AN UNWAVERING COURSE

Macau Property Opportunities Fund

ANNUAL REPORT & ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013

COVER:

Merchant junk, stern view, circa 1860.

INSIDE FRONT COVER:

Macau wharf, circa 1860.

TABLE OF CONTENTS

MACAU PROPERTY OPPORTUNITIES FUND

Listed on the London Stock Exchange, MPO is the only quoted property fund solely dedicated to investing in Macau. 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.

From its early days as a prosperous trading port 500 years ago, Macau has evolved to become the world's largest gaming market, and one of the fastest growing economies. Situated at the southern tip of the Pearl River Delta region, Macau is blessed with a unique terrain surrounded by water, a symbol of wealth and life in the local culture, and undulating hills, a symbol of health.

Key Highlights

MPO'S SHARE PRICE

reaches historical high

THE SKY HOUSE

successfully divested

SHARES REPURCHASED DURING THE YEAR

12% of issued share capital

TOTAL ADJUSTED NAV

US$355M

Uplift (Year-on-Year) +16%

ADJUSTED NAV PER SHARE

US$3.95
260p[1]

Uplift (Year-on-Year) +31.3%

1 Based on a Dollar/Sterling exchange rate of 1.521 as at 30 June 2013.

For IFRS NAV and NAV reconciliation, please see the table on page 82 and Note 16 to the financial statements respectively.

THE WATERSIDE

achieves record occupancy and rental yields

THE FOUNTAINSIDE

launches final sales phase

ZHUHAI PROPERTIES

disposal underway

Chairman's Message

David Hinde
CHAIRMAN OF THE BOARD
MACAU PROPERTY
OPPORTUNITIES FUND LIMITED

This has been the most successful year yet for MPO. Strong performances across our portfolio combined with the repurchase of 12% of our issued share capital has culminated in a record 31% increase in Adjusted NAV per share and 19% increase in IFRS NAV per share.

I am confident that there is more growth to come. Macau has entered the next stage of its continuing transformation into a global entertainment hub. Our portfolio remains very well positioned.

FUND PERFORMANCE

In my statement last year, I made a strong commitment to accelerating the delivery of value to our shareholders. Since then, a record increase in MPO's portfolio value and Adjusted NAV per share has been achieved via the cumulative impact of asset enhancement strategies, opportunistic divestments and share buy-backs.

MPO's portfolio value has increased by US$100 million, or 28% year-on-year, to US$453 million. Adjusted NAV rose US$49 million, or 16%, to US$355 million. IFRS NAV rose US$12 million, or 5%, to US$234 million. More importantly, Adjusted NAV per share was US$3.95 (260p)[1], a year-on-year increase of 31%, net of a performance fee earned by our managers, Sniper Capital Limited. IFRS NAV per share increased 19% year-on-year and reached US$2.60 (171p)[1].

MPO's share price performed well during the year, ending the period at 153.5p and outperforming the FTSE All Share Index by 34 percentage points. Since the period end, our shares have continued to climb, reaching 189p as at 20 September 2013. Furthermore, an accretive series of share repurchases worth US$22.8 million have resulted in a marked improvement in the discount to Adjusted NAV per share. While encouraging, I still believe we have more work to do and our message is clear: share repurchases will continue to remain a top priority.

1 Based on a Dollar/Sterling exchange rate of 1.521 as at 30 June 2013.

PORTFOLIO UPDATE

We have witnessed strong performances across the portfolio this year, with each asset contributing a variety of ways.

The Waterside, the Fund's cornerstone property comprising a luxury en-bloc residential tower for lease, ended the year well. Occupancy levels exceeded 90% and average net yields rose almost 10% over the fiscal year. With greater pricing power now at our disposal, our focus is on driving rental levels yet further.

The final sales phase of *The Fountainside*, our low-density luxury housing project, was launched in May this year. Based on the escalating demand for homes and the limited supply of new projects, we have set prices at a premium to the market.

Senado Square, our flagship retail project, has obtained further key approvals from the Macau government, and construction should commence during 2014 once formal approval has been received. We are conscious of the delays in receiving planning consent, but continue to believe in the significant potential of this project, located in the very heart of Macau's prime shopping district.

The Green House, our luxury private residence situated in Macau's premier Penha Hill district, continues to attract attention. Detached houses in Macau are rare and in high demand. As such, we believe we can extract further value by retaining the asset.

ADJUSTED NAV PER SHARE[2]

+31% TO US$3.95

2 For IFRS NAV per share, please see table on page 82.

PROPERTY PORTFOLIO VALUATION

+28% TO US$453M

DIVESTMENTS

As Macau and the surrounding region continue to be transformed, well-positioned properties are becoming increasingly sought after. We have taken full advantage of this buoyant environment to divest selective assets opportunistically at premiums to market values.

The Sky House, an iconic three-storey penthouse, was sold in May this year, within a year of acquisition. The US$19.4 million sales price represented a 23% premium to its valuation as at 31 December 2012 and generated a 92% return on equity for investors. The entire net proceeds were used to make further repurchases of MPO shares.

Since the fiscal period end, we have also entered into a Sale and Purchase Agreement to dispose of our Zhuhai projects, *APAC Logistics Centre* and *Cove Residence* for approximately US$64 million – a 42% premium to their latest combined valuation. Full completion of the deal is expected by end February 2014.

"I believe one of the greatest potential dangers for MPO is disposing of its remaining assets prematurely."

OUTLOOK

The last decade has been an unprecedented period for Macau. Gaming – the backbone of the local economy – has grown exponentially to over US$40 billion in annualised revenues. GDP has grown more than fivefold and the population has expanded by almost 30%.

It would be natural to conclude that this pace of growth is unsustainable.

A number of uncertainties and challenges do remain: China's economic growth is weakening as the central government attempts to rebalance the economy; labour and construction costs are rising and unearthing attractive acquisitions is becoming increasingly challenging as competition escalates. The lack of new property supply in Macau might further reduce transaction volume and liquidity, adversely impacting MPO's portfolio.

Looking at the bigger picture, however, there is one simple reason to believe that Macau property prices have further room to rise: demographics.

Macau's 586,000 people live on less than 3% of the area of Hong Kong. Yet the city requires an estimated 40,000 additional workers to facilitate the next phase of new mega resorts. At the same time, large-scale infrastructure developments are rapidly deepening regional integration. These combined factors indicate that Macau is going to experience increasing population pressures over the next few years and the likelihood of sustained capital appreciation in local property prices.

FUND LIFE

With the above in mind, I believe one of the greatest potential dangers for MPO is disposing of its remaining assets prematurely. The Company's eight year continuation vote is due at the end of 2014. It is therefore essential that we articulate well in advance of this event a clear strategy to shareholders, which focuses on the full maximisation and opportune realisation of portfolio values.

We look forward to discussing our recommendations with shareholders in the coming months.

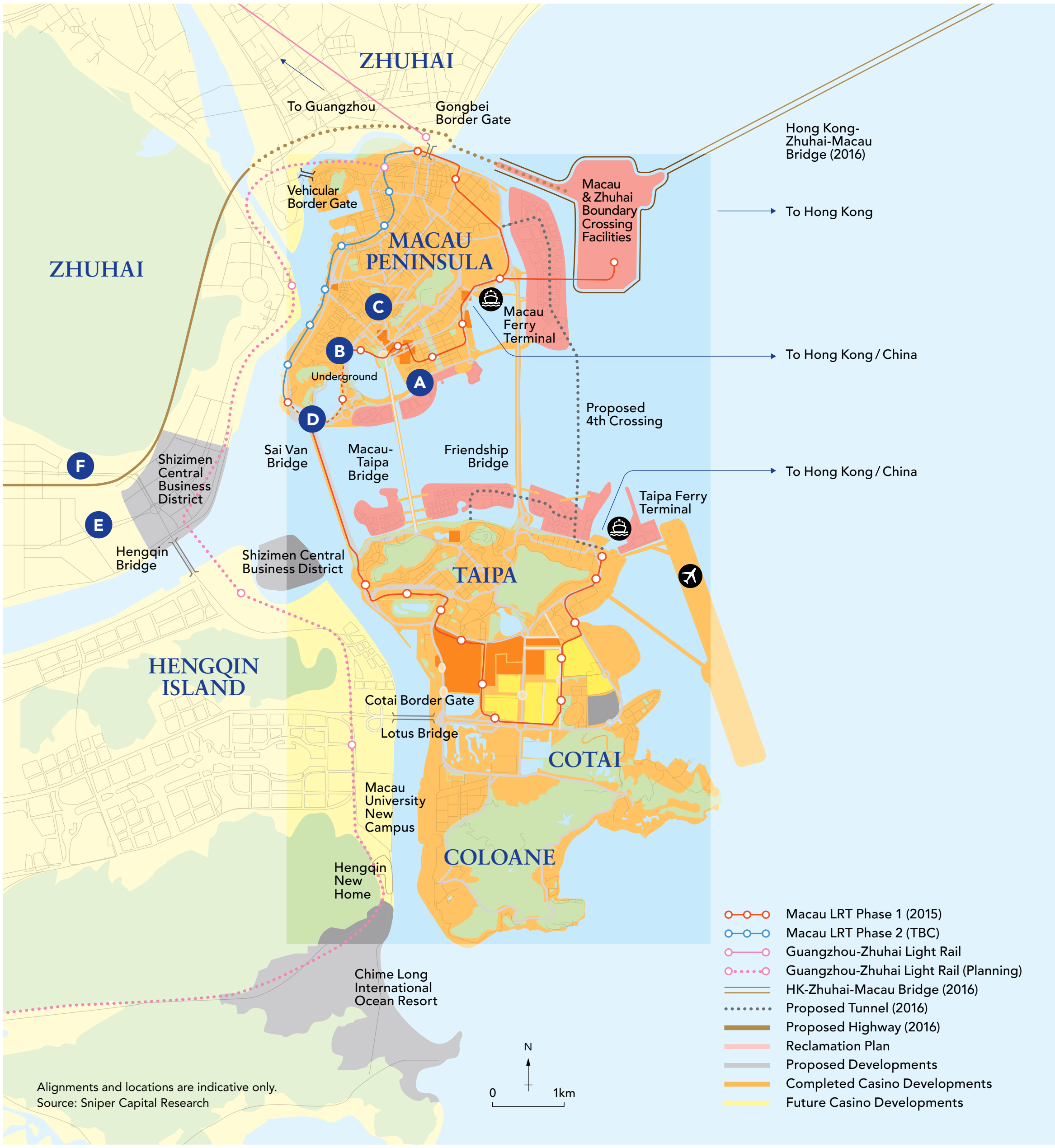
David Hinde

CHAIRMAN OF THE BOARD
MACAU PROPERTY OPPORTUNITIES FUND LIMITED
20 SEPTEMBER 2013

PORTFOLIO OVERVIEW

Location of MPO Portfolio Sites

The Pagoda of the Rocks, Macau, circa 1870.



