.5 billion project by Wynn Resorts
- 1,500 hotel rooms
- Up to 500 gaming tables and 1,800 slot machines
- Expected completion in 2015

Regional integration – East meets West

While Macau remains one of the world's most dynamic markets, its neighbours in the western Pearl River Delta (PRD) are also experiencing an unprecedented pace of growth that is reshaping the whole region.

Ongoing extensive infrastructure projects are accelerating economic integration between eastern and western PRD, which will ultimately lead to higher land values in the western region, including Zhuhai.

Map of Western Pearl River Delta



Alignments and locations are indicative only

Source: Sniper Capital Research

1 Hong Kong-Zhuhai-Macau Bridge (2016)
- US$11 billion project that began construction in December 2009
- Expected to be the world's longest sea bridge at 50 kilometres
- Travelling time between Hong Kong and Macau will be reduced to 30 minutes from one hour
- Expected to spur economic integration between western and eastern PRD

2 Guangzhou-Zhuhai Light Rail (2011)
- US$4 billion project that partially opened in January 2011
- Travelling time between Guangzhou and Macau will be reduced by half to one hour by end-2011
- Extension to Hengqin Island and Zhuhai Airport to be completed by 2015
- Part of the greater PRD Inter-City Rail System that will eventually connect nine cities in the PRD

Legend
- Railways
- Highways
- Ports
- Airports

Hengqin – It's more than just Macau

Adjacent to Macau, Hengqin is the largest among 146 islands in Zhuhai at 106 square kilometres or approximately three times the size of Macau. It is connected to Cotai via the Lotus Bridge.

Located within a 2-minute drive from *APAC Logistics Centre* and *Cove Residence*, Hengqin is designated as China's third state-level strategic zone – after Pudong in Shanghai and Binhai in Tianjin. A series of initiatives are currently underway to transform the island into a bustling technology hub.

Map of Hengqin Island, Zhuhai

Alignments and locations are indicative only

Source: Sniper Capital Research

Shizimen Central Business District (2013)
- US$16 billion project that commenced construction in June 2010
- A new urban centre spanning approximately six square kilometres
- The first phase, to be completed in 2013, will feature six million square feet of convention and exhibition space, hotels, offices and residential buildings
- Transformation of Hengqin Island will complement MPO's warehousing/logistics and residential offerings in Zhuhai and have positive spin-off effects on neighbouring Macau

Legend
- Proposed Developments
- Other Proposed Districts
- Macau LRT Phase 1 (2015)
- Proposed Highway (2016)

This has been a defining year for MPO.

We completed our first major property divestments, returned cash to shareholders and repurchased our own shares, whilst making significant progress on our development and asset management programmes.

Fund Performance
The buoyant Macau economy, rising property market and our strategically chosen projects have translated into another positive year for the Fund. As at 30 June 2011, MPO's portfolio value increased by 21% to US$333.7 million and the Fund achieved a 16% rise in its Adjusted Net Asset Value (NAV) to US$2.89 per share[1] before the 8% return of capital to shareholders.

Our loan-to-value ratio reached a low of 24% while our cash balances stood at a healthy US$54.8 million[2] as at period end.

As part of our continuing efforts to increase our profile with investors and drive shareholder value, we migrated to the Main Market of the London Stock Exchange in June 2010 and, more recently, executed US$5.2 million of share buybacks. These proactive moves have seen MPO's discount to Adjusted NAV narrow to 20% as at the end of June 2011 from 26% a year earlier.

However, in the months following the close of the financial year, weaker stock market sentiment has impacted MPO's share price, which in turn resulted in the discount widening to 34% as at 22 September 2011. The Board continues to believe in the attractiveness of MPO's current share price and remains committed to capital management initiatives aimed at improving the share price discount to Adjusted NAV.

Adjusted NAV before return of capital
+16% to US$2.89 per share

Of which US$0.17 per share (c. 8%) was returned to shareholders in July 2011

Return of capital
8% yield

Based on share price of 135p as at 30 June 2011 and 10.76p per share returned in July 2011

Property portfolio valuation
+21% to US$334 million

On a like-for-like basis

[1] Of which US$0.17 per share (c. 8%) was returned to shareholders in July 2011
[2] Of which US$17.9 million was returned to shareholders in July 2011

The duplex apartment at *The Waterside* features a sophisticated dining area

"Macau, the world's fastest growing economy in 2010, is firmly entrenched on a long-term growth path."

In demonstration of our commitment to shareholders, we returned US$17.9 million of capital upon our first major exit – the US$41 million sale of our entry-level residential development, *Rua do Laboratório*, thereby crystallising shareholder value at a critical part of the investment life cycle. We also capitalised on the strong performance of the local residential market by undertaking a further US$25 million of divestments of smaller property assets.

Portfolio Progress

The Waterside, our prime luxury residential property, has achieved an overall occupancy of 61% as at 1 September 2011. Capitalising on Macau's increasing demand for world-class luxury rental accommodation, we launched our collection of five premium units in mid-May which attracted widespread media attention and strong leasing demand.

Mirroring *The Waterside's* success, pre-sales of apartments in *The Fountainside* have been encouraging following the launch of the public sales programme in February 2011. All 20 units launched to-date have been pre-sold at higher-than-projected prices. Riding on the development's popularity, the remaining 22 units will come with a higher price tag. Construction of this niche, low density property is well underway, with completion scheduled for late 2012.

Meanwhile, construction has commenced on our inaugural projects in mainland China. *APAC Logistics Centre* (warehousing/logistics) and *Cove Residence* (residential) in Zhuhai broke ground in April 2011, with both development programmes making good progress to date. These two strategically-located projects, to be completed in phases from the first quarter of 2012, are set to benefit greatly from the pipeline of key infrastructure projects in the region. These include the development of the new Shizimen Central Business District on Zhuhai's Hengqin Island and the future Hong Kong-Macau-Zhuhai Bridge.

Strong Fundamentals Bolster Further Growth

We continue to believe that Macau, the world's fastest growing economy in 2010, is firmly entrenched on a long-term growth path. Backed by the enormous Chinese market, the city continues to strengthen its position as the world's gaming capital and is set to surpass the entire US commercial casino market – worth US$35 billion – by next year.

The territory's connectivity will receive a significant boost as plans for the Pearl River Delta Inter-City Rail Transit System, the Hong Kong-Macau-Zhuhai Bridge and the Macau Light Rapid Transit System begin to materialise. Given the improved infrastructure and accessibility, these key projects are expected to further drive demand for Macau property, which continues to exhibit solid fundamentals and good value.

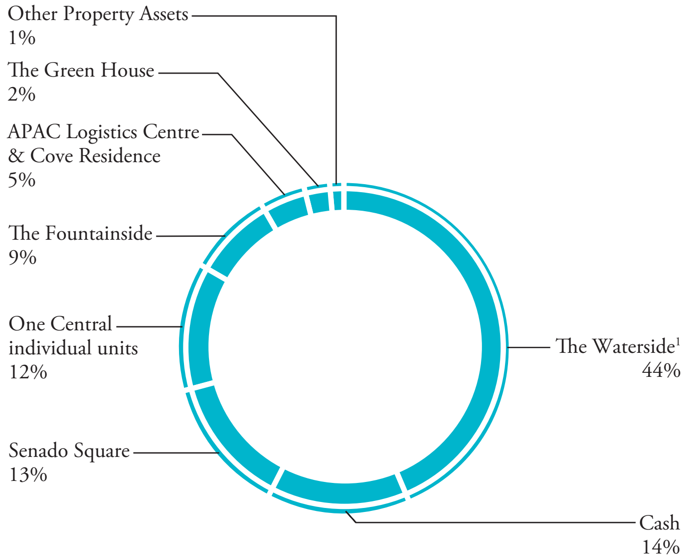
Having successfully completed an investment cycle, MPO will continue to seek new acquisitions of quality property assets in Macau and the Pearl River Delta. With a strong financial position and a healthy balance sheet, your Company is well placed to benefit from Macau's long-term growth trajectory.

David Hinde
Chairman
Macau Property Opportunities Fund Limited

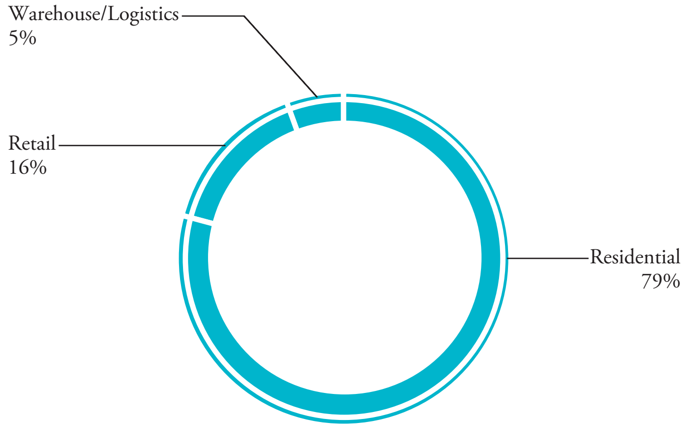
Right Portfolio

Overview

Portfolio composition by project (based on market value)



Portfolio composition by sector (based on market value)



Portfolio summary table as at 30 June 2011

Property	Sector	Type	Current Status	Commitment[5] (US$ million)	Market Valuation[6] (US$ million)
The Waterside[1] One Central[2]	High-end Residential	Investment	Lease and asset manage	138	217.8
The Fountainside	Residential	Redevelopment	Under construction	20	32.8
Senado Square	Retail	Redevelopment	Advanced planning	33	51.4
APAC Logistics Centre[3] Cove Residence[3]	Warehouse/Logistics Residential	Investment/ Development	Leasing and under construction	45	17.6
The Green House	High-end Residential	Investment	Renovation completed	4	9.4
Others[4]	Residential	Various	Various	4	4.6
Total				244	334

Notes:
1 Tower Six of One Central Residences; please refer to the disclaimer on the inside back cover
2 Individual units at One Central Residences
3 Jointly acquired as part of a combined investment in August 2008
4 Individual smaller property assets
5 Including acquisition and projected redevelopment costs
6 Based on independent valuations by Savills (Macau) Limited as at 30 June 2011

Market value information is based on independent valuations of the Company's portfolio properties by Savills (Macau) Limited as at 30 June 2011.

Basement construction works are well underway at *The Fountainside*

Right Portfolio

The Waterside

Luxury residential lease

Valuation: US$169,505,000

Uplift (current period): +17%

Uplift (since acquisition): +94%

Property details

Property type: Investment

Current status: Leasing

Gross floor area: 148,000 ft^2/13,750 m^2

Strategy: Lease and asset manage

- Premium units launched in May
- Positive rental reversions for standard units
- Achieved overall 61% occupancy as at 1 September 2011

With its enviable location overlooking Nam Van Lake, *The Waterside* ranks among Macau's premium waterfront properties. MPO acquired the entire Tower Six of One Central Residences comprising 59 apartments off-plan in 2006, and upon handover in 2009, further enhanced the 59 apartments to world-class luxury standards.

Renowned Japanese designer, Yasumichi Morita, was commissioned to oversee the exclusive interior design work and furnishings for the development, which comes complete with top-of-the-line appliances.

Residents benefit from flexible leasing packages and a suite of tailored services. In addition, the prestigious leasing asset offers convenient access to nearby dining, shopping and entertainment services.

The three-bedroom duplex penthouse at *The Waterside* offers unmatched views of the Nam Van Lake.

Right Portfolio

The Fountainside

Niche residential

Valuation: US$32,770,000
Uplift (current period): +43%
Uplift (since acquisition): +307%

Property details

Property type: Redevelopment
Current status: Under construction
Gross floor area: 80,000 ft^2/7,430 m^2
Exit strategy: Pre-sell and sell

- 48% pre-sold as at 1 September 2011
- Currently under construction
- Handover to buyers by late 2012

Capitalising on the distinction and heritage of the Penha Hill district, *The Fountainside* offers buyers the unique opportunity to own a piece of real estate in a prestigious neighbourhood steeped in history.

The project's name was inspired by the distinctive fountain in adjacent Lilau Square, where the Portuguese first settled in Macau and which used to be the main source of spring water for the city.

The historic Portuguese colonial façade of the original building has been carefully preserved and integrated into the new development.

Comprising 42 apartments and villas, this low density residential development also features 30 car parking and 23 motorcycle parking spaces.

With its prominent address and the scarcity of quality accommodation and car parking in the area, *The Fountainside* has already generated considerable success well before its expected completion in the latter half of 2012.

The Fountainside offers a low density residential concept in a serene and tranquil neighbourhood, with only 42 units in total.

Right Portfolio

Senado Square

Retail development

Valuation: US$51,404,000

Uplift (current period): +31%

Uplift (since acquisition): +221%

Property details

Property type: Redevelopment

Current status: Advanced planning

Gross floor area: 70,000 ft²/6,500 m²

Strategy: Lease and asset manage

- Attractive redevelopment in a prominent tourist and retail destination
- Iconic, contemporary design complete with green features
- Strong support from the government and prospective tenants

Senado Square – MPO's key retail redevelopment project – occupies a prominent location in Macau's popular tourist and shopping destination. While the multi-storey retail complex project is still awaiting architectural approval from the relevant government departments, the development's contemporary and sustainable concept design has garnered positive feedback from the authorities.

Conceived by international design consultant, Arquitectonica, the project is seen as a catalyst for the regeneration of the territory's primary non-gaming district.

Although the ongoing negotiations with the authorities have pushed the target completion date back to mid-2014, the project's internal rate of return remains above 20%, driven by heightened demand for retail properties around *Senado Square.*

Senado Square's sustainable concept and contemporary design have won positive reviews from the authorities and prospective tenants.

Right Portfolio

APAC Logistics Centre & Cove Residence

Warehousing/logistics and residential*

Valuation: US$17,606,000

Uplift (current period): +23%

Uplift (since acquisition): +59%

* Jointly acquired as part of a combined investment in August 2008

Property details

Property type: Investment/Development

Current status: Leasing and under construction

Gross floor area: 1.5 m ft^2/139,350 m^2

Exit strategy: Sell with long-term leases

APAC Logistics Centre

- Existing buildings comprise 205,000 square feet of multi-functional warehousing space
- Development portion will feature an additional 1.1 million square feet of state-of-the-art facilities to be completed in phases from Q1 2012

Cove Residence

- Proposed 450 residential units and spectrum of recreational facilities
- Expected completion in Q2 2012

APAC Logistics Centre and *Cove Residence* represent MPO's first foray into mainland China and were jointly acquired as part of a combined investment in August 2008.