Portfolio Overview

PORTFOLIO SUMMARY TABLE AS AT 30 JUNE 2013

Property	Sector	Type	Current Status	Commitment[4] (US$ million)	Market Valuation[5] (US$ million)
The Waterside[1]					
One Central[2]	Luxury Residential	Investment	Leasing & Asset Management	122	252.5
The Fountainside	Low-density Residential	Redevelopment	Nearing completion	22	65.1
Senado Square	Prime Retail	Redevelopment	Advance Planning	37	73.4
The Green House	Luxury Private Home	Investment	Hold	4	16.1
APAC Logistics Centre[3]	Warehousing & Logistics	Investment/ Development	Leasing (existing facility) & Phase Two nearing completion	45	45.4
Cove Residence[3]	Entry-level Residential	Investment/ Development	Nearing completion		
Smaller Property	Residential	Investment	Hold	N/A	0.4
Total				230	452.9


A THE WATERSIDE


B THE FOUNTAINSIDE


C SENADO SQUARE


D THE GREEN HOUSE


E APAC LOGISTICS CENTRE


F COVE RESIDENCE

1 Tower Six of One Central Residences; please refer to the disclaimer on page 88.

2 Individual units at One Central Residences.

3 Jointly acquired as part of a combined investment in August 2008.

4 Including acquisition and (where appropriate) project development costs.

5 Based on independent valuations by Savills (Macau) Limited as at 30 June 2013.

PORTFOLIO OVERVIEW

Portfolio Uplift

(YEAR-ON-YEAR UPLIFT FOR PROJECTS BASED ON MARKET VALUE)

+16% SENADO SQUARE

+23% THE WATERSIDE[1]

+24% ONE CENTRAL INDIVIDUAL UNITS

+32% THE GREEN HOUSE

PORTFOLIO VALUATION

US$453M

As at 30 June 2013

PORTFOLIO VALUATION UPLIFT

+28.4%

Year-on-Year

LOAN-TO-VALUE

20%[3]

Versus 27% as at 30 June 2012

+54%

THE FOUNTAINSIDE

+56%

APAC LOGISTICS CENTRE & COVE RESIDENCE[2]

1 Tower Six of One Central Residences; please refer to the disclaimer on page 88.

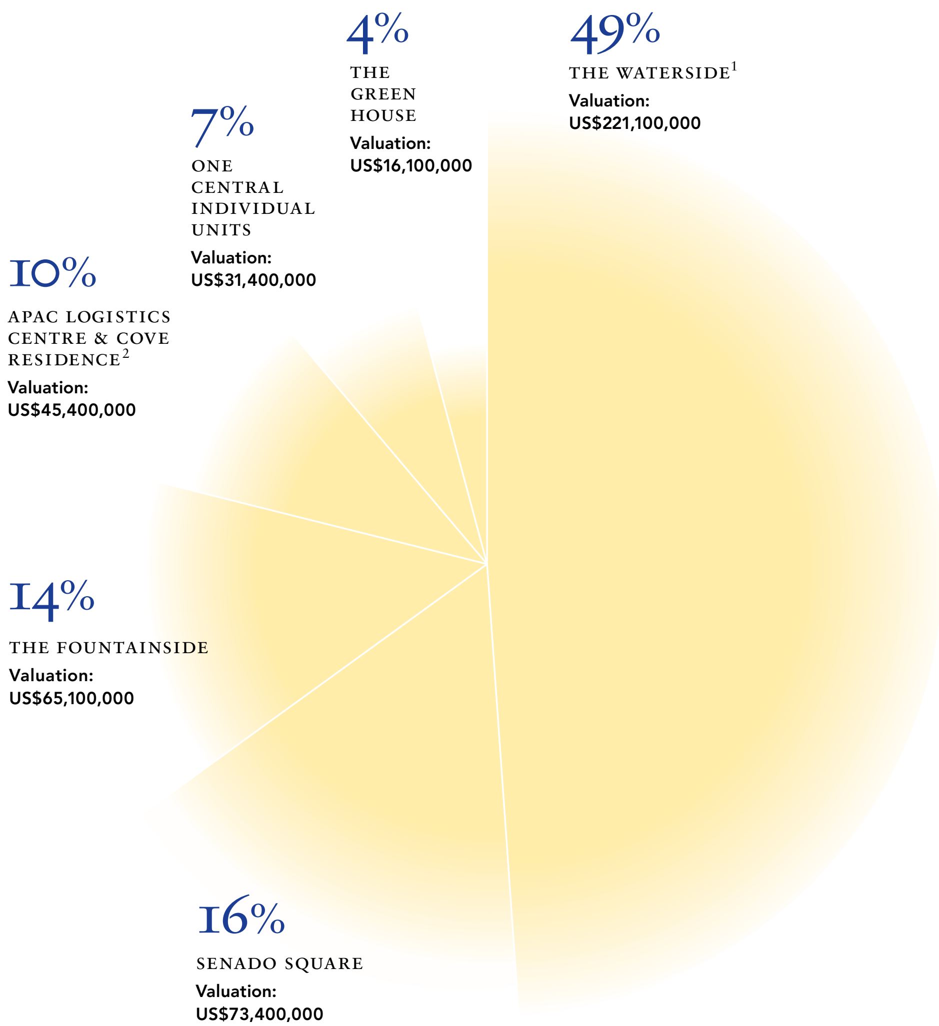
2 Jointly acquired as part of a combined investment in August 2008.

3 Assuming a full drawdown of MPO's committed credit facilities and based on portfolio value as at 30 June 2013. Market value information is based on independent valuations of the Company's portfolio properties by Savills (Macau) Limited as at 30 June 2013.

PORTFOLIO OVERVIEW

Composition by Project

(BASED ON MARKET VALUE)

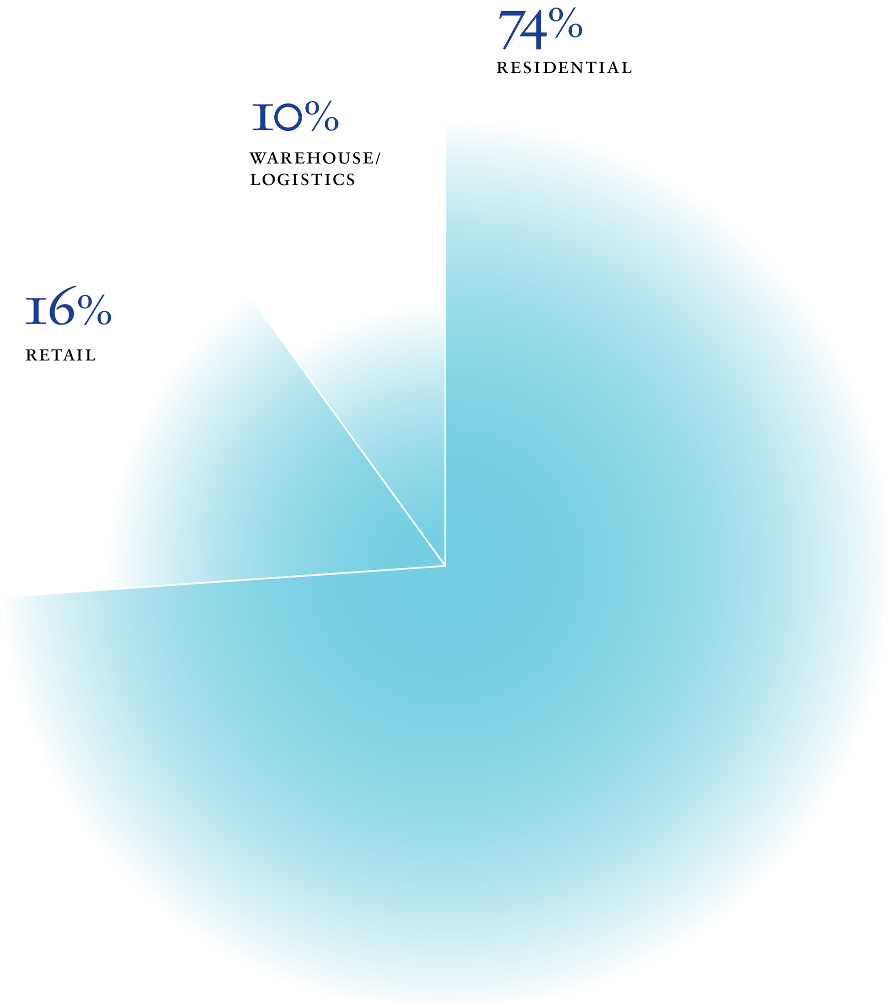


1 Tower Six of One Central Residences; please refer to the disclaimer on page 88.

2 Jointly acquired as part of a combined investment in August 2008.

PORTFOLIO OVERVIEW

Composition by Sector







The Waterside

LUXURY RESIDENTIAL

Comprising 59 luxury rental apartments housed in an enbloc-owned tower at One Central Residences, the exclusive waterfront property includes standard units, a special collection of premium high floor units as well as five simplex and duplex apartments. Unit sizes range from 2,270 sq ft for a standard three-bedroom en-suite to over 4,000 sq ft for simplex and duplex units.