Located near the Guangzhou-Zhuhai rail network and the planned Hong Kong-Zhuhai-Macau Bridge, these two projects are strategically placed to tap escalating demand for logistics and quality rental accommodation in the region, driven by Macau's gaming, tourist, convention and exhibition industries.

Both projects commenced construction in April 2011 and are making good development progress.

Cove Residence will comprise 250,000 square feet of gross floor area and an ample suite of recreational facilities.

Right Portfolio

The Green House

Exclusive private house*

Valuation: US$9,445,000

Uplift (current period): +28%

Uplift (since acquisition): +169%

* Previously classified under MPO's portfolio of smaller property assets

Property details

Property type: Investment

Current status: Renovation completed

Gross floor area: 5,140 ft^2/480 m^2

Exit strategy: Asset sale

- Prime residence atop Penha Hill
- Renovation programme completed in Q2 2011

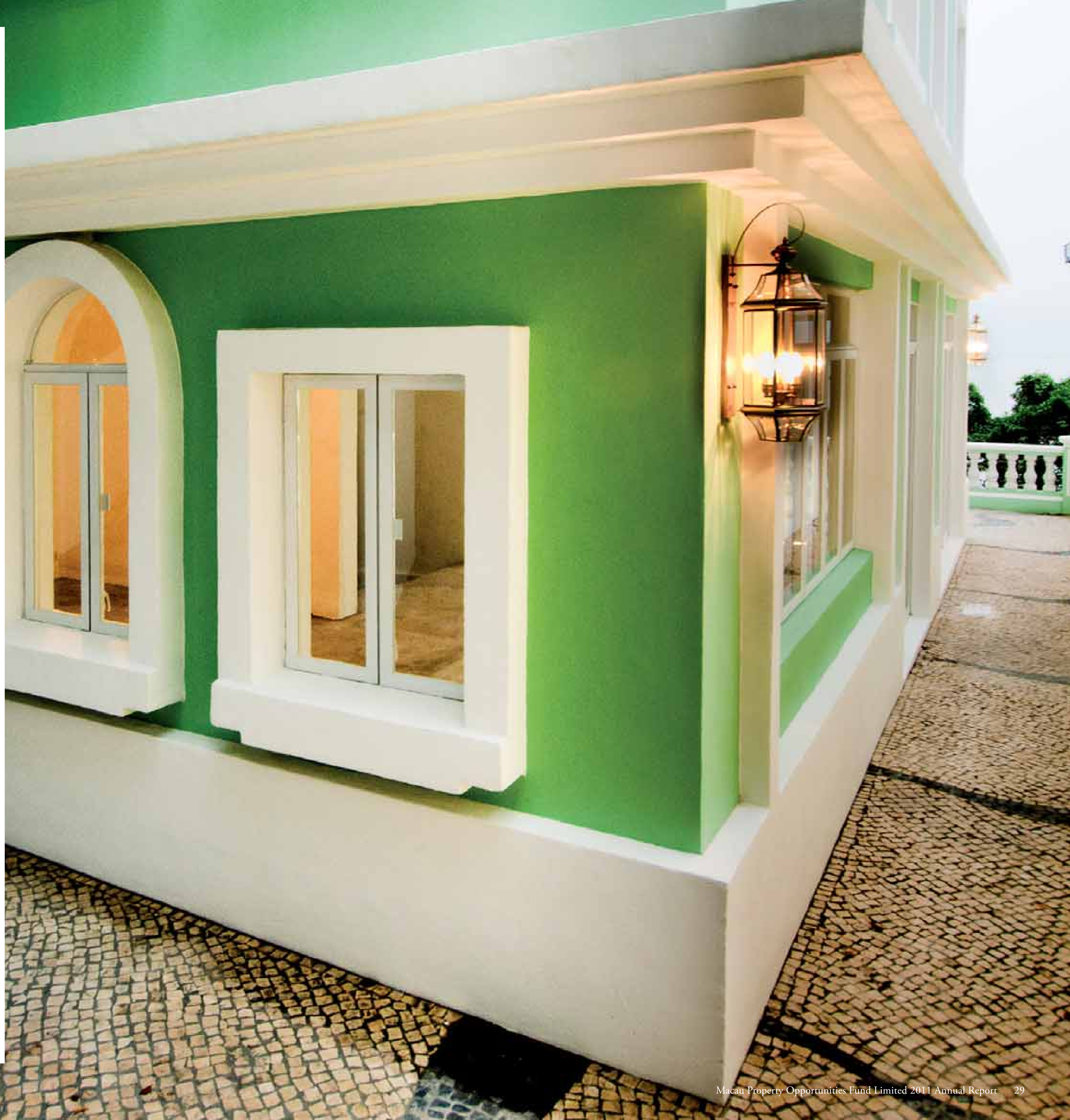
The Green House, previously classified under MPO's portfolio of smaller property assets, forms part of the Company's complementary strategy of acquiring well-located and attractively-priced smaller property assets in key locations across Macau.

In an opportunistic move in late 2007, MPO acquired this rare gem situated atop Penha Hill – traditionally regarded as one of Macau's most exclusive residential areas.

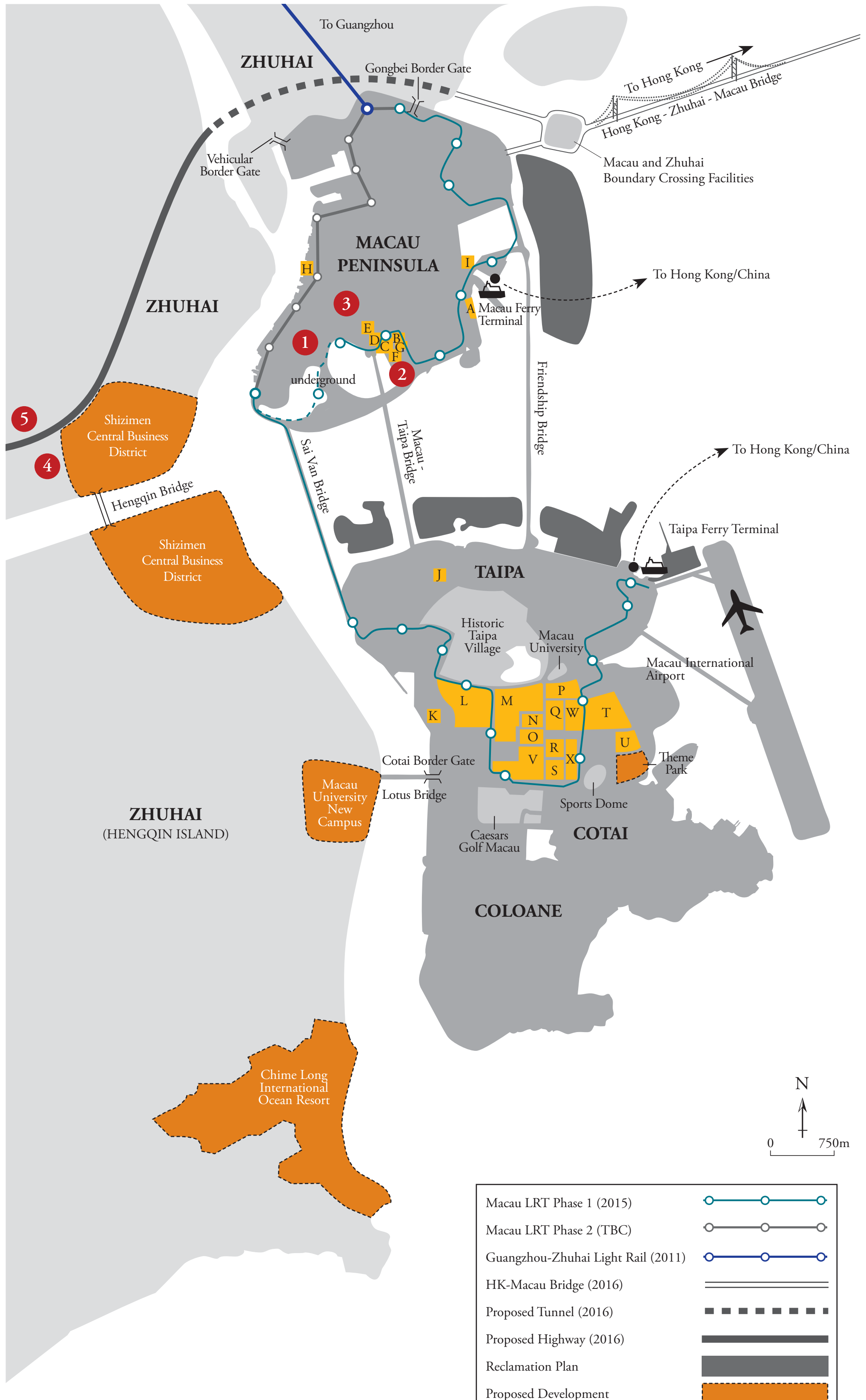
Set upon elevated plains, *The Green House* offers the convenience of being just a short drive away from the city centre whilst enjoying the serenity of peaceful surroundings. The sprawling 5,000-square-feet mansion offers panoramic views across Macau and mainland China.

An extensive renovation programme aimed at enhancing the market value of *The Green House* was recently completed. Such prized assets are experiencing strong demand among mainland Chinese buyers and the Company expects to capitalise on this trend. As such, this exceptional private house is anticipated to achieve an internal rate of return of 25% from its sale.

The Green House is a unique residence situated in Macau's most desirable residential district.



Map of Macau



Alignments and locations are indicative only

MPO's key properties

1. *The Fountainside*
2. *The Waterside*/One Central
3. *Senado Square*
4. *APAC Logistics Centre*
5. *Cove Residence*

Casinos (by operators)

SJM
- D Lisboa (1970)
- E Grand Lisboa (2007)
- G L'Arc Macau (2009)
- H Ponte 16 (2008)
- I Oceanus (2009)
- U New casino-hotel*

Las Vegas Sands
- A Sands Macao (2004)
- M Venetian Macao (2007)
- N Four Seasons (2008)
- O Parcel 3*
- Q Cotai Central (2012)

Wynn Resorts
- C Wynn Macau (2006) & Encore (2010)
- T Wynn Cotai*

Melco/PBL
- J Altira Macau (2007)
- P City of Dreams (2009)
- V Macao Studio City*

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

MGM/Pansy Ho
- F MGM Grand Macau (2007)
- W MGM Cotai*

Shun Tak
- X New casino-hotel*

Land Reserve
- R Parcel 7
- S Parcel 8

* Under planning

Source: Sniper Capital Research

Manager's Report

Macau, the world's fastest growing economy in 2010, continued on its growth trajectory this year.

MPO saw a 21% increase in its property portfolio value, with a 16%[1] uplift in its Adjusted NAV.

Crystallising Shareholder Value
With a continued focus on maximising shareholder value, MPO capitalised on a buoyant property market to secure several residential asset divestments during the year.

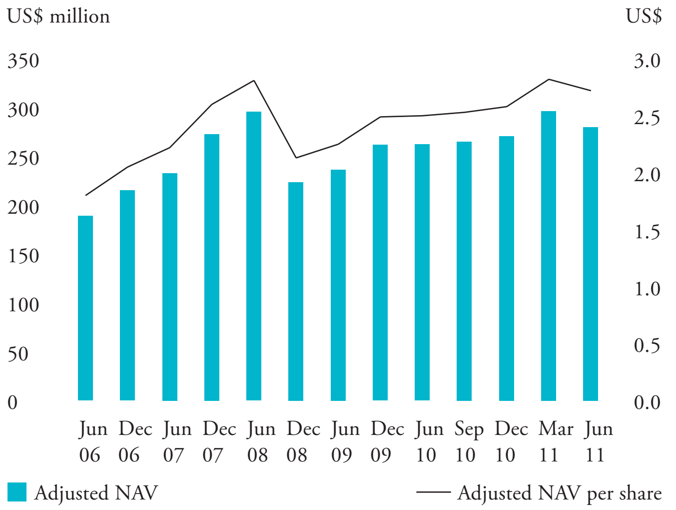
The divestment programme commenced with the disposal of *Rua do Laboratório*, an entry-level residential property, for US$41 million in April 2011. The sale, which marked the Company's first major exit, generated a net return on investment of 80%. The move to exit this project prior to the completion of its full development cycle allowed MPO to capitalise on the value already created, while avoiding potential planning, construction and marketing risks.

In May, MPO entered into a strategic bulk sale of One Central Residences apartments. The agreed sale of the ten individual units, worth a combined US$21 million, was well timed, occurring one week prior to the government announcing tightening measures intended to cool local residential property prices.

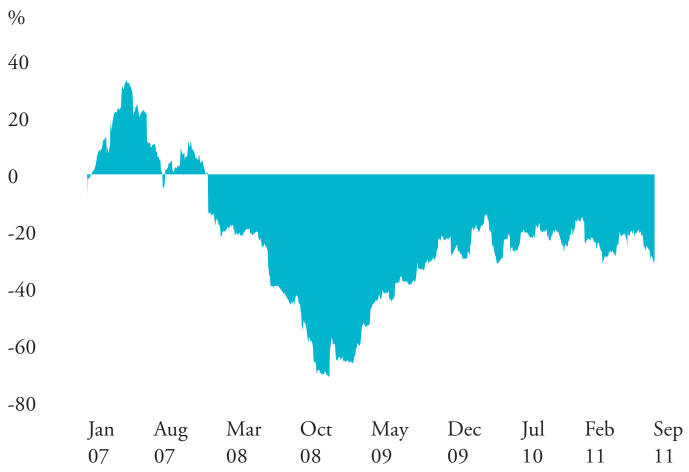
In August, MPO completed the sale of *Rua do Padre Antonio*[2], a small residential redevelopment project located on Macau Peninsula, for c. US$4.2 million. The sale price was 21% higher than the total acquisition price and associated project costs.

[1] Before c. 8% return of capital
[2] Part of MPO's portfolio of smaller property assets

Adjusted net asset value



MPO share price premium/discount to adjusted NAV



Source: Bloomberg, Sniper Capital Research

Significant shareholders

Name of shareholder	No. of shares	%
Amvescap (including Invesco & Aim)	30,697,140	29.95
Universities Superannuation Scheme	10,500,000	10.24
Lazard Asset Management LLC	9,994,066	9.75
Insight Investment Management	8,851,490	8.64
Midas Capital Partners	6,035,000	5.89
Sniper Investments Limited	5,239,500	5.11
RWC Partners	4,714,852	4.60
Apollo Multi Asset Management	3,455,000	3.37
Other	23,012,952	22.45
	102,500,000	100

As at 31 August 2011

Rebalancing MPO's Property Portfolio[3]

The decision to dispose of these residential assets was taken as part of MPO's objective to unlock shareholder value, crystallise returns, and reduce portfolio exposure to the affordable and mass market residential segments in Macau – which the Manager believes face the risk of oversupply. At present, less than 20% of Macau's population live in public housing. However, a new Affordable Housing Act, set to become law in October, will make 80% of residents eligible for public housing, marking a dramatic increase from the current figure. We are therefore of the view that the significant increase in eligibility for affordable housing and the impending supply of up to 19,000 affordable units is likely to weigh on the future performance of the mass market property sector.