All apartments are designed and furnished to world-class luxury standards and boast stunning views over Macau's landscape. Residents enjoy flexible leasing packages, personalised concierge services and exclusive privileges as *The Waterside Club* members. In addition, the prestigious leasing asset offers convenient access to nearby dining, shopping and entertainment services offered by the MGM Grand Macau, the One Central shopping centre and the Mandarin Oriental Hotel.

Since its launch in early 2010, *The Waterside* has rapidly established a new level of luxury for leased accommodation in Macau, with the project achieving record rental levels in the territory. Rental values continue to grow while occupancy levels have reached more than 90%.

EXIT STRATEGY

We will continue to drive the asset value through high occupancy and rental growth and ultimately seek to dispose of the asset on an en-bloc basis.

PROPERTY DETAILS

PROPERTY TYPE
Investment

CURRENT STATUS
Leasing and asset management

GROSS FLOOR AREA
148,000 sq ft

ACQUISITION COST
US$88 million

VALUATION
US$221 million
+23% year-on-year
+152% since acquisition

The Fountainside

LOW-DENSITY RESIDENTIAL

Encompassing a low density collection of 38 apartments and four villas, *The Fountainside* is a niche residential development located in the Penha Hill district, a prestigious neighbourhood that is steeped in history.

The project's name was inspired by the famous 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 residential project features a distinctive Macanese façade which has been carefully preserved and integrated into the new development.

The project is in the final stages of internal fit-out and finishing works and is in the process of obtaining its Occupancy Permit and Sales Permit.

20 standard units, representing 35% of the project's total GFA, have already been pre-sold. The villas will be marketed on an exclusive basis and feature amenities such as an attached garden and a private garage.

EXIT STRATEGY

We will resume sales once the Sales Permit is obtained and we are targeting to maximise exit values on the remaining units in due course.

PROPERTY DETAILS

PROPERTY TYPE
Redevelopment

CURRENT STATUS
Nearing completion

GROSS FLOOR AREA
80,000 sq ft

TOTAL COMMITMENT
US$22 million
Acquisition cost:
US$8 million
Project development cost:
US$14 million

VALUATION
US$65 million
+54% year-on-year
+707% since acquisition

Senado Square

PRIME RETAIL

The 70,000 sq ft *Senado Square* retail development lies in the heart of Macau's vibrant shopping destination and UNESCO-endorsed historical centre. Designed by Arquitectonica, the creative team behind Melco Crown's City of Dreams, *Senado Square* has received positive reviews for its sustainable concept and contemporary design.

Construction is expected to begin during 2014 once formal approval has been received.

The seven-storey development with modern and unique features is expected to attract a mix of international retail and food & beverage brands seeking to expand their presence in Macau. The project will also help spur the regeneration of the city's primary shopping and tourist district. The government has indicated its intention to potentially to pedestrianise the neighbouring streets following completion of the project.

EXIT STRATEGY

Once completed and leased to a high quality tenant mix, we will market the asset for sale as a prime investment retail asset with stable cash flow.

PROPERTY DETAILS

PROPERTY TYPE
Redevelopment

CURRENT STATUS
Advanced planning

GROSS FLOOR AREA
70,000 sq ft

TOTAL COMMITMENT
US$37 million
Acquisition cost:
US$16 million
Project development cost:
US$21 million

VALUATION
US$73 million
+16% year-on-year
+356% since acquisition

The Green House

LUXURY PRIVATE HOME

In late 2007, MPO purchased a rare private house located on Penha Hill, traditionally regarded as Macau's most desirable residential address. Nestled in a prestigious neighbourhood, *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 5,000 sq ft mansion also offers panoramic views across Macau and Mainland China.

The iconic property, with *The Sky House* that was recently divested, form part of MPO's complementary strategy of acquiring well-located and attractively-priced smaller property assets in key locations across Macau.

EXIT STRATEGY

While the market value of *The Green House* has quadrupled since acquisition, *The Green House*, our luxury private residence situated in Macau's premier Penha Hill district, continues to attract attention. Detached houses in Macau are rare and in high demand. As such, we believe we can extract further value by retaining the asset.

PROPERTY DETAILS

PROPERTY TYPE
Investment

CURRENT STATUS
Hold

GROSS FLOOR AREA
5,200 sq ft

ACQUISITION COST
US$4 million

VALUATION
US$16 million
+32% year-on-year
+357% since acquisition


APAC LOGISTICS CENTRE PHASE TWO


COVE RESIDENCE

APAC Logistics Centre & Cove Residence

WAREHOUSING & LOGISTICS / ENTRY-LEVEL RESIDENTIAL

Strategically located near key infrastructure projects in the emerging region of Zhuhai, western Pearl River Delta, *APAC Logistics Centre* and *Cove Residence* represent MPO's first foray into Mainland China and are well-positioned to tap into the emerging demand arising from the long-term growth of the region.

With more than 1.3 million sq ft of state-of-the-art facilities, the *APAC Logistics Centre* will be one of the largest multifunctional warehouses in the western Pearl River Delta upon final completion.

The neighbouring 215,000 sq ft *Cove Residence*, with 484 studio, one-bedroom and two-bedroom units, caters to the rising demanding for leased employee accommodation in the region.

Construction on both projects is approaching formal completion and permits for occupancy have also been obtained.

EXIT STRATEGY

Since year end, the Company has entered into a formal Sale and Purchase Agreement to dispose of both properties. The transaction is expected to be completed by end February 2014.

PROPERTY DETAILS

PROPERTY TYPE
Investment / Development

CURRENT STATUS
Divestment underway

GROSS FLOOR AREA (APAC LOGISTICS CENTRE)
1,300,000 sq ft

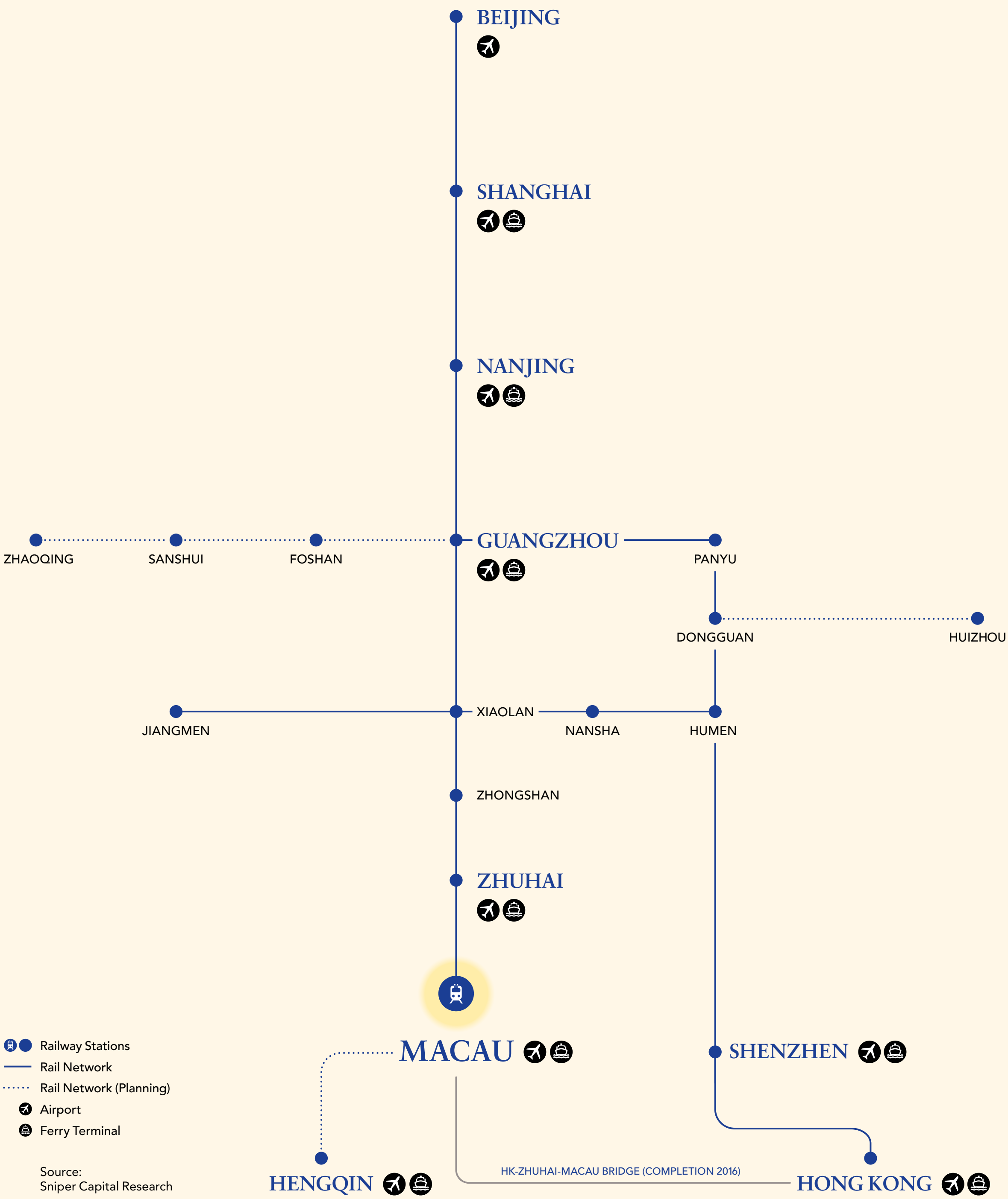
GROSS FLOOR AREA (COVE RESIDENCE)
215,000 sq ft

TOTAL COMMITMENT
US$45 million
Acquisition cost:
US$11 million
Project development cost:
US$34 million