The Company continues to prefer the true luxury residential sector and remains confident in its investment in One Central Residences – Macau's most prestigious residential development. The 59 units at Tower Six – branded as *The Waterside* – and the 12 individual units spread across the remaining towers, total a combined gross floor area of 175,000 square feet and constitute 54% of MPO's portfolio as at 30 June 2011.

Niche market and upper middle class residences form a further 12% of the Company's portfolio, with another 14% dedicated to the retail sector and 5% to warehousing and logistics. The remaining 15% is retained as cash.

Investment Cycle Coming Full Circle

Following the recent asset disposals, MPO proposed to return the US$17.9 million net profit made on the sale of *Rua do Laboratório* to shareholders via a bonus issue of B shares. The implementation of this scheme was approved at an Extraordinary General Meeting on 21 June 2011, with payments to shareholders completed in July.

In addition, MPO has repurchased 2.5 million[4] of its own shares since 5 May 2011 at an average price of 132p (cum distribution) per share. This represents 2.4% of the Company's issued capital. Following the cancellation of the repurchased shares, MPO has 102.5 million ordinary shares outstanding.

Having successfully completed an investment cycle, MPO will continue to seek new accretive investment opportunities, and may in the future also consider further opportunistic share repurchases, as part of a complementary strategy of enhancing shareholder value.

Key Portfolio Assets Continue to Mature

Commanding spectacular views of Nam Van Lake and the historic Penha Hill, *The Waterside* is the only en bloc-owned tower located in One Central Residences – one of Macau's most prestigious residential addresses – and forms an exceptional property that has established the first true international standard of accommodation in Macau.

Capitalising on strong market demand driven by a renewed influx of expatriates to Macau, MPO launched the Apex Collection – five premium units located on *The Waterside*'s highest floors – in May. Two simplex units, each spanning over 4,000 square feet, have now been leased, with achieved rents setting a new pricing benchmark for the entire development.

[3] Composition percentages in this section exclude *Rua do Laboratório* (sold in April 2011), the bulk sale of ten One Central Residences units (agreed in May 2011) and *Rua do Padre Antonio* (sold in August 2011)

[4] Repurchased and cancelled 2.2 million shares as of 30 June 2011 and a further 300,000 on 8 July 2011

The project's other 54 standard units also saw strong leasing momentum and positive rental reversions. Latest achieved rents are 20-30% higher than a year earlier, with effective rentals at HK$20 (c. US$2.50) per square foot per month and net yields at 2.2%.

The Waterside achieved an overall occupancy of 61% as at 1 September 2011. MPO will continue to carry out a targeted marketing and leasing programme to further entrench *The Waterside* as the premier choice for ultra-exclusive, true luxury residential living in Macau.

The Fountainside is a niche residential project located within the prestigious Penha Hill district. Catering to the upper-middle class segment, this low density project – comprising 42 apartments and villas – has drawn strong buyer interest, with all 20 units launched to-date pre-sold one year prior to completion. Average achieved prices have surpassed expectations to reach HK$4,500 (c. US$580) per square foot.

Building on the property's initial success, MPO is gearing up for the second stage of its marketing campaign, aimed at further boosting pricing power, as the project approaches overall completion and handover by late 2012.

Meanwhile, the Company continues to make good progress on *The Fountainside*'s development programme, with substructure and superstructure works currently well underway, following the award of the main contract in late April.

The Green House[5] is an exclusive private house which MPO opportunistically purchased in late 2007. Situated atop the famous Penha Hill – Macau's most expensive residential neighbourhood – and boasting stunning views of the Macau-Taipa Bridge, this sprawling 5,000 square feet property recently completed a renovation programme designed to enhance its saleability. Such prized assets are experiencing strong demand among mainland Chinese buyers and the Company expects to capitalise on this growing trend. As such, this exceptional private house is anticipated to achieve an internal rate of return of 25%.

Strategically located in the emerging region of Zhuhai, western Pearl River Delta (PRD), *APAC Logistics Centre* and *Cove Residence* represent MPO's first foray into mainland China. *APAC Logistics Centre* currently consists of 205,000 square feet of multi-functional warehousing space. Construction as part of the second phase of the project, presently underway, will add a further 1.1 million square feet of state-of-the-art facilities.

The rapid economic integration of the PRD region, which includes ongoing key infrastructure projects such as the PRD Inter-City Rail System, the Hong Kong-Macau-Zhuhai Bridge and the Macau Light Rapid Transit System, places *APAC Logistics Centre* in an advantageous position to capture unprecedented growth opportunities. The project has received some indicative tenant interests since the on-site marketing showroom opened.

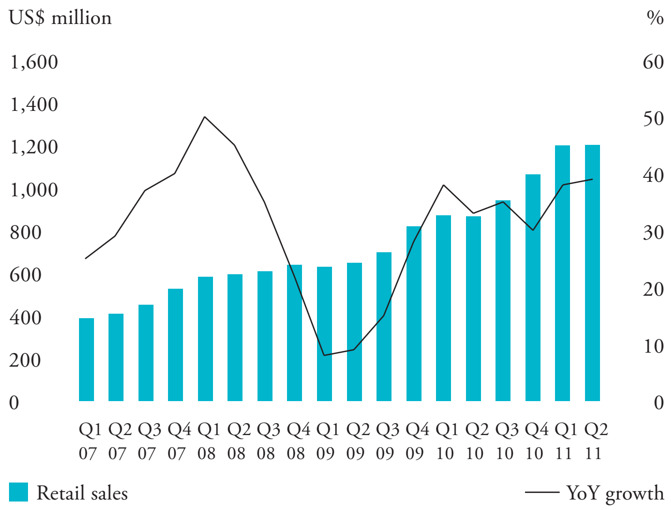
[5] Previously classified under MPO's portfolio of smaller property assets

Manager's Report

Our 5-year financial summary

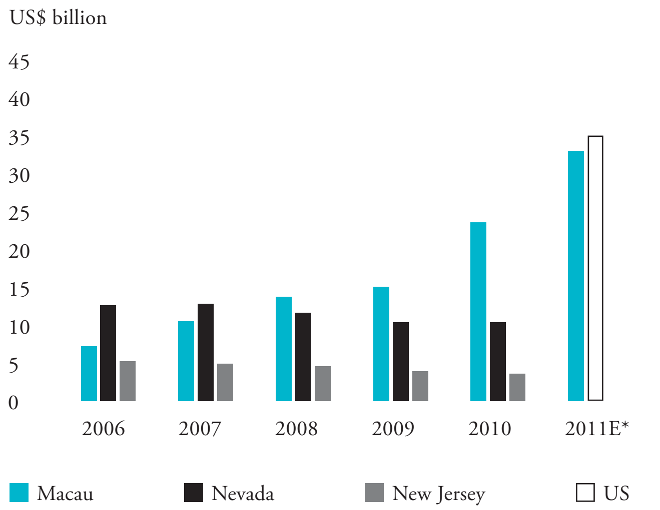
	2007	2008	2009	2010	2011[4]
Adjusted NAV (US$m)	232.8	295.6	236.4	262.4	280.0
Adjusted NAV per share (US$)	2.22	2.81	2.25	2.50	2.72
Share price as at 30 June (p)	124.50	95.75	76.00	129.50	135.12
Porfolio valuation (US$)	160.9	311.9	275.3	316.7	333.7
Loan-to-value ratio (%)	na	20	26	27	24

Macau retail sales and YoY growth



Source: DSEC

Macau & US gaming revenues



Source: DICJ, NGC and NJCCC
*Annualised. USA features a total of 15 US states with commercial casinos

Located on a site close to *APAC Logistics Centre*, *Cove Residence* was conceived to meet the growing demand for quality rental accommodation from Macau, the Shizimen business district and Hengqin Island. This quality residential property comprises 250,000 square feet of gross floor area and an ample suite of recreational facilities.

Both projects commenced construction in April. The development programmes are making good progress to-date with completion expected in phases from the first quarter of 2012.

Senado Square is MPO's prime retail redevelopment project located in the heart of Macau's most prominent tourist destination.

Although architectural approval is still on hold pending the outcome of ongoing negotiations with the relevant government departments, positive feedback has been received for the building's new design concept, particularly for its contemporary look and innovative green features.

Despite the delay, the project's internal rate of return remains above 20% as valuations continue to benefit greatly from the ever increasing demand for retail properties in and around the vicinity.

Reported transactions confirm strong positive momentum for both rental and capital value growth and given the scarcity of new and well-planned retail space, MPO is confident that *Senado Square* will become a significant and iconic development upon its expected completion by mid-2014.

A Robust Set of Results Underpinned by Improved Valuations[6]
The Company's financial statements as at 30 June 2011 have been prepared in accordance with International Financial Reporting Standards. All properties in the Company's portfolio have been valued by Savills (Macau) Limited.

Backed by the favourable economic climate in Macau and positive returns from successful divestments, the Company generated a net profit of US$36.5 million in the current year. As can be seen in the portfolio summary of this report, the market valuation of the Company's properties stood at US$333.7 million as at 30 June 2011, signifying an increase of 21% year-on-year and 73% over the cost of the properties.

The Company's Adjusted Net Asset Value (NAV) before the c.8% return of capital was US$2.89, representing an uplift of 16% from a year earlier. As at 30 June 2011, Adjusted NAV per share was US$2.72 or 178p, which equates to a year-on-year increase of 9% and 7% in Dollar and Sterling terms respectively.

[6] Property portfolio valuation of US$333.7 million excludes *Rua do Laboratório* which was sold in April 2011 but includes *Rua do Padre Antonio*, the sale of which was completed in August 2011

Adjusted NAV per share before the return of capital was US$2.89

Adjusted NAV per share of 178p is based on a Dollar/Sterling exchange rate of 1.534 as at 22 September 2011

The Company held cash of US$54.8 million as at 30 June 2011, of which US$17.9 million was returned to shareholders in July 2011

The Company's total assets amounted to US$326 million as at 30 June 2011. This included US$83 million of development properties, US$187.1 million of investment properties and cash of US$54.8 million. Total liabilities stood at US$109 million, primarily made up of the bank financing of One Central Residences and a provision for US$17.9 million which was returned to shareholders in July 2011.

MPO's share buyback programme coupled with the recent return of capital to shareholders helped narrow its share price discount to Adjusted NAV to 20% as at 30 June 2011 – a marked improvement from a year earlier. However, despite these initiatives and the continuing robust growth outlook for Macau, weaker stock market sentiment has since resulted in the discount widening to 34% as at 22 September 2011. The Board continues to believe in the attractiveness of MPO's current share price and remains committed to capital management initiatives aimed at improving the share price discount to Adjusted NAV.

Proactive Financial Management
MPO adheres to a prudent cash management policy and closely monitors its capital requirements.

As at 30 June 2011, the Company's cash balance totalled US$54.8 million. US$10.9 million was pledged as collateral for the Company's banking facilities and US$17.9 million subsequently returned to shareholders in July 2011. Cash balances are held mainly in HK$ fixed deposits and in savings and current accounts with international banks located in Guernsey, Hong Kong and Macau.

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

Assuming a full drawdown of its committed credit facilities, MPO's total loan-to-value ratio was 24%, based on the Company's portfolio value as at 30 June 2011.

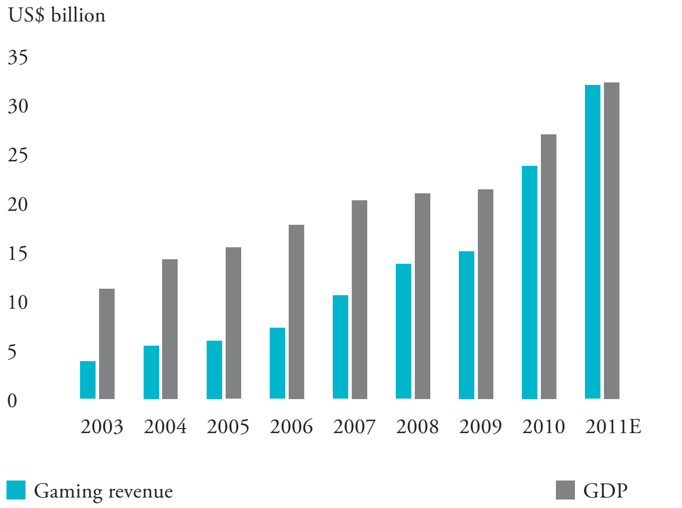
Facilitated by MPO's excellent credit standing and strong relationships with financial institutions in the region, two of the Company's major assets – MPO's investment in One Central Residences and *The Fountainside* – have been granted loan facilities on attractive terms, while negotiations on bank financing for other development properties are underway.

MPO has capitalised on positive market conditions to secure long-term interest rates at low levels. The Company has swapped floating rate HIBOR for five-year fixed interest rates at an average fixed rate of 1.669% per annum on a total of HK$500 million (c. US$64 million) – representing 69% of the Company's committed loan facilities.

Moving forward, the Company will continue to seek attractive hedging opportunities and execute proactive financial management strategies.

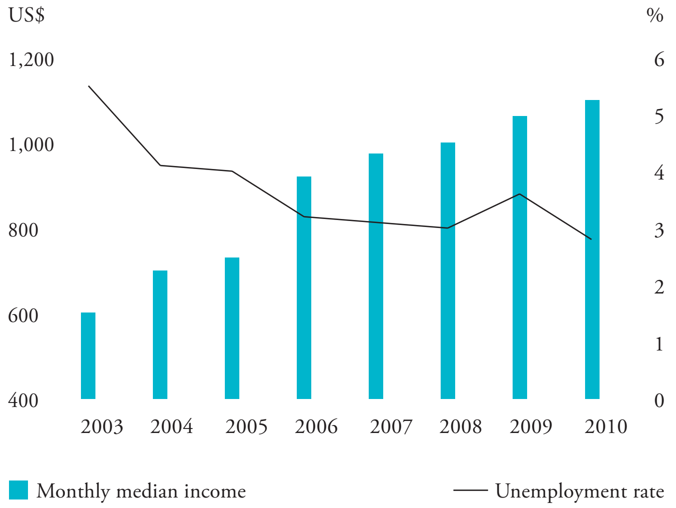
Macau Enjoys Strong Growth
Building on the solid momentum of 2010, Macau's economy continued to push forward with strong growth in 2011 and recorded an expansion of 23% in the first half of the year. This upward trend is expected to continue for the second

GDP and gaming revenue



Source: DSEC

Monthly income and unemployment rate



Source: DSEC

half of the year, with the Economist Intelligence Unit forecasting a full year growth of 20% for 2011.

Unemployment – currently at a record low of 2.6% – could edge down further, even as the number of non-resident workers rises to approximately 100,000 in the coming months to meet the demand of the expanding services sector.

Backed by a vast Chinese hinterland, Macau's tourism industry continued to see steady growth during the year. Monthly visitor arrivals remained robust at over 2 million and look set to reach a record 27 million this year. In the retail sector, the volume of sales recorded a 38% year-on-year growth in the first half of 2011 to register US$2.4 billion, largely driven by sales of luxury goods.

The World's Biggest Gaming Hub – by Far

Macau has strengthened its position as the top gaming destination worldwide in spite of growing competition from other regions. One year after their opening, it is evident that Singapore's two casinos – forecast to generate US$6.5 billion in gaming revenues in 2011 – have not adversely affected Macau's gaming industry.

Macau's gaming revenues have reached US$22 billion in the first eight months of the year and are rapidly closing the gap on the entire US$35 billion US commercial casino market. Macau's current growth is all the more remarkable given that it has continued despite Beijing's efforts to rein in liquidity on the mainland.

Cotai – Macau's New Tourism Epicentre

The strong performance of Macau's gaming industry is driving another round of mega-resort expansion in Cotai. Galaxy Macau – the first new major casino-resort in almost two years – opened in mid-May to great fanfare. The US$2 billion Asian-themed property spanning six million square feet features 500 tables and 1,500 slot machines, 2,200 hotel rooms and 50 food and beverage outlets, in addition to the world's biggest rooftop wave pool. The resort is expected to host up to 40,000 guests daily.

Melco Crown Entertainment – which operates the US$2.1 billion City of Dreams – has entered into a US$360 million deal for its second gaming resort in Cotai, giving it a controlling stake in the previously-stalled Macao Studio City project. The casino operator plans to inject a further US$1.7 billion towards the development of the 1.6 million square feet site, which is expected to begin next year and be completed by 2015. If the current plan for the site meets with government approval, the development will open with 300 to 400 gambling tables, 1,200 electronic gambling machines, 2,000 hotel rooms, and an additional 200,000 square feet of retail space and various entertainment options.

Meanwhile, Las Vegas Sands has officially named its mega casino-resort on Cotai parcels five and six as Sands Cotai Central. The US$4.5 billion project, set to feature 6,000 rooms across Conrad, Sheraton and Holiday Inn brands and two casinos, is scheduled to open in phases from Q1 2012.

The five-star Conrad Macao (600 rooms) is scheduled to open in Q1 2012, followed shortly thereafter by the four-star Holiday Inn Macao (1,200 rooms). Sheraton is also due to open a 2,000-room property – its largest globally – in the latter half of 2012.

Macau's rapidly growing economy is leading to greater local purchasing power and increased upgrader demand.

Contributing to the vibrancy of Cotai Strip, MGM China, SJM Holdings and Wynn Macau are likely to receive approval to commence construction on their land parcels later this year.

Growth of the Non-gaming Sector

The government remains dedicated to diversifying the economy and expanding non-gaming offerings in the territory, while encouraging more cultural activities, sightseeing and family-friendly recreational activities.

In the emerging resort destination of Cotai, there are plans to develop a US$1.3 billion theme park on a 2.2 million square feet site next to the Macau Dome. Designed with families in mind, the mammoth project will accommodate three- to five-star hotels with over 6,000 guest rooms, shopping malls, convention facilities, an indoor beach and wave pool, amusement rides, a 4D theatre, an equestrian centre and a water sports performance centre.

On the Macau Peninsula, Macau's first theme park, Fisherman's Wharf welcomed an ice gallery and ice rink in February 2011. These attractions form part of a US$20 million investment project by Russian company MMG Productions. The second phase, which will comprise a 33,000 square feet indoor Winter Park, will open at the same location in 2012. The target is to receive approximately 2,000 visitors daily.

Further Integration of the Pearl River Delta

Improvements to existing infrastructure and new agreements are expected to improve tourism and traffic flow between Macau and mainland China.

The completion of the US$11 billion Hong Kong-Zhuhai-Macau Bridge (currently under construction) in 2016 will complete the critical transportation link between western and eastern PRD and will dramatically reduce travelling time between Hong Kong and Zhuhai to a mere 30 minutes.

Once the Guangzhou-Zhuhai Light Rail to Macau's border is completed by the end of 2011, visitors will be able to cut travelling time from Guangzhou to Macau by half to within one hour. This service will be expanded to Hengqin Island and Zhuhai airport by 2015.

By early 2012, Macau's busiest China checkpoint is likely to extend its operating hours – currently 7am to midnight – by two to three hours. Also likely is the easing of regulations to allow Macau-registered vehicles to enter Hengqin Island without a Zhuhai-issued licence plate.

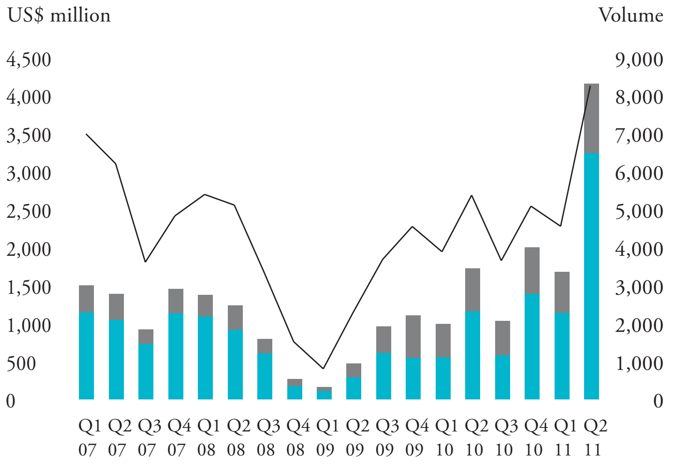
Property Market Remains Robust

In April 2011, the government implemented a slew of tightening measures including a proposal to impose a 20% stamp duty for residential units (completed and uncompleted) sold within one year of purchase, and a 10% stamp duty for those sold between one to two years of ownership. The stamp duty was previously 3% across the board. The Monetary Authority of Macau also lowered loan-to-value levels for uncompleted units to 70% for Macau permanent residents and 50% for non-permanent residents.

As expected, the introduction of the new stamp duty slowed home sales in May and June, which both recorded approximately 2,400 residential sales monthly – down from the peak of 3,500

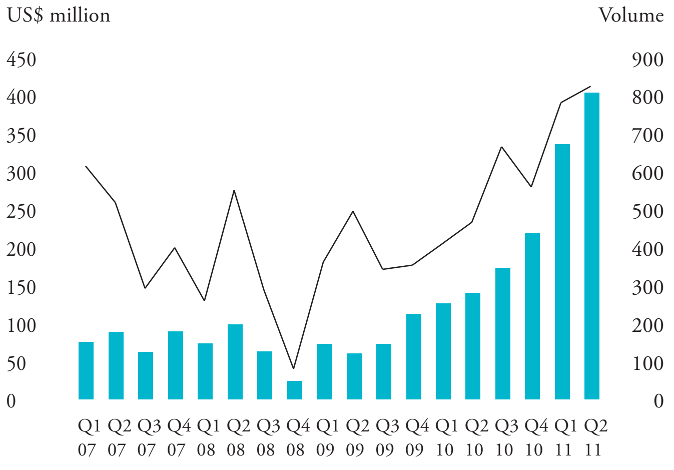
Manager's Report

Residential transaction volume and value



Source: DSEC

Commercial transaction volume and value



Source: DSEC, Sniper Capital Research

in April 2011. Transaction volumes are likely to drop in the near term but, buoyed by strong end-user demand, Jones Lang LaSalle expects it to rebound to approximately 1,000 per month by the end of the year.

Home prices have remained steady and we expect them to hold firm for the rest of the year. According to the Financial Services Bureau, the average price of homes in Macau stood at US$450 per square foot at the end of Q2 2011, an increase of 13% year-on-year.

It has been our view for some time that Macau's rapidly growing economy and low unemployment levels will ultimately lead to greater local purchasing power and an increased demand from residents to upgrade their homes. Indeed, demand for homes appears to be largely end-user driven, with 80% of transactions conducted by locals.

The government's tightening policies and more stringent mortgage requirements appear to have shifted investors' focus from residential to commercial properties, as reflected in the surge of commercial transaction values, especially in prime areas. For the first half of 2011, the total value of commercial property transactions in Macau surged 180% year-on-year to reach approximately US$740 million.

Driven by strong retail activity, reported transactions reflect positive momentum in prices and rents in the surrounding retail areas of MPO's *Senado Square* site. Ginza Plaza, a prime retail property, was sold for US$47.4 million or about US$1,300 per square foot in Q1 2011.

Looking ahead, the commercial property market is expected to be supported by the robust retail outlook and a shortage in quality retail properties in the market in the near term.

Building on Our Strengths

MPO concluded its financial year on a strong note. The Company has achieved several successful divestments and returned capital to shareholders, whilst making good progress on its asset management and development projects.

Fuelled by solid fundamentals and powerful local drivers, Macau's long-term growth prospects remain unique and compelling. The outlook is an optimistic one, anchored by the pipeline of exciting resort developments on the Cotai Strip and ongoing public infrastructure improvements such as the Hong Kong-Zhuhai-Macau Bridge, PRD Inter-City Rail Transit System and Macau Light Rapid Transit System.

Favourable job prospects and rising household incomes underpin future consumption growth, while the renewed influx of expatriates is expected to drive housing demand, especially at the high end.

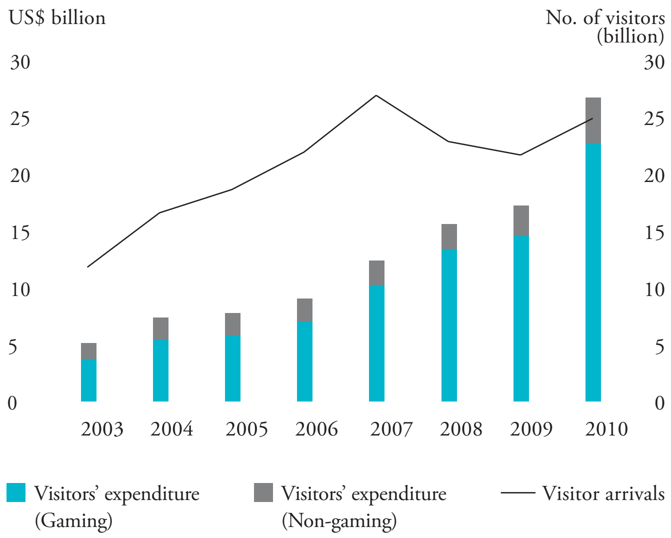
MPO remains well positioned to leverage the territory's continued growth and maximise the potential of its portfolio investments. Having successfully completed an investment cycle, the Company is actively seeking new strategic accretive acquisitions of quality property assets in Macau and the PRD.

Sniper Capital Limited
Manager

Macau is a glorious fusion of East and West, old and new

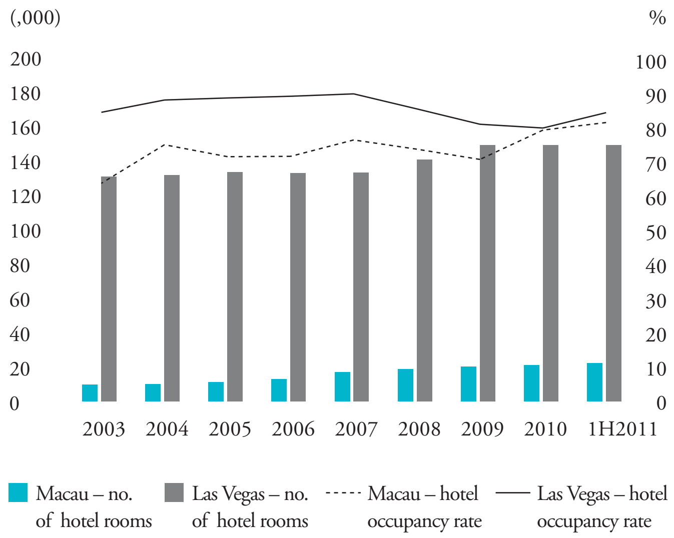
Despite competition from new entrants such as Singapore, Macau remains the preferred gaming destination in Asia

Tourist arrivals and expenditure



Source: Macau Tourism Office, DSEC

Hotel rooms and occupancy rates in Macau and Las Vegas



Source: Macau Tourism Office, LVCVA

Macau – Opportunities and Challenges

Despite intensifying regional competition and a skew towards high-rollers, Macau remains an early-stage growth story.

Regional Competition

Macau is the world's largest gaming market by far. Recent figures demonstrate that just one of Macau's casino groups alone, namely SJM, has raked in revenues that exceed those of the entire Las Vegas Strip.

Despite competition from recent entrants, Macau remains the preferred gaming destination in Asia. Singapore, the territory's closest rival, is expected to match Las Vegas' gaming revenues of US$6.5 billion by the end of the year, but this is still a fraction of Macau's estimated US$35 billion.

Macau owes much of its success to its proximity to mainland China. The world's second largest economy has experienced strong economic expansion and rising incomes which, together with an ingrained gambling culture, has fuelled the super-charged expansion of Macau's gaming industry.

Dependence on the VIP Segment

The VIP segment currently accounts for over 70% of Macau's total casino revenue. This segment depends largely on Chinese high-rollers and is mainly credit-driven, making it highly sensitive to economic and liquidity trends in mainland China.

Consequently, casino operators have been diversifying towards the mass market, which is cash-based and does not depend on junket agents, therefore generating significantly higher operator margins. This segment, largely revolving around the stream of day-trip punters from Guangdong and Hong Kong, is set to benefit greatly from improved transport links in and around the Pearl River Delta.

Policy Risks

At present, Macau is the only city in China to offer legalised casino gambling but there have been reports of talks within the government of studying the feasibility of launching non-casino based alternative gaming activities in Hainan.

The Manager is of the view that the demand for gaming greatly outstrips the supply. Currently, around 14 million mainland Chinese visitors travel to Macau every year. This represents only about 1% of the Chinese population but even then, Macau is unable to meet this overwhelming demand, despite having the highest concentration of casinos in the world. As seen with Singapore, new entrants have the potential to develop the market even further.