VALUATION
US$45 million
+56% year-on-year
+310% since acquisition

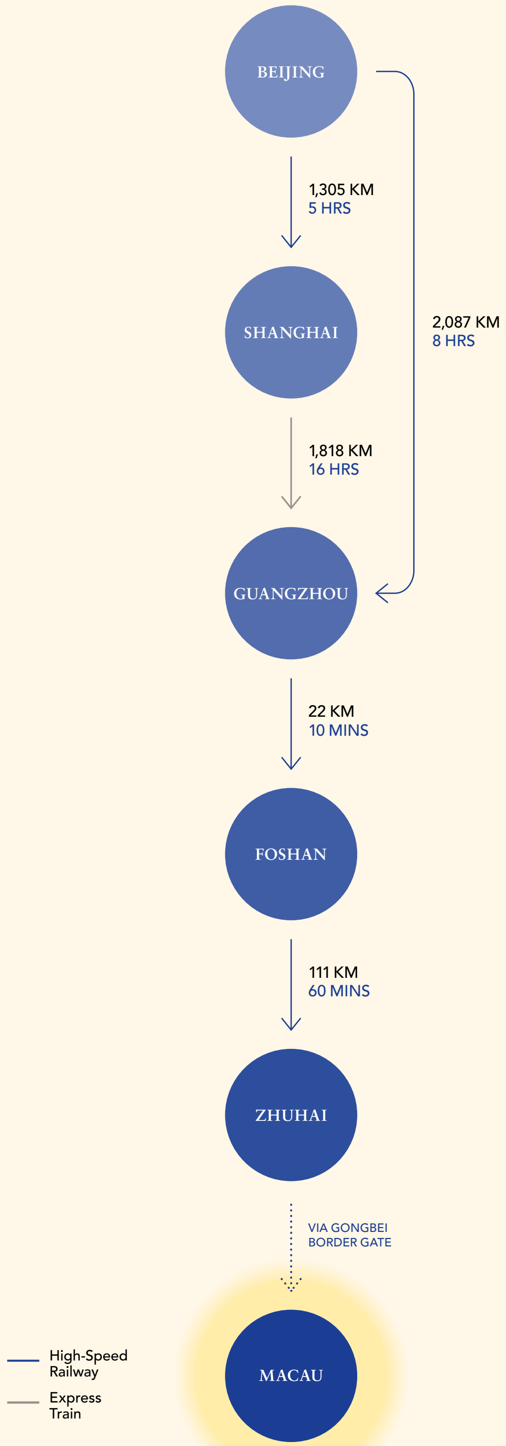
REGIONAL INTEGRATION

Macau's Connectivity



Source:
Sniper Capital Research

DISTANCES AND TRAVELLING TIMES VIA RAIL



Source:
Sniper Capital Research

VISITOR ARRIVALS TO MACAU BY PLACE OF RESIDENCE IN 2012

CHINA

16,902,000 VISITORS

Macau received 7.93 million visitors from neighbouring Guangdong in 2012 – approximately 47% of all Mainland Chinese visitors. We expect the Mainland Chinese to continue driving visitor growth. Visa relaxation measures were recently introduced under the Individual Visit Scheme, allowing for simultaneous visa applications for Hong Kong and Macau.

HONG KONG

7,081,000 VISITORS

TAIWAN

1,072,000 VISITORS

JAPAN

396,000 VISITORS

INDONESIA

209,000 VISITORS

INDIA

151,000 VISITORS

OTHERS

2,271,000 VISITORS

TOTAL

28,082,000 VISITORS

Source: Government of Macao Special Administrative Region Statistics and Census Service (DSEC)

MANAGER'S REPORT

Overview

We are pleased to present a record year for Macau Property Opportunities Fund. Adjusted NAV per share appreciated 31%, the largest annual uplift since the Fund's inception, while the IFRS NAV per share increased 19%.

It has been an active year during which we have executed a series of accretive share buy-backs, re-engineered our debt, divested certain assets, launched a residential sales programme and made solid progress in our development projects.

FINANCIAL RESULTS

Based on Savills (Macau) Ltd.'s independent valuation, the market value of the Fund's portfolio reached US$453 million as at 30 June 2013, a year-on-year increase of 28%. The appreciation is primarily attributable to value created through asset management, developments progression and continuing increases in local property prices.

The year under review saw Adjusted NAV per share rise 31% to reach US$3.95 and the IFRS NAV per share rise 19% to reach US$2.60. In Sterling terms, Adjusted NAV per share was £2.60, based on the Dollar/Sterling exchange rate of 1.521 as at 30 June 2013.

The IFRS Net Asset Value (NAV) rose US$11.9 million to US$233.7 million and Adjusted NAV increased US$49 million to US$355.3 million over the year.

The Fund's share price ended the fiscal year at 153.5p, an increase of 46% over the year. It subsequently reached an all-time high of 189p as at date of signing. The share discount to Adjusted NAV narrowed from 45% to 41% over the period and it has improved further since the period end.

MPO FIVE-YEAR FINANCIAL SUMMARY 2009-2013

	2009	2010	2011	2012	2013
NAV (IFRS) (US$ million)	155.5	203.1	216.9	221.8	**233.7**
NAV per share (IFRS) (US$)	1.48	1.93	2.11	2.17	**2.60**
Adjusted NAV (US$ million)	236.4	262.4	280.0	306.7	**355.3**
Adjusted NAV per share (US$)	2.25	2.50	2.72 [1]	3.01	**3.95**
Adjusted NAV per share (pence)[2]	136	166	170	191	**260**
Share price as at 30 June (pence)	76.0	129.5	135.1	105.0	**153.5**
Portfolio valuation (US$ million)	275.3	316.7	333.7	374.8	**452.9**
Loan-to-value ratio (%)	26	27	24	27	**20**

1 MPO returned US$0.17 per share (c. 8%) to shareholders in July 2011. Adjusted NAV per share before the return of capital was US$2.89.

2 Based on the following US$/GBP exchange rates: 1.652 at 30 June 2009, 1.507 at 30 June 2010, 1.607 at 30 June 2011, 1.571 at 30 June 2012 and 1.521 at 30 June 2013.

CAPITAL MANAGEMENT

As at 30 June 2013, the Company's total assets stood at US$347 million. Its total liabilities were US$113 million, of which the outstanding loan facility on One Central Residences constituted US$81 million.

The Company held a cash balance of US$14.8 million at the end of the year, US$4.9 million of which remains pledged as collateral for banking facilities. MPO's borrowing costs remain low, at an average of 3 month HIBOR plus 2.41% per annum.

Assuming a full drawdown of its committed loan facilities and based on the Company's portfolio value as at 30 June 2013, MPO's total loan-to-value ratio would be 20%.

Since the end of the fiscal year, the Company has substantially re-engineered its debt, increasing overall debt by US$31.5 million to US$125.6 million, extending its loan tenures and improving its covenant and repayment terms[3].

The Company's loan-to-value ratio will increase to 27% after this recent debt restructuring, a level of gearing that is still well within the maximum 60% overall group loan-to-value covenant.

3 See Note 24.

STRATEGY

MPO's portfolio of assets remains strategically well-positioned to benefit as Macau enters a new era of mass market gaming growth.

It is becoming increasingly challenging, however, to find new acquisitions at attractive discounts in Macau's property market. Therefore the Fund's focus has been on value enhancement through a creative asset management programme, Board approved opportunistic share buy-backs and financial management.

We continue to support the Board's view that the best use of MPO's financial resources is to further narrow the discount gap between the Fund's share price and the Adjusted NAV through share buy-backs. In addition, through careful financial planning, we may further increase MPO's conservative loan-to-value ratio to further enhance shareholder returns.

As the Fund enters its eighth year, strategic proposals will be put before investors ahead of the Fund's continuation vote at next year's Annual General Meeting at the end of 2014.

MANAGER'S REPORT

Fund & Portfolio Update

Strategically located in Macau and China's Pearl River Delta, MPO owns a diversified portfolio of residential, retail and logistics assets.

The Fund's portfolio properties are well-positioned to reap further benefits as Macau enters a new era of mass market growth driven by regional infrastructure advancement and Cotai mega resort development.

THE FOUNTAINSIDE: FINAL SALES LAUNCH

The final sales phase at *The Fountainside*, a niche luxury residential development comprising 38 units and four villas in Macau's exclusive Penha Hill district, was launched in May.

A new law regulating pre-sales of flats came into force, however, in June, prohibiting developers from selling without meeting new government requirements such as obtaining a Sales Permit.

We are expecting to receive this permit in the third quarter this year and sales will resume thereafter. We are confident about the demand for the project, though the sales programme should be given some time to complete.

Sale prices have been established at an average of HK$9,000 (US$1,161) per sq ft for standard units and above HK$10,000 (US$1,290) per sq ft for special units and villas. We believe the development can command premium prices, given its high quality and the limited supply of new homes in the city.

THE WATERSIDE: DRIVING RETURNS

Occupancy levels at *The Waterside*, the Fund's cornerstone asset, jumped from 75% to 94% this year, driven by a highly focused marketing strategy and an increasing breadth of international tenants.

The Waterside, comprising the whole of Tower 6 at One Central Residences, is one of Macau's most exclusive addresses, and we are consolidating its prestigious reputation through creative marketing and media campaigns. We rebranded the *Apex Collection* of apartments as *The Emerald Suites* for their re-launch in May. *The Emerald Suites*, located on the highest floors of *The Waterside*, offer a choice of super-luxury apartments that boast floor-to-ceiling windows, designer furnishings and private sky terraces.

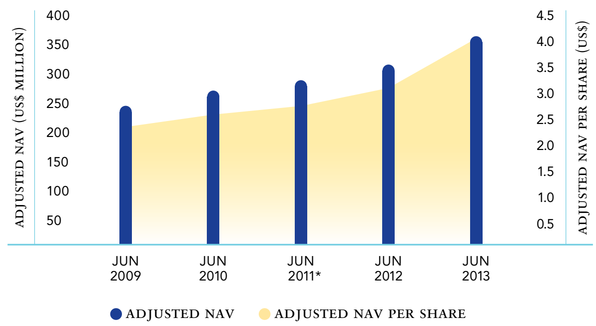
The Company's strategy for *The Waterside* remains maximising rental values. Average net rents reached HK$22.40 (US$2.89) per sq ft per month as at the end of June, a 9% increase year-on-year. All of the standard units and simplexes have been leased, and we are now targeting a further 5% increase in rental values to HK$23.50 (US$3) per sq ft per month by the end of 2013.

SENADO SQUARE: MOVING AHEAD

Senado Square, our 70,000 sq ft flagship retail development, is in the heart of Macau's most visited area. Construction is expected to begin during 2014 once formal approval has been received.