The Central government has, in the past, attempted to contain increased gaming levels by tightening visa restrictions. In view of the recent spike in the returns of this industry, a visa policy review is an inherent possibility but, overall, Beijing remains committed to the economic diversity and long-term sustainable development of its two Special Administrative Regions – Macau and Hong Kong.

Meanwhile, the profile of visitors to Macau continues to evolve. The majority still stems from China, Hong Kong and Taiwan, however the territory has also registered significant increases in visitor arrivals from other countries around the world, in particular India and South Korea.

Global Factors

Led by China, Asia is emerging as a global growth engine. Macau, in particular, was the fastest expanding economy in the world in 2010 and is expected to grow 20% for the full year 2011, according to the Economist Intelligence Unit. The territory's long-term outlook continues to be positive, buoyed by strong fundamentals and powerful local drivers.

Macau's property market remains an attractive one, with prices up to 70% lower than that of Hong Kong's. The sector has also benefitted from low personal debt, rising disposable incomes and a growing expatriate presence. Furthermore, the Manager believes that the new property measures (as outlined in the Manager's Report) recently implemented by the Macau government will serve to deter speculation and are conducive to the overall sustainable growth of the market.

Macau has proved that while it is not immune to external elements, its strategic location and strong fundamentals place it in an advantageous position to weather potential storms.

Board of Directors

David Hinde
Chairman

David Hinde qualified and practised as a solicitor for five years before moving into investment banking. Much of his career has been connected with Asia. From 1977 to 1982, he worked in Hong Kong for Wardley Limited, part of the HSBC Group, and then returned to London for 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. Thereafter he was a Non-executive director of that group until 2011. He is currently Chairman of Invesco Asia Trust plc. David Hinde is a UK resident.

Tom Ashworth
Non-executive Director

Tom Ashworth has 25 years' experience in finance and investment, 16 of which have been in Asia. He commenced his career at HSBC Securities in London and Hong Kong, followed by Morgan Stanley Asia, before founding and pioneering a successful hedge fund research and brokerage business in 2000. Compelled by Macau's significant growth potential and deeply undervalued real estate market, he identified numerous early stage property investment opportunities in the territory. This culminated in him co-founding Sniper Capital, MPO's Investment Manager, with his business partner Martin Tacon in 2004. He is a permanent resident of Hong Kong.

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. 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.

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.

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.

Financial Statements

Forward Looking Statements
Pages 1 to 43 of this report (including but not limited to the Chairman's Statement and the Manager's Report, together the "Review Section") have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed.

These should not be relied on by any other party or for any other purpose.

The Review Section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Manager concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests. By their nature, forward-looking statements involve risks and uncertainties because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

In addition, the Review Section may include target figures for future financial periods. Any such figures are targets only and are not forecasts.

This Annual Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant in respect of Macau Property Opportunities Fund Limited and its subsidiary undertakings when viewed as a whole.

Contents

Manager and Advisers

Group Structure

Sniper Capital

Sniper Capital Limited
Manager

Sniper Capital (Macau) Limited
Investment Adviser

Acquisitions & Research	Project Development	Asset Management	Corporate Communications	Finance & Administration
• Macro & micro analysis • Forecasting & modelling • Sourcing • Due diligence	• Consultant appointment & coordination • Project monitoring & reporting • Project delivery & handover	• Property & estate management • Sales & leasing • Facilities management • Asset value enhancement	• Investor & media relations • Marketing & product positioning • Statutory & regulatory communication	• 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 5.24 million shares or 5.11% 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.

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.

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.

Investment Policy

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

Asset allocation

The Company aims to achieve its investment objective by investing in property markets in Macau, the 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%.

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% of the Gross Asset Value of the Company at the time of investment.

Gearing

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

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

Directors' Report

The Directors present their report and audited financial statements of the Group for the year ended 30 June 2011.

Principal activities

Macau Property Opportunities Fund Limited (the "Company") is a Guernsey-registered closed-ended investment fund traded on the London Stock Exchange (the "LSE"). 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 obtained a Premium Listing on the London Stock Exchange Main Market on 30 June 2010.

The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. During the year, the principal activities of the Company and its subsidiaries as listed in Note 4 to the consolidated financial statements (together referred to as the "Group") were property development and investment in Macau 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 14 to 17 and in the Manager's Report on pages 31 to 39.

Results and dividends

The results for the year are set out in the financial statements on pages 56 to 81.

A return of capital of US$17.9 million was proposed by the Directors and has been approved by the shareholders at the Extraordinary General Meeting of the Company held on 21 June 2011. Details of the return of capital are discussed in Note 11 of the financial statements (2010: US$ nil).

Going concern

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

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

The Group continues to meet its capital requirements and day-to-day liquidity needs through the Group's cash resources. The Group had current cash reserves of US$43,826,000 and net current assets of US$96,433,000 as at 30 June 2011.

As part of their assessment of the going concern of the Group, the Directors have reviewed comprehensive cash flow forecasts prepared by management which make assumptions based upon current and expected future market conditions. It is the Directors' belief that, based upon those forecasts and their assessment of the Group's committed banking facilities, it is appropriate to prepare the financial statements of the Group on the going concern basis. In arriving at their conclusion that the Group currently has adequate financial resources, the Directors have taken into consideration the fact that the Group has unrestricted cash of US$43.8 million as at 30 June 2011 and is expected to continue to comply with the covenants of its banking facilities going forward.

Share capital

Ordinary Shares

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

The issued nominal value of the Ordinary Shares, represents 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Company's Memorandum and Articles of Incorporation contain details relating to the rules that the Company has about the appointment and removal of Directors or amendment to the Company's Articles of Incorporation.

B Shares

During the year the Company issued 102,800,000 B shares to Ordinary Shareholders, pro rata to their existing shareholdings, as part of the process of returning capital as described in Note 11.

97,409,748 of these B Shares, representing those Shareholders who elected to have capital returned to them by way of a capital distribution, were redeemed prior to the year end.

All other B Shares, representing those Shareholders who elected to have capital returned to them by way of a dividend, converted into Deferred Shares on a one-for-one basis. The Deferred Shares were not listed and carried extremely limited rights.

At the year end there were 5,390,252 Deferred Shares in issue. The Company subsequently redeemed all of these Deferred Shares on 13 July 2011 for an aggregate consideration of £0.01. In view of the negligible amount involved, this £0.01 was not distributed to individual Shareholders.

Authority to purchase own shares

Following the authority first granted in the Extraordinary General Meeting of 28 June 2010 and renewed at the Annual General Meeting of 3 November 2010, a resolution to provide the Company with authority to purchase its own shares will be tabled at the AGM on 3 November 2011.

During the year, the Company repurchased 2,200,000 Ordinary Shares or 2.1% of the originally issued Ordinary Shares, at an average share price of 131.53p (cum distribution). All shares repurchased pursuant to the buy-back programme were cancelled.

Significant shareholdings

As at 30 June 2011, a total of eight shareholders held more than 3% each of the issued Ordinary Shares of the Company, accounting for a total amount of 80,455,958 shares (2010: 82,622,062) or 78.3% (2010: 78.7%) of the issued share capital. Further details are available on page 33 in the Manager's Report.

Directors

Biographies of the Directors who served during the year are detailed on pages 42 to 43.

Name	Function	Date of appointment
David Hinde	Chairman	18 May 2006
Thomas Ashworth	Director	18 May 2006
Richard Barnes	Director	18 May 2006
Alan Clifton	Director, Chairman of the Audit and Nomination and Remuneration Committees	18 May 2006
Timothy Henderson	Director	18 May 2006

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. Thomas Ashworth, as a non-independent Director, will offer himself for re-election annually.

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 2011 were:

	ORDINARY SHARES OF US$0.01	
	Held at 30 Jun 11	Held at 30 Jun 10
David Hinde	**60,000**	60,000
Thomas Ashworth*	**–***	–*
Richard Barnes	**50,000**	50,000
Alan Clifton	**100,000**	100,000
Timothy Henderson	**50,000**	50,000

* Thomas Ashworth has a beneficial interest in Sniper Investments Limited, which as at the year-end held 5,239,500 shares (2010: 5,150,000).

There have been no changes to the aforementioned interests since 30 June 2011.

Directors' remuneration

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

	2011 US$	2010 US$
David Hinde	**76,331**	62,148
Thomas Ashworth*	**–**	–
Richard Barnes	**47,707**	39,061
Alan Clifton	**56,882**	46,611
Timothy Henderson	**55,658**	46,611
Total	**236,578**	194,431

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

Annual General Meeting

The Annual General Meeting of the Company will be held at 2.30pm on 3 November 2011 at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey. The details of the business to be conducted are contained in the Notice of AGM on page 83 of this report.

Independent Auditors

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Group, which includes monitoring our use of the Auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of our external auditor, a resolution will be proposed at the 2011 AGM to reappoint Ernst & Young LLP. Each Director believes that there is no relevant information of which the Auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Ernst & Young LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law 2008.

On behalf of the Board

David Hinde
23 September 2011

The Board has put in place a framework for corporate governance which it believes is appropriate for an investment Company. Paragraph 9.8.6R of the UK Listing Rules obliges Boards to report upon their corporate governance arrangements against the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council ("the FRC"). The Company is a member of the Association of Investment Companies (the "AIC") and has considered the principles and recommendations of the AIC's Code of Corporate Governance by way of reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide, will provide better information to shareholders. The AIC Guide has been endorsed by the FRC whereby AIC member companies who report against the AIC Code and who follow the AIC Guide will be meeting their obligations in relation to the Code and associated disclosure requirements of the Listing Rules.

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

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

The Board

The Board consists of five Non-Executive Directors, four of whom, including the Chairman, David Hinde, are independent of the Company's Manager/Investment Adviser. Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Group and received fees during the year as detailed in the consolidated statement of comprehensive income and in Note 19.

Directors' details are listed on pages 42 and 43 which set out the range of investment, financial and business skills and experience represented. Principle 1 of the AIC Code states a Board should consider appointing one independent Non-executive Director to be the senior independent Director. The Board, having taken into account its small size and that the Chairman and three other Directors are each similarly independent and Non-executive, considers it unnecessary to appoint such a senior independent Director.

The Company's Articles of Incorporation specify that one third by number of the Directors are subject to annual re-election at the Annual General Meeting of the Company. The Board has agreed that a minimum of two Directors should be offered for re-election each year and that each Director shall retire every two years by rotation following an alphabetical format. Additionally Mr Ashworth will retire annually pursuant to the Listing Rules. The Board has considered the need for a policy regarding tenure of office; however, the Board believes that any decisions regarding tenure should consider the need for continuity and maintenance of knowledge and experience and to balance this against the need to periodically refresh Board composition and have a balance of skills, experience, age and length of service.

The Board will meet at least four times a year for regular, scheduled meetings and, should the nature of the activity of the Company require it, additional meetings may be held, some at short notice. At each meeting the Board follows a formal agenda that will cover the business to be discussed. A Schedule of Matters Reserved for the Board which sets out the principal responsibilities for the Board and which decisions may be delegated to Board committees has been adopted and is referred to as required by the Board during meetings.

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

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

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

Performance and Evaluation

Pursuant to Principle 7 of the AIC Code that requires a formal and rigorous annual evaluation of its performance, the Board formally reviews its performance annually through an internal process. Internal evaluation of the Board, the Audit Committees and individual Directors has taken the form of peer appraisal questionnaires and discussion to determine effectiveness and performance in various areas as well as the Directors' continued independence.

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

Duties and Responsibilities

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

Duties and Responsibilities (continued)

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

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. It is the Board's responsibility to present a balanced and understandable assessment, which extends to interim and other price-sensitive public reports.

Committees of the Board

Nomination and Remuneration Committee

The Nomination and Remuneration Committee Report is on page 52 of this Annual Report. The Nomination and Remuneration Committee, which is chaired by Mr Clifton, shall be made up of at least three members, the majority of which shall be independent Non-executive Directors. The Committee currently consists of all Board members. Any Non-executive Directors who are not considered independent will not take part in the Committee's deliberations regarding remuneration levels. The Committee meets at least once a year. Pursuant to its terms of reference which are available on the Company's website, the Committee's remit is to regularly review the structure, size and composition of the Board; to give full consideration to succession planning for Directors, to keep under review the leadership needs of the Company and be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise. Regarding remuneration, the Committee shall determine and agree with the Board the remuneration of the Company's Chairman, and Non-executive Directors and in determining such remuneration, take into account all factors which it deems necessary including any relevant legal requirements, the provisions and recommendations in the AIC Code of Corporate Governance, the UK Listing Authority's Listing Rules and associated guidance.

Audit Committee

The Audit Committee operates within clearly-defined terms of reference which are available on the Company's website. The Committee consists of a minimum of two members, comprising a Chairman and at least one other member and is appointed by the Board. Its membership is confined to independent Directors, not including the Chairman of the Company, who may, however, be invited to attend. The Audit Committee, is chaired by Mr Clifton and currently also comprises Mr Barnes and Mr Henderson. The qualifications and experience of the Committee members are noted on pages 42 and 43. The Audit Committee meets at least two times a year at times appropriate to the financial reporting calendar. In the year ended 30 June 2011, the Audit Committee met four times and all members were present at each meeting.

The Audit Committee Report is on page 53 of this Annual Report. The duties of the Audit Committee include reviewing the Annual Report and Audited Consolidated Financial Statements; the Interim Report and Interim Condensed Consolidated Financial Statements; the system of internal controls; and the terms of appointment of the Auditor, together with its remuneration. It is also the forum through which the Auditor reports to the Board. The Audit Committee also reviews the objectivity of the Auditor along with the terms under which the external Auditor is engaged to perform non-audit services. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company and that the provision of such non-audit service is not a threat to the objectivity and independence of the conduct of the audit.

The Audit Committee, having reviewed the performance of the Auditor, has recommended to the Board that the Auditor be offered for re-appointment at the Annual General meeting of the Company.

Meeting attendance

	Scheduled Board Meeting	Other Board Meeting	Audit Committee	Nomination and Remuneration Committee
	Max 4	Max 8	Max 4	Max 1
David Hinde	4	1	n/a	1
Thomas Ashworth	4	5	n/a	1
Richard Barnes	4	6	4	1
Alan Clifton	4	1	4	1
Timothy Henderson	4	6	4	1

Internal control and financial reporting

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

The process takes a risk-based approach to internal control through a matrix which identifies the key functions carried out by the Manager and other key service providers, the various activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. Regular reports are provided to the Board highlighting material changes to risk ratings and a formal review of these procedures is carried out by the Audit Committee and reported to the Board on an annual basis and has been completed during the financial year. By their nature, these procedures provide a reasonable, but not absolute, assurance against material misstatement or loss.

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

The Board considers that an internal audit function specific to the Group is unnecessary and that the systems and procedures employed by the Administrator and Manager, including their own audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained.

Investment advisory services are provided to the Group by Sniper Capital (Macau) Limited. The Board is responsible for setting the overall investment policy and monitors the action of the Manager at regular Board meetings. The Board has also delegated administration and Company secretarial services to Heritage International Fund Managers Limited but retains accountability for all functions it delegates.

Management agreement

The 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.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Board at its regular scheduled meetings. Each year a detailed review of performance pursuant to their terms of engagement is undertaken. The Board considers that this is sufficient and that establishment of a separate management engagement committee, recommended by AIC Code Principle 15, is unnecessary.

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

Relations with shareholders

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

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

All shareholders can address their individual concerns to the Company in writing at its registered address. The Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and the Manager.

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

David Hinde
Chairman of the Board
23 September 2011

Nomination and Remuneration Committee Report

Summary of the role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee regularly reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and makes recommendations to the Board with regard to any changes and also considers the appropriate levels of Board remuneration. The terms of reference are considered annually by the Nomination and Remuneration Committee and are then referred to the Board for approval and are available on the Company's website.

Composition of the Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:-

Alan Clifton (Chairman)
Richard Barnes
Timothy Henderson
David Hinde
Thomas Ashworth

See pages 42 to 43 for biographical details of the current Nomination and Remuneration Committee members.

Meetings

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

Consideration of Directors for Re-election

Following discussion and having noted the schedule of Directors re-elected in each year since 2007, it was recommended by the Nomination and Remuneration Committee that Messrs Ashworth, Barnes and Clifton should be submitted for re-election at the Annual General Meeting to be held in 2011.

Overview

The Nomination and Remuneration Committee met once in the year ended 30 June 2011. Matters considered at this meeting included but were not limited to:

- the structure, size and composition (including the balance of skills, knowledge, experience and diversity) of the Board and Audit Committee and the need to periodically refresh membership
- to note guidance set out in the AIC Code
- to consider key outcomes from the Board evaluation process
- to consider adoption of a Policy for Board Tenure and Succession Planning
- consideration of Directors for Re-election

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

On behalf of the Nomination and Remuneration Committee

Alan Clifton
Chairman of the Nomination and Remuneration Committee
23 September 2011

Audit Committee Report

Summary of the role of the Audit Committee

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

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls and, unless expressly addressed by the Board itself, the Group's internal control and risk management systems;
- making recommendations to the Board for a resolution to be put to the shareholders, for their approval in general meeting, on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

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

Composition of the Audit Committee

The members of the Audit Committee are:-

Alan Clifton (Chairman)
Richard Barnes
Timothy Henderson

See pages 42 to 43 for biographical details of the current Audit Committee members.

Meetings

The Audit Committee shall meet not less than two times a year and at such other times as the Audit Committee Chairman shall require.

Any member of the Audit Committee may request that a meeting be convened by the Company Secretary. The external auditor may request that a meeting be convened if they deem it necessary.

Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

Annual general meeting

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

Internal audit

The Audit Committee shall consider at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function.

Overview

The Audit Committee met four times in the year ended 30 June 2011. Matters considered at these meetings included but were not limited to:

- oversaw the change of auditor to Ernst & Young LLP;
- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the accounting policies and format of the financial statements;
- review of the 2010 Annual Report and Financial Statements for the year ended 30 June 2010;
- review of the 2010 Interim Report and Financial Statements for the six months ended 31 December 2010;
- review of the Interim Management Statements released in November 2010 and May 2011; and
- review of the audit plan and timetable for the preparation of the 2011 Annual Report and Financial Statements.

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

On behalf of the Audit Committee

Alan Clifton
Chairman of the Audit Committee
23 September 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

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

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

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.

The Directors confirm that, so far as they are aware, there is no information relevant to the audit of which the Group's auditor is 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 auditor is aware of that information.

Each of the Directors, whose names are set out on pages 42 and 43 of the Annual Report, confirm that, to the best of their knowledge and belief:

- The financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- The Directors' report contained in the Annual Report includes a fair review of the development and performance of the Group and of the position of the Company and the Group as a whole, together with a description of the principal risks and uncertainties they face.

On behalf of the Board

David Hinde
Chairman of the Board
23 September 2011

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

We have audited the financial statements of Macau Property Opportunities Fund Limited for the year ended 30 June 2011 which comprise the Consolidated Statement of Financial Position, the consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 54, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

Recognised Auditor
Michael Bane
for and on behalf of Ernst & Young LLP
Guernsey
23 September 2011

Notes:

1. The maintenance and integrity of the Macau Property Opportunities Fund Limited 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.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	2011 US$'000	2010 US$'000
ASSETS			
Non-current assets			
Investment property	6	**187,111**	159,676
Deposits with lenders	21	**10,935**	–
		198,046	159,676
Current assets			
Inventories	7	**82,959**	97,294
Trade and other receivables		**209**	149
Prepayments		**997**	14
Cash and cash equivalents		**43,826**	30,432
		127,991	127,889
Total assets		**326,037**	287,565
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	**1,028**	1,050
Distributable reserves		**165,356**	187,960
Retained earnings		**50,571**	14,121
Foreign currency translation reserve		**(26)**	(68)
Total equity		**216,929**	203,063
LIABILITIES			
Non-current liabilities			
Interest-bearing loans	8	**78,177**	65,456
Financial liabilities at fair value through profit or loss – interest rate swap	20	**591**	–
		78,768	65,456
Current liabilities			
Trade and other payables	10	**8,723**	2,682
Return of capital	11	**17,900**	–
Interest-bearing loans	8	**3,717**	16,364
		30,340	19,046
Total liabilities		**109,108**	84,502
Total equity and liabilities		**326,037**	287,565

The accompanying notes on pages 60 to 81 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 56 to 81 were approved by the Board of Directors and authorised for issue on 23 September 2011.

David Hinde
Director

Tim Henderson
Director

Consolidated Statement of Comprehensive Income

Year ended 30 June 2011

	Note	2011 US$'000	2010 US$'000
Income			
Sale of inventories	7	**42,317**	2,282
Rental income		**1,599**	280
Net gain from fair value adjustment on investment property	6	**23,430**	52,173
Write back of inventories to net realisable value		**6,158**	5,804
Other income		**397**	66
Bank and other interest		**58**	18
		73,959	60,623
Expenses			
Cost of sales of inventories	7	**24,286**	2,343
Management fee		**5,473**	4,983
Non-executive Directors' fees	18	**237**	194
Auditors' remuneration	23	**146**	143
Property operating expenses	15	**1,139**	725
Losses on foreign currency translation		**276**	715
Sales and marketing expenses		**1,072**	232
General and administration expenses	13	**1,940**	1,840
		(34,569)	(11,175)
Operating profit for the year		**39,390**	49,448
Finance expenses			
Net loss on valuation of interest rate swap	20	**(591)**	–
Bank loan interest		**(1,773)**	(1,775)
Interest expense on interest rate swap	20	**(425)**	–
Other financing costs	14	**(151)**	(25)
		(2,940)	(1,800)
Profit for the year		**36,450**	47,648
Other comprehensive income			
Movement on foreign currency translation reserve		**42**	(91)
Total comprehensive income for the year		**36,492**	47,557
Profit attributable to:			
Equity holders of the Company		**36,450**	47,648
Total comprehensive income attributable to:			
Equity holders of the Company		**36,492**	47,557
		2011 US$	2010 US$
Basic and diluted profit per Ordinary Share for profit attributable to the equity holders of the Company during the year	17	**0.3482**	0.4538

The accompanying notes on pages 60 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June 2011

	Note	**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 2010		**1,050**	**14,121**	**187,960**	**(68)**	**203,063**
Profit for the year		–	36,450	–	–	36,450
Other comprehensive income – Foreign currency translation reserve		–	–	–	42	42
Total comprehensive income for the year		**–**	**36,450**	**–**	**42**	**36,492**
Share buy back	12	(22)	–	(4,704)	–	(4,726)
Return of capital	11	–	–	(17,900)	–	(17,900)
Balance carried forward at 30 June 2011		**1,028**	**50,571**	**165,356**	**(26)**	**216,929**

	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 currency translation reserve	–	–	–	(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

The accompanying notes on pages 60 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 30 June 2011

	Note	**2011 US$'000**	2010 US$'000
Net cash from/(used in) operating activities	16	**32,166**	(14,346)
Cash flows from investing activities			
Acquisition of subsidiary		**–**	(1,861)
Final instalment on acquisition of properties		**–**	(82,100)
Net cash used in investing activities		**–**	(83,961)
Cash flows from financing activities			
Proceeds from bank borrowings		**83,356**	81,820
Repayment of bank borrowings		**(83,282)**	–
Increase in pledged bank balances		**(10,935)**	–
Share buy back		**(4,726)**	–
Interest and bank charges paid		**(3,227)**	–
Net cash (used in)/generated from financing activities		**(18,814)**	81,820
Net increase/(decrease) in cash and cash equivalents		**13,352**	(16,487)
Cash and cash equivalents at beginning of year		**30,432**	47,010
Effect of foreign exchange rate changes		**42**	(91)
Cash and cash equivalents at end of year		**43,826**	30,432

Interest received in cash for the year was US$58,000. (2010: US$18,000)

The accompanying notes on pages 60 to 81 are an integral part of these consolidated financial statements.

General information

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

The consolidated financial statements for the year ended 30 June 2011 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 23 September 2011.

1. Summary of significant accounting policies

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

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

The preparation of financial statements in conformity with IFRS 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.

New and amended standards and interpretations adopted by the Group
The following new and amended IFRS and IFRIC interpretations are mandatory as of 1 January 2010 unless otherwise stated and the impact is described below.

IFRS 3 (revised) Business Combinations
The revised standard increases the number of transactions to which it must be applied including business combinations of mutual entities and combinations without consideration. IFRS 3 (revised) introduces significant changes in the accounting for business combination such as valuation of non-controlling interest, business combination achieved in stages, the initial recognition and subsequent measurement of a contingent consideration and the accounting for transaction costs. These changes will have a significant impact on profit or loss reported in the period of an acquisition, the amount of goodwill recognised in a business combination and profit or loss reported in future periods.

IAS 27 (amended) Consolidated and Separate Financial Statements
The amended standard requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and these transactions will no longer give rise to goodwill or gains and losses. The standard also specifies the accounting when control is lost and any retained interest is remeasured to fair value with gains or losses recognised in profit or loss.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment) (effective 1 February 2010)
The amendment to IAS 32 amended the definition of a financial liability in order to classify rights issued (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRIC 12 Service Concession Arrangements
(endorsed by the EU later than its effective date). It addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and the rights they receive in service concession arrangements. As the Group does have any service concession arrangements, the interpretation has no impact.

Notes to the Consolidated Financial Statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

IFRIC 15 Agreements for the Construction of Real Estate (endorsed by the EU later than its effective date)
IFRIC 15 clarifies the need for careful analysis of the terms and conditions of real estate agreements which involve construction activities. In certain cases it will separate components, e.g. sale of land and a construction component, to determine the appropriate method of revenue recognition. The interpretation has been adopted by the Group but has had no impact on the Group's treatment of contracts to date.

IFRIC 17 Distribution of Non-cash Assets to Owners
The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The adoption of the interpretation did not have an impact on the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued 2010)
In May 2010 the Board issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each amendment. The adoption of the amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

Standards and interpretations issued but not yet applied
The following standards and interpretations have an effective date after the date of these financial statements but the group has not early adopted them.

IAS 24 Related Party Disclosures (Amendment) (effective 1 January 2011)
The amended standard clarified the definition of a related party to simplify the identification of such relationships to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2013)
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

Whilst no formal analysis has been undertaken, 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.

Estimations
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.

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 vehicle 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 functional 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.

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 of ownership of an asset transfer to the purchaser.

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

Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

1. Summary of significant accounting policies (continued)

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. Deposits with lenders are excluded and not considered cash and cash equivalents.

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

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

Financial assets and liabilities at fair value through profit or loss
The Group classifies certain financial assets and financial liabilities at fair value through profit or loss.

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

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

Interest income
Interest income is recognised as it accrues using the effective interest rate method.

Sale of completed property
A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. On disposal of those properties that are held by subsidiaries and the disposal is achieved through a sale of the subsidiary, the proceeds from disposal thereof are recognised in income and net assets disposed of, excluding long term debt, are recognised in cost of sales in expenses.

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

1. Summary of significant accounting policies (continued)

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.

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

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.

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.

There is no difference in the carrying value and fair value of the financial assets and liabilities as stated in the financial statements.

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 2011 and 30 June 2010. 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 2011	**US$'000**	**£'000**	**HK$'000**	**Other currencies '000**	**Total US$'000**
Trade and other receivables	–	–	154	55	209
Cash and cash equivalents	6,309	20,118	17,183	216	43,826
Deposits with lenders	–	–	10,935	–	10,935
Total financial assets	**6,309**	**20,118**	**28,272**	**271**	**54,970**
Trade and other payables	109	178	8,365	71	8,723
Interest-bearing loans	–	–	81,894	–	81,894
Financial liabilities at fair value through profit or loss	–	–	591	–	591
Return of capital payable	–	17,900	–	–	17,900
Total financial liabilities	**109**	**18,078**	**90,850**	**71**	**109,108**
Net financial position	**6,200**	**2,040**	**(62,578)**	**200**	**(54,138)**

As at 30 June 2010	US$'000	£'000	HK$'000	Other currencies '000	Total US$'000
Trade and other receivables	–	–	125	24	149
Cash and cash equivalents	199	63	29,794	376	30,432
Total financial assets	199	63	29,919	400	30,581
Trade and other payables	745	192	1,509	236	2,682
Interest-bearing loans	–	–	81,820	–	81,820
Total financial liabilities	745	192	83,329	236	84,502
Net financial position	(546)	(129)	(53,410)	164	(53,921)

The table above presents financial assets and liabilities denominated in foreign currencies held by the Group as at 30 June 2011 and 30 June 2010 and can be used to monitor foreign currency risk as at that date.

At 30 June 2011, 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$204,000 higher/lower (2010: US$12,900 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$625,780 lower/higher (2010: US$534,100 lower/higher).

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

2. Financial risk management (continued)

Market risk (continued)

b) Price risk

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

Under the terms of the swap contracts, if the swap rates were to increase/decrease by 1% with all other variables held constant, this would result in the post tax profit being US$2,777,000 higher/US$2,917,000 lower.

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.

On 10 September 2010, the Group arranged a term loan facility with Hang Seng Bank to refinance its loan facility for One Central Residences on more favourable terms. On 25 November 2010, a drawdown on the Hang Seng Bank facility was made for HK$631.2 million (US$81.2 million) to fully repay the One Central loan facility that was previously in place.