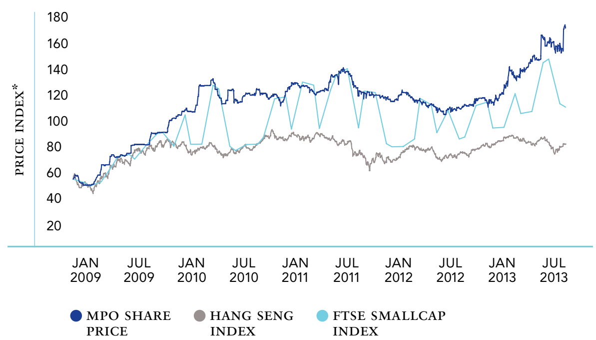
Conceived by international design consultant Arquitectonica, the creative team behind Melco Crown Entertainment's City of Dreams, the project will help spur the regeneration of the city's primary shopping and tourist district. The Macau government has indicated its intention to potentially to pedestrianise the nearby streets following completion of this project to improve the neighbourhood.

ADJUSTED NET ASSET VALUE



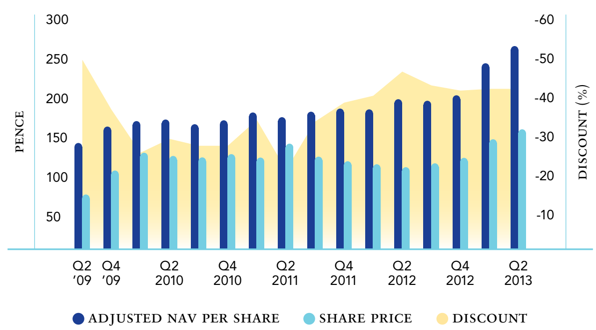
* After deducting US$0.17 (c. 8%) per share returned to shareholders in July 2011.

MPO SHARE PRICE VS. HSI/FTSE SMALLCAP INDEX



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

SHARE PRICE DISCOUNT TO ADJUSTED NAV



Adjusted NAV per share was calculated and announced on a quarterly basis following the admission to the LSE Main Market in 2010.

The seven-storey development includes an outdoor roof terrace and is expected to attract a mix of international retail and food & beverage brands seeking to expand their presence in Macau. We believe the market value of the development will continue to increase, supported by the rapid growth of the city's retail industry and the shortage of quality retail properties in this core shopping district.

THE GREEN HOUSE: GROWING INTEREST

The Green House, another of the Fund's luxury private properties in the portfolio, continues to generate buyer interest. The value of the 5,200 sq ft private home, acquired at the end of 2007, has quadrupled, based on latest market valuations. This is a unique property and we will continue to hold the asset as we believe it has further potential to rise in value.

THE SKY HOUSE: PROFITABLE DIVESTMENT

The Sky House, a super-luxury 8,200 sq ft penthouse at One Central Residences with unparalleled views of the city's landscape, was sold for US$19.4 million in March this year. The transaction was completed with one lump sum payment.

The Fund purchased the property for HK$98 million (c. US$12.8 million) in April 2012. Its timely divestment within a year of acquisition generated a net profit of US$6 million and a 92% return on equity. The proceeds of the sale were used for accretive share buy-backs, reinforcing the Company's overriding objective of maximising shareholder returns through NAV accretion and discount management.

APAC LOGISTICS CENTRE AND COVE RESIDENCE: CREATING VALUE

APAC Logistics Centre and *Cove Residence*, strategically located near key infrastructure projects in the emerging Zhuhai region, have progressed significantly, with construction approaching formal completion and permits for occupancy obtained in recent months.

With more than 1.3 million sq ft of state-of-the-art facilities, the *APAC Logistics Centre* will be one of the largest multifunctional warehouses in the western Pearl River Delta upon final completion. The neighbouring 215,000 sq ft *Cove Residence*, with 484 studio, one-bedroom and two-bedroom units, caters to the rising demand for leased employee accommodation in the region.

On 27 August 2013 the Company announced that it had signed a formal Sale and Purchase Agreement to sell both properties for a combined price of RMB392 million (c. US$64 million). A RMB40 million (US$6.5 million) non-refundable security deposit had been received, representing 10% of the agreed sales price. The maximum period for full completion of the transaction is six months.

MANAGER'S REPORT

Property Market Overview

Macau's property market remains relatively unhindered by government cooling measures and continues to be driven by solid fundamentals.

The territory's positive demographics provide on-going support for property demand, having near-full employment, a high percentage of working age population, and an accelerating influx of foreign professionals.

As demand significantly outstrips the limited supply, average home prices have nearly doubled in the past three years, with the luxury residential sector becoming the main driver of market growth.

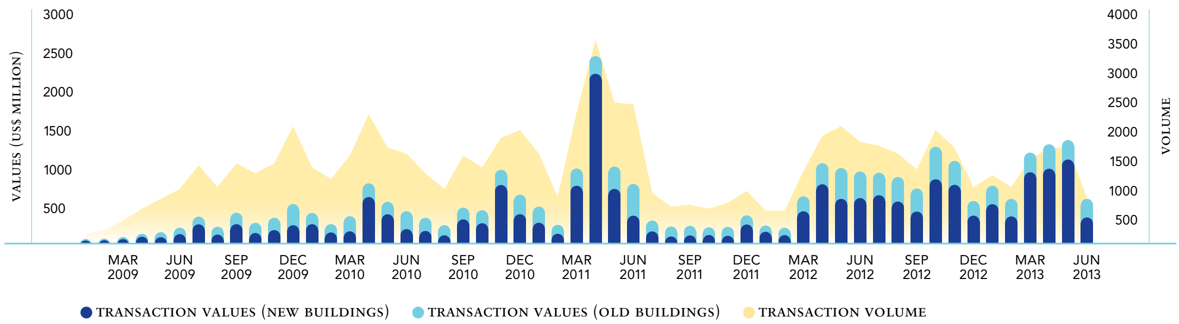
A MARKET SUPPORTED BY STRONG DEMOGRAPHICS

We believe Macau's property market will continue to benefit from its dynamic population for the foreseeable future, as the expansion of the working population drives economic growth and housing demand.

Macau's unemployment rate reached an all-time low of 1.8% at the end of May. Median wages have risen 16.5% year-on-year and were up 33% compared to two years ago.

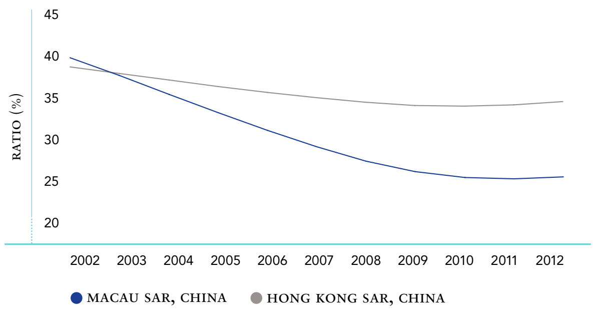
Government research indicates that Macau will require 40,000 more workers by 2016, equating to more than 10% of the city's current workforce of 360,700. Imported labour already accounts for nearly one-third of the labour pool, the highest percentage ever, and is set to increase further, driven by employment demand from upcoming large infrastructure and mega-resort projects. Official forecasts suggest that the territory's population will grow 20% by 2016, from the current 586,000 to over 700,000.

MACAU RESIDENTIAL
TRANSACTION VALUES & VOLUME



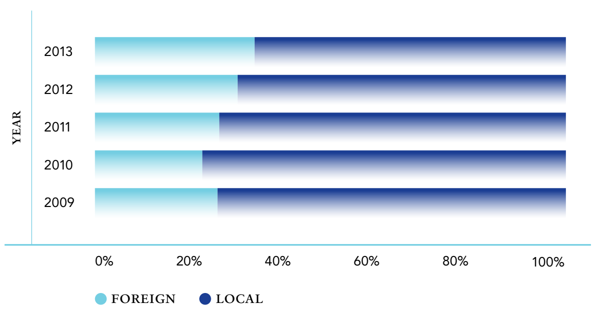
Source: DSEC

AGE DEPENDENCY RATIO



* Age dependency ratio is the ratio of dependents (people younger than 15 or older than 64) to the working-age population (ages 15 to 64). Data are shown as the proportion of dependents per 100 working-age population.
Source: Worldbank data

FOREIGN VS. LOCAL EMPLOYMENT/WORKERS



Source: DSEC

With a dependency ratio* of 25% and a median age of 34, Macau has a more favourable demographic profile for future growth than neighbouring Hong Kong, whose age dependency ratio is 34% and median age is 44.

A MARKET CONSTRAINED BY SUPPLY

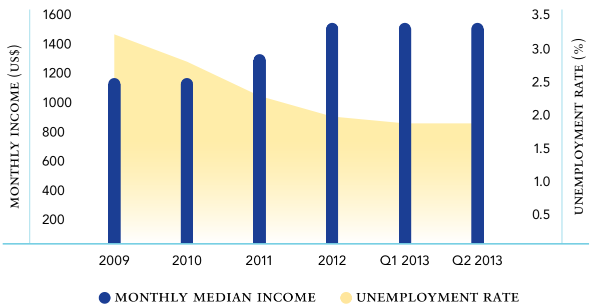
The territory's property market also faces persistent supply constraints.

The total value of residential transactions jumped 90% over the year, amounting to almost US$15 billion. Government cooling measures have had little to no effect on property prices, although they have deterred speculative purchases by reducing transaction volumes.

The supply of new homes is expected to grow by just 1,000 units this year, well below the average 3,000 units in the past few years. Property analysts expect the supply squeeze to keep transaction volume thin and prices high.

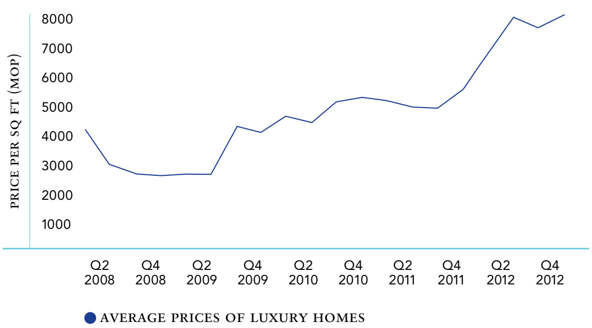
Supply is also expected to tighten further in the medium term, following the implementation of the new pre-sale law in June that prohibits developers from selling without meeting certain requirements.