The interest rate applicable to the new loan is 1.6% per annum over the one, two or three-month HIBOR rate; the choice of rate is at the Group's discretion. The principal is to be repaid in half-yearly instalments commencing one 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%. The facility is secured by means of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences as well as a pledge of all income from the units. The Company is the Guarantor for the credit facility. In addition, the Group is required to maintain a cash reserve equal to six months' interest with the lender. As at 30 June 2011, the loan-to-value ratio for this facility was 37%.

The Group has also entered into a credit facility arrangement with Banco Weng Hang S.A. to finance *The Fountainside* redevelopment. The facility is for up to HK$105 million, with interest charged at 1.65% per annum over the three-month HIBOR rate.

As at 30 June 2011, a drawdown of HK$15 million (US$1.9 million) on the facility had been made. This facility is secured by a first legal mortgage over the property for an amount of HK$105 million as well as a pledge of all income from *The Fountainside* properties. The loan-to-value covenant is 60%. This facility is non-recourse to the Company. As at 30 June 2011, proceeds of US$3.4 million received from the pre-sale of *The Fountainside* units were pledged with the lender.

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

As at 30 June 2011	**Interest bearing US$'000**	**Non-interest bearing US$'000**	**Total US$'000**
Trade and other receivables	–	209	209
Cash and cash equivalents	43,826	–	43,826
Deposits with Lenders	10,935	–	10,935
Total financial assets	**54,761**	**209**	**54,970**
Trade and other payables	–	8,723	8,723
Interest-bearing loans	81,894	–	81,894
Financial liabilities at fair value through profit or loss	–	591	591
Return of capital payable	–	17,900	17,900
Total financial liabilities	**81,894**	**27,214**	**109,108**

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

2. **Financial risk management (continued)**

Market risk (continued)

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

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

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

Under these swaps, the Group receives quarterly interest at variable rates of three-month HIBOR and pays quarterly interest at fixed rates ranging from 1.395% to 2.09% per annum. During the year the Company paid net interest to the bank of US$425,000 (2010: US$ nil) as shown in financing costs on the consolidated statement of comprehensive income.

The Group has placed HK$6,674,000 (US$857,675) with Standard Chartered Bank as a pledged deposit to secure the interest rate swap facilities.

The swaps are treated as financial liabilities at fair value through profit or loss with a year end value of US$591,000. As at 30 June 2011, a fair value loss of US$591,000 arising from the interest rate swaps in aggregate has been recognised in the consolidated statement of comprehensive income.

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 and rental income.

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

Credit Rating	**2011 USD'000**	2010 USD'000
AA	**1,606**	11,959
AA-	**26,096**	4,716
A+	**15,534**	2,912
A	**6,470**	–
A-	**3,499**	11
BBB+	**1,556**	–
BBB	**–**	10,834
	54,761	30,432

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

However, there is no guarantee that credit risk management procedures will be able to limit potential loss of revenues and income from tenants who default on their lease obligations. If any or all of the Group's tenants are unable to pay against their receivable accounts, the Group's revenues and profitability will not be adversely affected in a material way.

All of the Group's major tenants have met their rental requirements within the terms of arrangement.

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.

Of the Group's total exposure to banks of US$54,761,000, deposits amounting to US$10,935,000 (2010: US$ nil) have been pledged to secure long-term banking facilities and are, therefore, classified as non-current assets. Pledged bank balances represents deposits pledged to the banks to secure the banking facilities granted to the Group.

The Group has term loan facilities with Hang Seng Bank and Banco Weng Hang, S.A. for its investments in One Central Residences and development for *The Fountainside*, respectively. Please refer to Note 8 for details of the facilities.

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.

As at 30 June 2011	**On demand US$'000**	**Less than 3 months US$'000**	**3 to 12 months US$'000**	**1 to 5 years US$'000**	**Total US$'000**
Trade and other receivables	–	72	–	137	209
Cash and cash equivalents	43,826	–	–	–	43,826
Deposits with lenders	–	–	–	10,935	10,935
Total financial assets	**43,826**	**72**	**–**	**11,072**	**54,970**
Trade and other payables	102	1,731	6,847	43	8,723
Interest-bearing loans	–	–	3,717	78,177	81,894
Financial liabilities at fair value through profit or loss	–	–	–	591	591
Return of capital payable	–	17,900	–	–	17,900
Total financial liabilities	**102**	**19,631**	**10,564**	**78,811**	**109,108**

As at 30 June 2010	On demand US$'000	Less than 3 months US$'000	3 to 12 months US$'000	1 to 5 years US$'000	Total US$'000
Trade and other receivables	–	3	–	146	149
Cash and cash equivalents	30,432	–	–	–	30,432
Total financial assets	30,432	3	–	146	30,581
Trade and other payables	–	1,033	468	1,181	2,682
Interest-bearing loans	–	–	16,364	65,456	81,820
Total financial liabilities	–	1,033	16,832	66,637	84,502

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 2011, there were no borrowings other than trade and other payables and the Group credit facilities in place. There were sufficient cash and cash equivalents to pay these as they fell due.

2. Financial risk management (continued)

Discount Management Policy

The Board's intention is to apply an active discount management policy, buying back shares if there is a significant discount of share price to net asset value (NAV) for a sustained period of time. During the year, the Company has purchased 2,200,000 Ordinary Shares at a weighted average price of 131.53p as per Note 12. All of the shares bought back were cancelled.

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

The Board remains committed to an active discount management policy.

3. Critical accounting estimates, assumptions and judgements

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

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

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

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

d) The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. Fair value adjustments to investment properties give rise to temporary differences between the carrying value of the properties and their tax basis. Since it is the intention of the Board to sell the subsidiaries holding such properties, rather than the properties themselves, deferred tax or temporary differences have not been recorded.

e) The Group did not make any critical accounting judgements, other than as described above, in the year ended 30 June 2011 or the year ended 30 June 2010.

4. Subsidiaries

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

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

During the current year, MPOF Macau (Site 3) Limited, MPOF (Senado) Limited and MPOF (Domingos) Limited were disposed of as part of the sale of the *Rua do Laboratório* site. Please refer to Note 7 for details of the disposal.

Notes to the Consolidated Financial Statements
Year ended 30 June 2011

4. Subsidiaries (continued)

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

	Ownership	Incorporation		Ownership	Incorporation
Macau (Site 1) Limited	100%	Macau	Lucky Go International Limited	100%	BVI
MPOF Macau (Site 2) Limited	100%	Macau	Magic Bright International Limited	100%	BVI
Macau (Site 4) Limited	100%	Macau	Manage Gain Investments Limited	100%	BVI
MPOF Macau (Site 5) Limited	100%	Macau	Mega League Investments Limited	100%	BVI
MPOF Macau (Site 6) Limited	100%	Macau	Multi Gold International Limited	100%	BVI
Macau (Site 7) Limited	100%	Macau	Phoenixville Holdings Limited	100%	BVI
Macau (Site 8) Limited	100%	Macau	Poly Advance Management Limited	100%	BVI
Macau (Site 9) Limited	100%	Macau	Prominent Group Limited	100%	BVI
Macau (Site 10) Limited	100%	Macau	Richsville Investment Limited	100%	BVI
The Waterside Company Limited	100%	Macau	Right Year International Limited	100%	BVI
Braga Companhia Limitada	100%	Macau	See Lucky Enterprises Limited	100%	BVI
Portalegre Companhia Limitada	100%	Macau	Smooth Run Group Limited	100%	BVI
The Fountainside Company Limited	100%	Macau	Swift Link Limited	100%	BVI
Castelo Branco Companhia Limitada	100%	Macau	Talent Empire International Limited	100%	BVI
Vila Real Companhia Limitada	100%	Macau	Tycoon Villa International Limited	100%	BVI
MPOF (Penha) Limited	100%	Guernsey	Worthy Way Limited	100%	BVI
MPOF (Taipa) Limited	100%	Guernsey	Yield Return Limited	100%	BVI
MPOF (Jose) Limited	100%	Guernsey	Capital Full Limited	100%	Hong Kong
MPOF (Sun) 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

The Macau and Hong Kong subsidiaries are all property holding vehicles, whilst the other group subsidiaries' purpose is investment holding.

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 on-going performance review, this is supported by a further breakdown of individual property groups only to help support their review and investment appraisal objectives.

Information about major customers
The Group does not have any customers or rental agreements which each represent more than 10% of Group revenues. The customers' revenues represented by rental income were US$1,598,578 for the year ended 30 June 2011 (2010: US$280,491).

6. Investment property

	2011 US$'000	2010 US$'000
At beginning of the year	**159,676**	12,903
Transfer from inventory	**–**	93,501
Additions	**3,968**	1,309
Fair value adjustment	**23,430**	52,173
Exchange difference	**37**	(210)
Balance at end of year	**187,111**	159,676

The Group's investment properties were revalued at 30 June 2011 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.

The fair value of investment property is determined by Savills (Macau) Limited using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the reporting date.

Additions in the period relate to the fit out costs for *The Waterside* and the planning and design costs for the APAC Logistics Centre (previously known as *Zhuhai Logistics Centre*).

Rental income arising from *The Waterside* of US$1,374,423 (2010: US$35,845) was received during the year. Direct operating expenses of US$695,875 (2010: US$11,849) arising from *The Waterside* that generated rental income were incurred during the year.

The APAC Logistics Centre located in the Zhuhai Free Trade Zone, China, received rental income of US$224,155 (2010: US$244,646) during the year. Direct operating expenses of US$134,223 (2010: US$118,541) arising from the APAC Logistics Centre that generated rental income were incurred during the year.

7. Inventories

	2011 US$'000	2010 US$'000
Cost		
Balance brought forward	**103,786**	193,343
Additions	**3,751**	6,975
Transfer to investment property	**–**	(93,501)
Disposals	**(24,286)**	(2,343)
Exchange difference	**42**	(688)
Balance carried forward	**83,293**	103,786
Adjustment to net realisable value		
Balance brought forward	**(6,492)**	(12,296)
Write-back to net realisable value	**6,158**	5,804
Balance carried forward	**(334)**	(6,492)
Carrying amounts	**82,959**	97,294

Financing costs of US$154,000, relating to *The Fountainside* loan facility were capitalised during the period, including US$28,000 of interest capitalised to the property.

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$6,158,000 (2010: US$5,804,000) has been recognised as income in the consolidated statement of comprehensive income to maintain the carrying value of inventories at the lower of cost and net realisable value.

During the year, the Company entered into a promissory sales and purchase agreement to dispose of its investment in the *Rua do Laboratório* site for a consideration of HK$320 million (US$41.1 million) against a total cost of HK$180.7 million (US$23.2 million). The disposal was completed on 15 April 2011.

The divestment resulted in a net profit to the Company of HK$139.3 million (US$17.9 million).

One of the individual apartments in One Central Residences was sold for the price of HK$9 million (US$1.2 million) against a total cost of HK$8.3 million (US$1.07 million). The disposal was completed on 3 March 2011.

Furthermore, promissory sales and purchase agreements have been executed for ten further One Central individual units for a total consideration of HK$165 million (US$21.2 million) resulted in a net profit of HK$9 million (US$1.2 million) after all associated fees and transactions costs. Deposits of 10-15% have been received and completion and final payments will be due in 12 months.

The Group has considered the application of IFRIC 15 to these contracts and concluded that these 'pre-completion' contracts were not, in substance, construction contracts. However, where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition has been applied and revenue recognised as work progressed. Development expenditure incurred in respect of inventory dealt with under the percentage of completion method is recognised in profit or loss in the period incurred.

8. Interest bearing loans

	2011 US$'000	2010 US$'000
Bank loans – Secured		
– Current portion	**3,717**	16,364
– Non-current portion	**78,177**	65,456
	81,894	81,820

On 10 September 2010, the Group arranged a term loan facility with Hang Seng Bank to refinance its loan facility for One Central Residences on more favourable terms. On 25 November 2010, a drawdown on the Hang Seng Bank facility was made for HK$631.2 million (US$81.2 million) to fully repay the One Central loan facility that was previously in place. Facility arrangement fees of HK$7.9 million (US$1.0 million) were paid to Hang Seng Bank and will be amortised over the term of the facility.

8. Interest bearing loans (continued)

The interest rate applicable to the new loan is 1.6% per annum over the one, two or three-month HIBOR rate; the choice of rate is at the Group's discretion. The principal is to be repaid in half-yearly instalments commencing one 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%. The facility is secured by means of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences as well as a pledge of all income from the units. The Company is the Guarantor for the credit facility. In addition, the Group is required to maintain a cash reserve equal to six months' interest with the lender. As at 30 June 2011, the loan-to-value ratio for this facility was 37%. During the current year, the Group has used the sales proceeds of HK$9 million (US$1.2 million) from the disposal of an individual unit at the One Central Residences, to repay part of the facility.

The Group has also entered into a credit facility arrangement with Banco Weng Hang S.A. to finance *The Fountainside* redevelopment. The facility limit is HK$105 million, with interest charged at 1.65% per annum over the three-month HIBOR rate.

As at 30 June 2011, a drawdown of HK$15 million (US$1.9 million) on the facility had been made. This facility is secured by a first legal mortgage over the property for an amount of HK$105 million as well as a pledge of all income from *The Fountainside* properties. The loan-to-value covenant is 60%. This facility is non-recourse to the Company. As at 30 June 2011, proceeds of US$3.4 million received from the pre-sale of *The Fountainside* units were pledged with the lender.

9. Taxation

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinances, 1989 to 1992, and is charged an annual exemption fee of £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 (2010: US$ nil).

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

The Macanese SPVs are liable to Macau Property Tax in respect of their ownership of Macau properties. Taxation will be charged at the higher of 10% (2010: 16%) of any rent received or 6% (2010: 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.

Notes to the Consolidated Financial Statements
Year ended 30 June 2011

10. Trade and other payables

	2011 US$'000	2010 US$'000
Accruals	**290**	1,245
Deposits from pre-sale of property	**3,365**	–
Deposits from sales of property	**3,897**	–
Other payables	**1,171**	1,437
	8,723	2,682

Other payables principally comprise amounts outstanding for on-going costs.

11. Return of Capital to Shareholders

At an Extraordinary General Meeting of the Company held on 21 June 2011 the Shareholders voted in favour for a return of capital of US$17.9 million. This amount represents the net profit generated from the sale of the Company's entry-level residential development, *Rua do Laboratório*, for approximately US$41 million, which was completed on 15 April 2011. The disposal was achieved by selling the subsidiaries that held the *Rua do Laboratório* development.