MONTHLY INCOME &
UNEMPLOYMENT RATE



Source: DSEC

LUXURY HOME SALES



Source: Vigers Research

A MARKET DRIVEN BY LUXURY HOUSING

Average home prices in Macau continue to reach new highs. In March, the average price per sq ft transacted reached US$1,056, a record. But that was swiftly overtaken in May, when it hit US$1,140 per sq ft, almost double the average price a year earlier.

Data released by the government shows that half of the homes now sold in the territory cost US$500,000 or more. Mid-market and high-end residential property prices have outperformed the broader market, and developers have maintained their pricing power, offering new units from HK$6,000 (US$774) to HK$14,000 (US$1,806) per sq ft.

We believe current market conditions will persist for the foreseeable future and will lend further pricing support to *The Fountainside* and rental demand at *The Waterside*.

MANAGER'S REPORT

Macroeconomic Outlook

Despite widespread speculation about a slowdown in VIP gambling, the territory's gaming revenues have continued to grow strongly. With a relatively stable VIP business, casino operators are increasingly shifting their focus to premium mass market gamblers, the next driver for gaming growth.

More mass market tourists are expected to visit the city, facilitated by visa relaxation and improved transportation.

THE RISE OF PREMIUM MASS MARKET GAMING

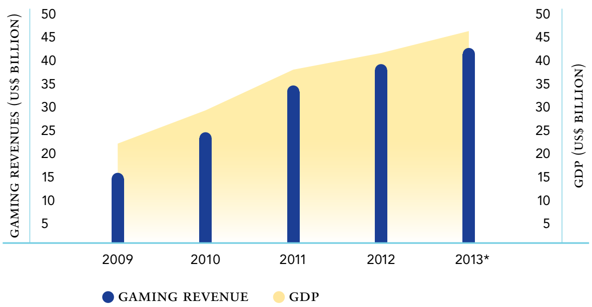
Macau's gaming revenue continues to grow, accelerating to a 15% year-on-year rise in the first half of 2013 after recording a 14% advance in 2012.

There has been no visible VIP gaming slowdown. In the first half of 2013, the city's VIP baccarat revenue rose 10.7% from a year ago. Industry executives say the VIP business is solid and sustainable, but are redoubling their efforts to boost revenues from the premium mass market. Growth in Macau's mass market gaming segment outpaced that in the VIP sector by a factor of three in the second quarter of 2013, according to government data.

Minimum wagers at mass market gaming tables have been creeping higher. Industry executives expect the mix of VIP and premium mass market gaming revenues to reach 50:50 within five years. Consequently, the next wave of casino projects is focusing keenly on the mass market.

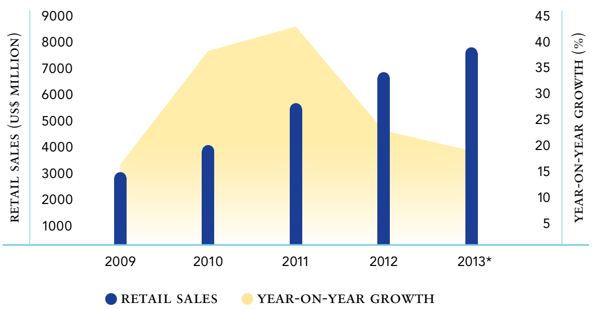
We are optimistic about the prospects of Macau's gaming growth. The city's gaming revenues are forecast to reach US$70 billion by 2017 and US$100 billion by 2020. Increased connectivity in the Pearl River Delta and beyond is expected to boost dramatically the potential customer base for the territory's casinos, which currently tap only 1.5% of China's population.

GAMING REVENUES & GDP



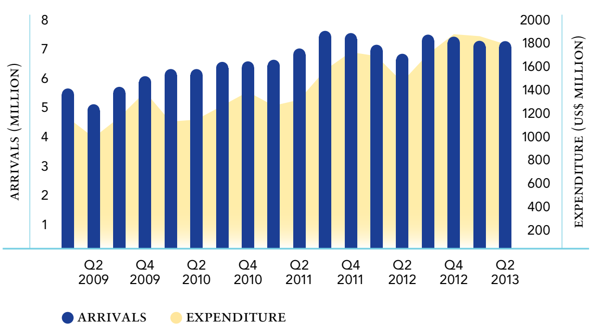
* Based on Economic Intelligence Unit (EIU) forecast
Source: DICJ & DSEC

MACAU RETAIL SALES & YEAR-ON-YEAR GROWTH



* Annualised for 2013
Source: DSEC

TOURIST ARRIVALS & EXPENDITURE



Source: DSEC

GDP AND RETAIL SALES: FROM STRENGTH TO STRENGTH

Driven by strong gaming revenues, Macau is once again expected to be the world's fastest growing economy in 2013, with the Economist Intelligence Unit forecasting an expansion in GDP of 14.3% this year and another 13.5% in 2014.

The territory's retail sector is also benefiting from the arrival of growing numbers of mass market tourists. Industry research indicates that Macau's retail sales will grow a further 19% this year to reach HK$61.9 billion (US$8 billion). The city's retail revenues have already doubled in less than three years and are expected to double again in the next three years.

As a result of the retail boom, rental values in key retail streets are buoyant as more luxury brands and high-end retailers compete for a limited number of prime locations. Average shop rents in central areas have nearly doubled this year alone, which bodes well for our flagship retail development, *Senado Square*.

EASIER VISAS, BETTER ACCESS

The total number of visitors to Macau is expected to reach 29 million this year, with mainland Chinese being the main driver of tourism growth, accounting for 64% of all visitors in the first five months of the year.

In an effort to facilitate their travel, a stamp-free clearance system has been introduced for all mainland Chinese two-way permit holders. A trial will also start later this year, allowing visitors from Guangdong province to use electronic cards instead of passports to enter Macau. The new scheme should shorten the immigration clearance time from 30 minutes to eight seconds.

KEY STATISTICS

2013	Figure	YoY Change
GDP growth (EIU forecast)	14%	+4%
Gaming revenues	US$43 billion	+14%
Visitor arrivals	28.6 million	+2%
Retail sales	US$8 billion	+19%
Unemployment rate (as at July 2013)	1.8%	-
Monthly median income (as at Q2 2013)	US$1,500	-
Meetings, Incentives, Conventions & Exhibitions (MICE)	900	-12%
No. of hotel rooms (as at June 2013)	28,100	+8%

Above figures are annualised estimates for 2013.

The development of the Chinese island Hengqin, adjacent to Macau, will also draw more mainland visitors to the underutilised Lotus Bridge checkpoint, easing pressure on the congested Gongbei border. High-speed rail services are due to be extended to the island by 2016, seamlessly connecting it with the Macau light rail system.

Railway networks that connect the north to the south of China and improved transportation links within the Pearl River Delta region are also expected to further boost tourist visitation to Macau.

We believe that all these positive developments will help Macau to better accommodate an increasing number of tourists, making the city an even more appealing destination.

THE HENGQIN MULTIPLIER

Hengqin, an island adjacent to Macau, will welcome the opening of mainland China's biggest marine-themed resort, the Chimelong International Ocean Resort, in September. The development has been dubbed "the Orlando of China", and is expected to host China's biggest ocean-themed hotel with a man-made beach and a wave pool, the world's largest aquarium, highest Ferris wheel and longest roller coaster. When fully operational, the new resort is expected to receive over 20 million visitors a year, significantly more than Hong Kong Disneyland.

Three times the size of Macau, Hengqin is expected to provide the much needed space to alleviate Macau's hotel room shortage, particularly in the lower-cost accommodation sector. The new supply of lodging will complement Macau's hotels and allow visitors to spend more time in the area. Hengqin authorities are also aiming to develop retail, convention and leisure facilities to make the Macau-Hengqin region a more compelling destination within China and internationally.

Transportation links are also being built to fully connect the two locations. Construction work on the Hengqin extension of the Guangzhou-Zhuhai intercity rail link is due to be complete by the end of 2016, cutting the journey time between the Chimelong resort and the Gongbei border to about 10 minutes by express train.

We foresee a positive "Orlando-Vegas" synergy between Hengqin and Macau, not only in terms of tourism spill over, but also in that it will help Macau to overcome key obstacles in its quest to become a top global gaming, leisure and MICE centre.

RISK AND UNCERTAINTIES

We are confident about Macau's future, although some headwinds remain.

The government may introduce further property cooling measures to stabilise prices. It is also increasingly difficult to find value in potential investments as the market becomes more competitive with rising numbers of cash-rich local investors.

The lack of property supply in the market might further dampen deal volumes and liquidity, potentially having an uncertain impact on our portfolio.

Macau's long-term growth is temporarily constrained by border-crossing bottlenecks, a shortage of affordable hotels and a lack of critical mass in entertainment venues and business hubs that could drive higher visitation. These problems are expected to persist in the short-term, although the development of Hengqin Island and the improving infrastructure should mitigate them.

Uncertainties in China's growth projections remain as the central government attempts to rebalance its economy and curb credit expansion, which could negatively impact Macau's economy.

We also continue to face other on-going challenges including a labour shortage, rising wage and construction costs and protracted approval procedures for sensitive development projects.

CONCLUSION

We remain confident that our remaining properties have yet to capture their full upside, as the city continues to realise its potential as a leading global leisure and entertainment destination.

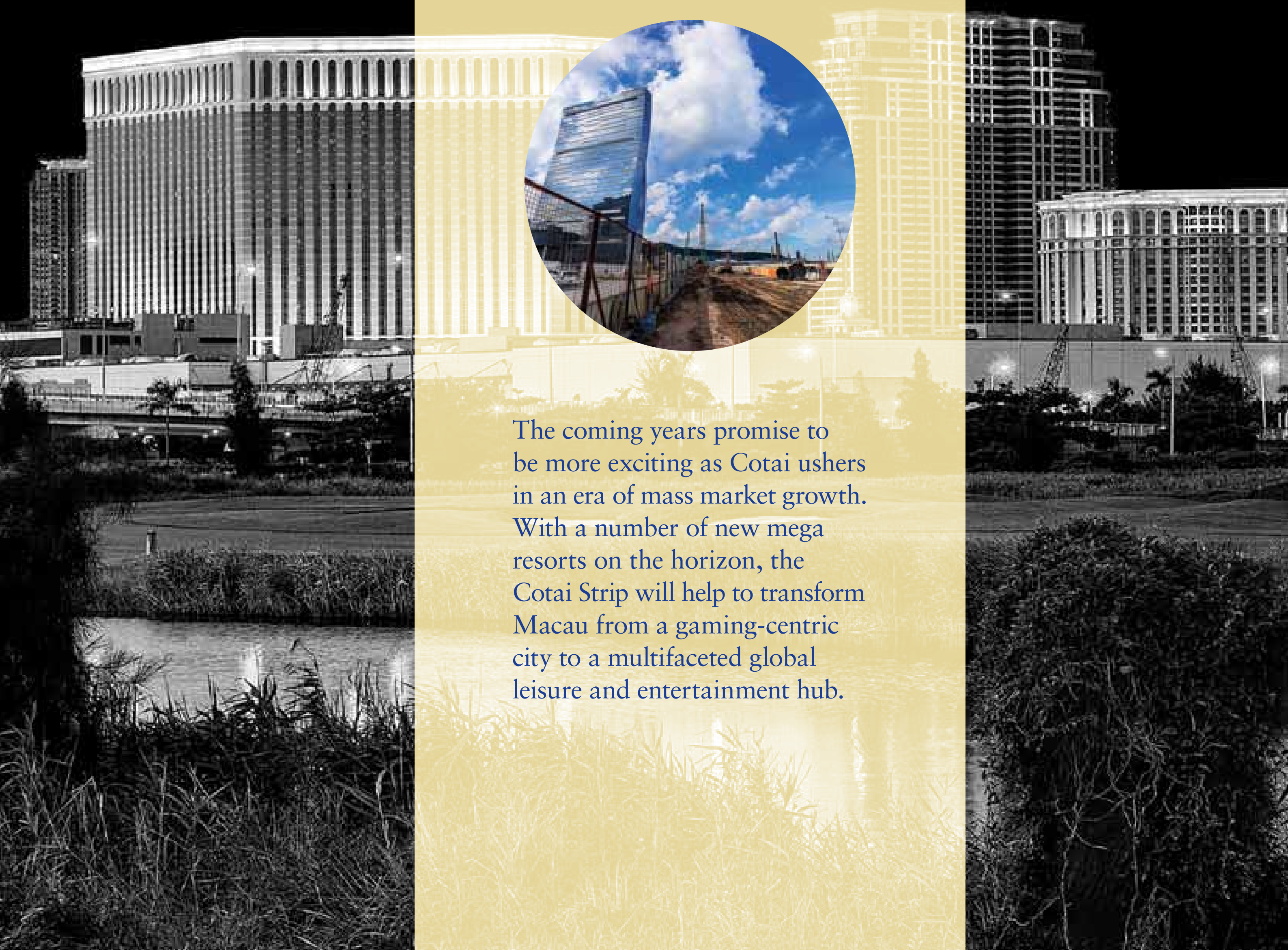
The next few years should see an exciting new phase of growth for Macau, supported by new mega-resorts, improved transportation links and the arrival of millions more mass market tourists.

SPECIAL FEATURE:

Cotai

A decade ago, Cotai was nothing but an empty piece of reclaimed land.

A decade later, it has become the epicentre of global gaming.



The coming years promise to be more exciting as Cotai ushers in an era of mass market growth. With a number of new mega resorts on the horizon, the Cotai Strip will help to transform Macau from a gaming-centric city to a multifaceted global leisure and entertainment hub.

❶ Galaxy Phase 2

Galaxy Entertainment Group Ltd.
Investment: US$3.6 billion

The Galaxy project, when finished with all four planned phases, will include 5,500 hotel rooms, a 10,000-seat arena, a 1,500-seat multi-purpose showroom, a 538,000 sq ft convention centre, numerous dining and entertainment options, and a gaming floor that encompasses 3,000 slot machines and 1,000 gambling tables.

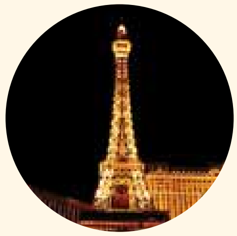
Set to open mid-2015, Phase 2 of Galaxy will double the resort's space to 10.8 million sq ft, adding 500 gaming tables and 1,400 hotel rooms with the opening of Ritz-Carlton and JW Marriot hotels.

❷ Studio City

Melco Crown Entertainment Ltd.
Investment: US$2.9 billion

The 1.4 million sq ft Studio City project, scheduled to open in 2015, will host theatre, television & film production facilities, retail and entertainment options as well as world-class hotels such as the W Hotels. It will also have 300 to 400 gaming tables and 1,200 slot machines, for which the company is still awaiting official approval.

Directly adjacent to the Lotus Bridge entry point from Hengqin Island, the location of Studio City is expected to be a key differentiator from other resorts.



❸ The Parisian

Sands China Ltd.
Investment: US$2.5 billion

This will be Sands China's fifth establishment in Macau. Expected to open in late 2015, it will include a half size replica of the Eiffel Tower, 3,300 hotel rooms, a mass market casino, a separate tower for VIP play, a 300,000 sq ft shopping mall and a slew of family-oriented facilities to lure middle-class visitors.

The company is currently also developing a 40,000 sq ft area of Sands Cotai Central previously earmarked for a theatre and use it for gaming after it was granted 200 more gaming tables by the government earlier this year.

❹ MGM Cotai

MGM China Holdings Ltd.
Investment: US$2.6 billion

MGM China's second Macau casino and first in Cotai broke ground earlier this year and it is on track to be completed in mid-2016.

Covering 1.9 million sq ft of land, the project will house over 1,600 hotel rooms, 500 gaming tables and 2,500 slot machines to go with numerous dining and retail offerings.

MGM China is hoping the new resort will boost its market share in Macau, since it currently sits at the bottom of the league.

❺ Wynn Palace

Wynn Resorts Ltd.
Investment: US$4.0 billion

Set to be 6 million sq ft, Wynn Palace will carry 2,000 hotel rooms, 500 gaming tables, 10 restaurants, a night club, high end shops and numerous other luxury amenities once finished.

The new property will have a floral theme with colourful floats adorning the resort and changing monthly, it will also have various flower gardens spread throughout the property.

Foundation work has already begun and analysts estimate the realistic opening time to be in mid-2017.

❻ SJM Cotai

SJM Holdings Ltd.
Investment: US$3.2 billion

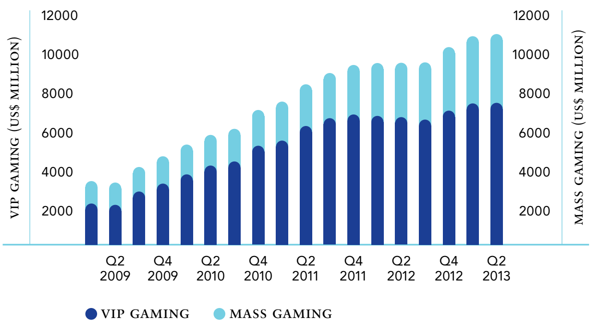
SJM Holdings' integrated resort, once complete, is envisioned to include 2,000 hotel rooms, 700 gaming tables, 1,000 slot machines, a range of catering options and a performance venue.

Totalling 2.7 million sq ft after combining the hotel-casino and a previous theme park plot, the company hopes to create a family resort that can entertain both adults and children.

The project is expected to open between 2016 and 2017.

THE COTAI STRIP

VIP VS. MASS GAMING



SUMMARY

We believe Cotai is on its way to becoming a global household name in leisure and entertainment as the cluster of integrated resorts with their full range of offerings attract more international attention.

With a combined investment value of US$20 billion, the new wave of mega resorts is expected to create a massive cluster of gaming, leisure and entertainment venues centred on Cotai.

Coinciding with the completion dates of new infrastructure projects in the region such as the Hong Kong-Macau-Zhuhai Bridge, 2015 to 2017 are set to be the defining years for Macau to solidify its position in the world as a major tourism and leisure destination.

With a drive to offer more non-gaming activities to entice a wider audience, the new projects on Cotai will also help Macau to diversify its entertainment offerings and reduce its long-term reliance on gaming.

Board of Directors

David Hinde

CHAIRMAN

David Hinde qualified and practised as a solicitor for five years before moving into investment banking. Much of his career has been connected with Asia. From 1977 to 1982, he worked in Hong Kong for Wardley Limited, part of the HSBC Group, and then returned to London for 12 years to run the international corporate finance arm of Samuel Montagu & Co. Limited. From 1994 to 1998, he was an Executive Director of Dah Sing Financial Holdings Limited, the Hong Kong-based banking and financial services group. Thereafter he was a Non-Executive Director of that group until 2011. From 2005 to 2013 he was the Chairman of Invesco Asia Trust plc. David Hinde is a UK resident.

Tom Ashworth

NON-EXECUTIVE DIRECTOR

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

Alan Clifton

NON-EXECUTIVE DIRECTOR

Alan Clifton began his City career at stockbrokers Kitcat & Aitken, first as an analyst, later becoming a Partner and then a Managing Partner prior to the firm's acquisition by The Royal Bank of Canada. He was subsequently invited to be the Managing Director of Morley Fund Management, the asset management arm of Aviva plc, 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.

Chris Russell

NON-EXECUTIVE DIRECTOR

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

Wilfred Woo

NON-EXECUTIVE DIRECTOR

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

Financial Statements

MACAU PROPERTY OPPORTUNITIES FUND LIMITED

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.