The Board, mindful of the fact that it has a range of institutional, corporate and individual Shareholders, proposed a flexible mechanism for returning the capital. Having considered the available options, the Board decided that the Return of Capital should be effected via a B Share Scheme under which Shareholders would receive a bonus issue of a newly created class of shares, B Shares, pro rata to their holding of Ordinary Shares. Capital would then be returned to Shareholders via either a redemption of the B Shares, or the payment of a dividend in respect of the B Shares, or a combination of both.

Shareholders (other than certain Overseas Shareholders) were offered a choice of the following alternatives in relation to the B Shares received.

Alternative 1: (B Share Redemption)
This alternative was the default position should no election have been made by non-US Shareholders. In this alternative, shareholders were entitled to have B Shares redeemed by the Company on the B Share Redemption Date, 29 June 2011, in an amount per B Share equal to the B Share Redemption Sum. 97,409,748 of the total B Shares of 102,800,000 chose this alternative. US shareholders were not eligible for Alternative 1.

Alternative 2: (B Share Dividend)
In this alternative, a shareholder was entitled to a B Share Dividend in respect of each of those B Shares. The dividend became due to shareholders on 29 June 2011 to those who elected for this alternative, following which, those B Shares were automatically converted into Deferred Shares and then redeemed by the Company on 13 July 2011. 5,390,252 of the total B Shares of 102,800,000 chose this alternative.

The final Sterling amount of the Return of Capital was GBP11,058,940; equal to US$17.9 million converted into Sterling based on the Bloomberg Cross Rate as at the close of business on 20 June 2011. This sum was divided by the number of B Shares issued by the Company to give the B Share Dividend and B Share Redemption Sum.

The proceeds for the B Share Redemption and the B Share Dividend were paid by the Company on 12 July 2011. The amount of the Return of Capital to Shareholders is therefore included in the Company's Consolidated Statement of Financial Position as a current liability of US$17.9 million at the year end.

12. Share capital

Ordinary Shares

	2011 US$'000	2010 US$'000
Authorised:		
300 million Ordinary Shares of US$0.01 each	**3,000**	3,000
Issued and fully paid:		
102.8 million (2010: 105 million) Ordinary Shares of US$0.01 each	**1,028**	1,050

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

Ordinary Share repurchases
During the year, under the authority first granted in the Extraordinary General Meeting of 28 June 2010, and renewed at the Annual General Meeting of 3 November 2010, the Company repurchased 2,200,000 Ordinary Shares with a par value of US$22,000 or 2.1% of the originally issued shares, at an average share price of 131.53p. All shares bought back under the buy-back programme were cancelled.

	Number of Shares	Repurchase Price per Share*
5 May 2011	925,000	131.00
6 May 2011	750,000	131.00
17 May 2011	525,000	133.21
Total/Average	2,200,000	131.53

* Price in pence Sterling

After the year end, a further 300,000 shares were repurchased at a price of 135.33p and cancelled.

B Shares
To facilitate the return of capital to investors as described in Note 11, each Ordinary Shareholder was issued B Shares, pro rata their Ordinary Share holding. In total, 102,800,000 B Shares were issued. There were two alternatives open to B Shareholders, each as described in Note 11.

For those B Shareholders that chose:

- Alternative 1: (B Share Redemption), 97,409,748 B Shares were redeemed at the B Share Redemption date, 29 June 2011, these were cancelled and not reissued. Payments were made to shareholders who elected for this alternative on 12 July 2011.
- Alternative 2: (B Share Dividend), following the B Share Dividend Date, 29 June 2011, 5,390,252 B Shares, on which the B Share Dividend has become payable, were converted into Deferred Shares, with Shareholders receiving one Deferred Share for each B Share. The Deferred Shares were not listed and carried extremely limited rights. At the year end, there were 5,390,252 deferred shares in issue. The Company redeemed all Deferred Shares in issue for an aggregate consideration of £0.01 on 13 July 2011. In view of the negligible amount, entitlement to any of the aggregate consideration of £0.01 was not sent to individual Shareholders.

13. General and administration expenses

	2011 US$'000	2010 US$'000
Legal and professional	**940**	265
Holding Company administration	**245**	205
Guernsey SPV administration	**123**	102
BVI, HK, & Macau SPV administration	**110**	112
Insurance costs	**35**	31
Listing fees	**22**	13
Fees relating to the move to full LSE listing	**–**	663
Printing & postage	**152**	128
Other operating expenses	**313**	321
	1,940	1,840

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.

Certain comparative figures have been reclassified to conform with the current year's presentation.

14. Finance expenses

	2011 US$'000	2010 US$'000
Bank charges	**16**	25
Amortisation of loan arrangement fee	**135**	–
	151	25

15. Property operating expenses

	2011 US$'000	2010 US$'000
Property Management Fee	**874**	456
Property Taxes	**115**	97
Utilities	**38**	64
Other property expenses	**112**	108
	1,139	725

16. Cash flows from operating activities

	2011 US$'000	2010 US$'000
Profit for the year	**36,450**	47,648
Adjustments for:		
Net gain from fair value adjustment on investment property	**(23,430)**	(52,173)
Write-back of inventories to net realisable value	**(6,158)**	(5,804)
Net loss on financial assets and liabilities at fair value through profit or loss	**591**	–
Finance costs	**2,349**	–
Operating cash flows before movements in working capital	**9,802**	(10,329)
Movement in receivables	**(165)**	(103)
Movement in payables	**6,041**	101
Expenditure on properties	**(7,798)**	(4,015)
Proceeds from disposal of inventories	**24,286**	–
Net change in working capital	**22,364**	(4,017)
Net cash from/(used in) operating activities	**32,166**	(14,346)

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.

17. Basic and diluted profit per Ordinary Share

The basic and diluted profit per equivalent Ordinary Share is based on the profit attributable to equity-holders for the year of US$36,450,000 (2010: US$47,648,000) and on the 104,681,781 (2010: 105,000,000) weighted average number of Ordinary Shares in issue during the year.

	30 June 2011			30 June 2010		
	Profit Attributable US$'000	Weighted Average No. of Shares '000s	EPS US$	Profit Attributable US$'000	Weighted Average No. of Shares '000s	EPS US$
Basic & Diluted	**36,450**	**104,682**	**0.3482**	47,648	105,000	0.4538

18. Related party transactions

Directors of the Company are all Non-executive and by way of remuneration receive only an annual fee.

	2011 US$'000	2010 US$'000
Directors' Fees	**237**	194

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

Thomas Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Macanese, Hong Kong and British Virgin Islands SPVs and received fees during the year as detailed in Note 13.

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$3,599,000 (US$463,000) (2010: HK$2,891,000 (US$371,000)) were capitalised in investment property and HK$6,143,000 (US$790,000) (2010: HK$4,102,000 (US$527,000)) were capitalised in inventory.

19. Material contracts

Management fee
Under the terms of an appointment made by the Board of Directors of Macau Property Opportunities Fund Limited on 23 May 2006, Sniper Capital Limited was appointed as Manager to the Group. The Manager is paid quarterly in advance a fee of 2.0% of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. Management fees paid for the year were US$5,473,000 (2010: US$4,983,000).

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

Payment of the performance fee is subject to:

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

In the year ended 30 June 2011, no performance fee was accrued or paid (2010: US$ nil) by the Group.

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% 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$3,599,000 (US$463,000) (2010: HK$2,891,000 (US$371,000)) were capitalised in investment property and HK$6,143,000 (US$790,000) (2010: HK$4,102,000 (US$527,000)) were capitalised in inventory.

20. Financial assets at fair value through profit or loss

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

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

Under these swaps, the Group would receive quarterly interest at variable rates of three-month HIBOR and pay quarterly interest at fixed rates ranging from 1.395% to 2.09% per annum. During the year the Company paid net interest to the bank of US$425,000 (2010: US$ nil) as shown in financing costs on the consolidated statement of comprehensive income.

The year end value of the swaps, in aggregate, was a liability of US$591,000 (2010: nil).

The Group has placed HK$6,674,000 (US$857,675) with Standard Chartered Bank as a pledged deposit to secure the interest rate swap facilities.

The swaps are treated as financial liabilities at fair value through profit or loss with a year end value of US$591,000. As at 30 June 2011, a fair value loss of US$591,000 arising from the interest rate swaps in aggregate has been recognised in the consolidated statement of comprehensive income.

21. Deposits with lenders

Pledged bank balances represents deposits pledged to the banks to secure the banking facilities and interest rate swaps granted to the Group. Deposits amounting to US$10.94 million (2010: US$ nil) have been pledged to secure long-term banking facilities and interest rate swaps and are, therefore, classified as non-current assets.

	2011 US$'000	2010 US$'000
Pledged for loan covenants	**10,077**	–
Pledged for interest rate swaps	**858**	–
	10,935	–

22. Commitments and Contingencies

As at 30 June 2011, the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of inventories and investment property under construction of US$20.6 million (2010: nil).

23. Audit fees

All audit fees relate to audit services and interim review fees. There are no non audit services.

Audit fees were broken down as follows:

	2011 US$'000	2010 US$'000
Ernst & Young	**109**	–
PricewaterhouseCoopers	**–**	114
Subsidiary auditors' remuneration	**37**	29
	146	143

24. Operating leases – Group as lessor

The Group has entered into leases on its property portfolio.

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

	2011 US$'000	2010 US$'000
Residential		
Within 1 year	**1,323**	312
After 1 year, but not more than 5 years	**–**	–
More than 5 years	**–**	–
	1,323	312
Commercial		
Within 1 year	**103**	200
After 1 year, but not more than 5 years	**142**	44
More than 5 years	**–**	–
	245	244
Total future rental income	**1,568**	556

25. Subsequent events

Sale of One Central Units
Promissory sales and purchase agreements have been executed for ten One Central individual units for a total consideration of HK$165 million (US$21.2 million) resulted in a net profit of HK$9 million (US$1.2 million) after all associated fees and transactions costs. Deposits of 10-15% have been received and completion and final payments will be due in 12 months.

Share repurchases
On 8 July 2011 a further 300,000 shares were repurchased at a price of 135.33p and cancelled.

Payment of the Return of Capital
Subsequent to the B Share Dividend Date and the B Share Redemption Date of 29 June 2011 the Return of Capital of US$17.9 million was paid out on 12 July 2011.

Property Sale
Subsequent to the year end, the Group entered into a promissory sales and purchase agreement to dispose of its investment in the *Rua do Padre Antonio* 26A site for a consideration of HK$33,000,000 (US$4.2 million) against a total cost, as at 30 June 2011, of HK$27,029,194 (US$3.5 million). Deposits of HK$10,000,000 (US$1.3 million) were received as at 30 June 2011, with the remaining proceeds received on the completion date of 10 August 2011.

Other than the above, there were no significant events occurring after the reporting date of the annual report for the year ended 30 June 2011.

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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 Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey, on Thursday, 3 November 2011 at 2.30 p.m. for the transaction of the following business:

Ordinary Business

The Company's accounts, the Directors' report and the Auditors' report for the period ended 30 June 2011 will be laid before the meeting and the following resolutions will be proposed as ordinary resolutions:

1. To receive and adopt the audited accounts, the Directors' report, and the Auditors' report for the period ended 30 June 2011.
2. To approve the Directors' remuneration report for the period ended 30 June 2011.
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 Richard Hugh Barnes, who retires as a Director of the Company, in accordance with the Company's Articles of Incorporation.
7. To re-appoint Thomas William Ashworth, who retires as a Director of the Company pursuant to the UKLA Listing Rules, in accordance with the Company's Articles of Incorporation.

Special Business

The following resolutions will be proposed as special resolutions

8. THAT the Company in accordance with Section 315 of the Companies (Guernsey) Law, 2008 (as amended) (the "**Law**") be approved to make market acquisitions (as defined in Section 316 of the Law) of its own shares either for retention as treasury shares or for cancellation, provided that:-
   i) the maximum number of shares authorised to be purchased is up to 14.99 percent of the shares in issue immediately following the passing of this resolution;
   ii) the minimum price which may be paid for a share is £0.01;
   iii) the maximum price which may be paid for a share is an amount equal to the higher of (a)105 percent of the average of the middle market quotations for a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and (b) either the higher of the price of the last independent trade and the highest current independent bid at the time of purchase;
   iv) subject to paragraph (v), such authority shall expire at the next annual general meeting of the Company unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting;
   v) notwithstanding paragraph (iv), the Company may make a contract to purchase shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration and the Company may make a purchase of shares pursuant to any such contract.
9. THAT the Directors be and they are hereby empowered to allot Ordinary Shares wholly for cash and/or to sell Ordinary Shares from Treasury wholly for cash as if the pre-emption rights contained in Article 4.3 of the Company's articles of incorporation did not apply to any such allotment, provided that:
   i) this power shall be limited to the allotment or sale of up to 10,250,000 Ordinary Shares;
   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
23 September 2011
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 15.7 of the Company's Articles of Incorporation, a resolution put to the vote shall be decided on a show of hands or by a poll at the option of the chairman.
3. A form of proxy is enclosed with this notice. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 2.30pm on Tuesday, 1st November 2011, or not less than 48 hours before the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
4. The quorum for the Meeting is at least two shareholders present in person or by proxy.
5. Resolutions 1, 2, 3, 4, 5, 6 and 7 are proposed as ordinary resolutions and will be passed by a simple majority of the votes recorded, including, where there is a poll, any votes cast by proxy. Resolutions 8 and 9 are proposed as special resolutions and will be passed by a majority of not less than three quarters of the votes recorded, including, where there is a poll, any votes cast by proxy.
6. In accordance with the Regulation 41 of the Uncertificated Securities Regulations 2001 and Article 16.5 of the Company's Articles of Association, only those members entered in the Register of Members of the Company at close of business on Tuesday, 1st November 2011 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
7. The Register of Directors' Interests kept by the Company shall be available for inspection at the Registered Office of the Company by any member between the hours of 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

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

Authority to Buy-Back shares – resolution 8

This resolution renews the share buy-back authority that was given by Shareholders at the Annual General Meeting held on 3 November 2010. Resolution 8 gives the Directors authority to make market purchases of the Company's own shares, up to 14.99 per cent. of the Company's issued share capital (as at the time immediately following the passing of the resolution) and subject to minimum and maximum purchase prices. This authority will only be invoked if, after taking proper advice, the Directors consider that benefits will accrue to shareholders generally.

Dis-application of pre-emption rights resolution 9

The passing of resolution 9 will grant the Company authority to dis-apply pre-emption rights in respect of up to 10,250,000 shares, which is equal to 10 percent 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

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

Independent Auditors:
Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

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

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:
MHP Communications
60 Great Portland Street
London W1W 7RT

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Macau Property Opportunities Fund Limited

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

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