Manager and Advisers

GROUP STRUCTURE

Sniper Capital

SNIPER CAPITAL LIMITED
Manager

SNIPER CAPITAL (MACAU) LIMITED
Investment Adviser

1 **Acquisitions & Research**

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

2 **Project Development**

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

3 **Asset Management**

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

4 **Corporate Communications**

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

5 **Finance & Administration**

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

MANAGER

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

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

Sniper Capital is focused on the identification, acquisition and development of properties chosen for their location, current and potential value, or 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 MPOF project to the right standards and on budget.

With its current holding of 6.8 million shares or 7.57% of the Company's issued share capital, Sniper Investments Limited – an investment vehicle associated with Sniper Capital [2] – is now the fourth largest shareholder in MPOF, 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 Investment Adviser's brief is to source, analyse and recommend potential investment opportunities whilst providing the Board with property investment and management advisory services in relation to the Company's investments.

For more information, please visit www.snipercapital.com

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

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

Investment Policy

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

ASSET ALLOCATION

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

The Company's articles 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 2013.

PRINCIPAL ACTIVITIES

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

The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. During the year, the principal activities of the Company and its subsidiaries as listed in Note 4 to the consolidated financial statements (together referred to as the "Group") were property development and investment in Macau 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 4 to 7 and in the Manager's Report on pages 26 to 37.

RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated financial statements on pages 59 to 62.

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2013 (2012: 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 Capital Management section of the Manager's Report.

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

The Group continues to meet its capital requirements and day-to-day liquidity needs through the Group's cash resources. The Group had cash of US$9,864,000 and net current assets of US$43,080,000 as at 30 June 2013. 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.

The Directors believe it is appropriate to prepare the financial statements of the Group on the going concern basis based upon existing cash resources, the forecasts described above and the Directors' assessment of the Group's committed banking facilities and expected continuing compliance with related covenants. The Directors have also considered the implications of the continuation vote on the application of the going concern basis as described below.

At the Annual General Meeting of the Company to be held in November 2014, a special resolution will be proposed that the Company ceases to continue as constituted. For the special resolution to be passed a 75% majority in favour is required. If the resolution is not passed, a similar resolution is required to be proposed at every fifth Annual General Meeting thereafter. If the resolution is passed, the Directors are required to formulate proposals to be put to the Shareholders to reorganise, unitise, reconstruct or wind up the Company. The outcome of the continuation vote is an uncertain future event which represents a material uncertainty which may cast a significant doubt as to the likelihood of the Company continuing as a going concern.

The Directors have considered the future of the Company and have received input from the Manager, some significant Shareholders and the Investment Adviser. The Directors consider that it is in the best interests of shareholders for the life of the Company to be extended beyond 2014 to allow for the realisation of portfolio values at levels which maximise shareholder returns. Furthermore, on the basis of the input described above, the Directors consider that it is more likely than not that the special resolution will not be passed and thus that the Company will continue. The Directors therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis of accounting. The financial statements do not include the adjustments that would result if the continuation vote was passed and the Company was unable to continue as a going concern.

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.

Directors' Report

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 8 November 2012, 3 November 2011 and 3 November 2010, a resolution to provide the Company with authority to purchase its own shares will be tabled at the Annual General Meeting on 6 November 2013. The Board has publicly stated its commitment to undertake share buy-backs at attractive levels of discount of the share price to NAV. In order to continue this strategy, the Board convened an Extraordinary General Meeting of the shareholders on 19 September 2013 to renew its authority to make share buy-backs and the Board intends to renew this authority at the 2013 Annual General Meeting.

During the year, the Company repurchased 12,000,000 (2012: 800,000) Ordinary Shares or 11.43% (2012: 0.76%) of the originally issued Ordinary Shares, at an average share price of 121.58p. All shares repurchased pursuant to the buy-back programme were cancelled.

SIGNIFICANT SHAREHOLDINGS

As at 30 June 2013, a total of six shareholders held more than 3% each of the issued Ordinary Shares of the Company, accounting for a total of 63,119,666 shares (2012: 78,439,393) or 70.1% (2012: 76.9%) of the issued share capital. Significant shareholdings as at 31 August 2013 are detailed below.

Name of shareholder	No. of shares	%
Invesco Asset Management	24,598,792	27.80
Lazard Asset Management LLC	12,719,516	14.37
Universities Superannuation Scheme	10,500,000	11.86
Sniper Investments Limited	6,809,500	7.69
Apollo Multi Asset Management	4,599,500	5.20
Miton Group Plc	2,700,000	3.05
Subtotal	61,927,308	69.97
Other	26,572,692	30.03
Total	**88,500,000**	**100**

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, Chairman of the Management Engagement Committee	18 May 2006
Thomas Ashworth	Director	18 May 2006
Alan Clifton	Director, Chairman of the Audit Committee and Nomination and Remuneration Committee	18 May 2006
Wilfred Woo	Director	3 January 2012
Chris Russell	Director	8 May 2012
		Date of retirement
Timothy Henderson	Director	8 November 2012

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 Incorporation. Thomas Ashworth, as a non-independent director, will offer himself for re-election annually. Alan Clifton and David Hinde will offer themselves for re-election at the forthcoming Annual General Meeting.

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 2013 were:

	ORDINARY SHARES OF US$0.01	
Name	**Held at 30-Jun-13**	Held at 30-Jun-12
David Hinde	**60,000**	60,000
Thomas Ashworth	-*	-*
Alan Clifton	**100,000**	100,000
Timothy Henderson#	-	50,000
Wilfred Woo	-	-
Chris Russell	**252,548**	100,000

* Thomas Ashworth has a beneficial interest in Sniper Investments Limited, which as at the year-end held 6,809,500 shares (2012: 5,639,500).

Timothy Henderson retired from the Board on 8 November 2012.

There have been no changes to the aforementioned interests since 30 June 2013.

Directors' Report

DIRECTORS' REMUNERATION

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

Name	2013 US$	2012 US$
David Hinde	**73,999**	75,476
Thomas Ashworth*	-	-
Alan Clifton	**55,696**	56,607
Timothy Henderson#	**19,239**	55,035
Wilfred Woo	**46,249**	23,435
Chris Russell	**46,393**	6,971
Richard Barnes^	-	25,659
	241,576	243,183

* As disclosed in Note 17 to the consolidated financial statements, Thomas Ashworth is a shareholder and Director of Sniper Capital Limited, Headland Developments Limited and Adept Capital Partners Services Limited, all of which received fees from the Group during the year.

Timothy Henderson retired from the Board on 8 November 2012.

^ Richard Barnes resigned 16 January 2012.

CHANGE OF CONTROL

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 3pm on 6 November 2013 at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey. The details of the business to be conducted are contained in the Notice of Annual General Meeting on page 86 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 2013 Annual General Meeting to reappoint Ernst & Young LLP. Each Director believes that there is no relevant information of which the Auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Ernst & Young LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

SUBSEQUENT EVENTS

Significant subsequent events have been disclosed in Note 24.

FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

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

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties are discussed in the Corporate Governance Report on page 50.

On behalf of the Board

David Hinde

CHAIRMAN OF THE BOARD
20 SEPTEMBER 2013

Corporate Governance Report

The Board has put in place a framework for corporate governance which it believes is appropriate for an investment company. Paragraph 9.8.6R of the UK Listing Rules obliges Boards to report upon their corporate governance arrangements against the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council (the "FRC"). The Company is a member of the Association of Investment Companies (the "AIC") and has considered the principles and recommendations of the AIC's Code of Corporate Governance ("AIC Code") 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. A new version of the AIC Code was published in February 2013 which is aligned with the UK Code and the Board reports against the new version of the AIC Code. On 28 September 2012, the FRC announced an updated version of the UK Code. Further to this, on 22 January 2013, the FRC provided the AIC with an updated endorsement letter to cover the latest edition of the AIC Code. The endorsement confirms that by following the AIC Guide investment company boards should fully meet their obligations in relation to the UK code and paragraph LR9.8.6 of the Listing Rules.

The AIC Code and the AIC Guide are available on the AIC's website, www.aic.co.uk. The UK Corporate Governance Code is available on the Financial Reporting Council's website, www.frc.org.uk.

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

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

Except as disclosed below, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the UK 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 18.

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. Mr Ashworth will retire annually pursuant to the listing rules of the Financial Conduct Authority ("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.

Corporate Governance Report

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 Committee, the Nomination and Remuneration Committee, the Management Engagement Committee and individual Directors has taken the form of self-appraisal questionnaires and discussion to determine effectiveness and performance in various areas as well as the Directors' continued independence.

During the year a formal Board performance appraisal has been carried out. The results have been collated and reviewed whereby it was noted that overall performance of the Board during the year had been satisfactory and the Board is confident in its ability to continue effectively to lead the Company and oversee its affairs.

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.

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 LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an on-going basis.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. 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 54 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 whom 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, that 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 and 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, chaired by Mr Clifton, currently also comprises; Mr Woo and Mr Russell. The qualifications and experience of the Committee members are noted on pages 42 and 43. The Audit Committee meets at least twice a year at times appropriate to the financial reporting calendar. In the year ended 30 June 2013, the Audit Committee met three times.

The Audit Committee Report is on page 56 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.

Corporate Governance Report

Management Engagement Committee

The Management Engagement Committee Report is on page 55 of this Annual Report. The Management Engagement Committee was established on 25 February 2013 and is chaired by Mr Hinde and is made up of at least three members. The Committee currently consists of all independent Non-Executive Directors. 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 review the terms of the Investment Management Agreement between the Company and Manager and to review the performance and terms of engagement of any other key service providers to the Company, as detailed in Appendix 1 of the Terms of Reference of the Committee.

MEETING ATTENDANCE

Name	Scheduled Board Meeting	Other Board Meeting	Audit Committee	Nomination and Remuneration Committee	Management Engagement Committee
David Hinde	4	1	N/A	1	1
Thomas Ashworth	4	-	N/A	1	N/A
Alan Clifton	4	1	3	2	1
Timothy Henderson*	1	-	2	2	N/A
Wilfred Woo	4	1	3	2	1
Chris Russell	4	1	3	2	1

* Timothy Henderson resigned as a Director after the first scheduled Board meeting of the year.

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

MANAGEMENT AGREEMENT

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

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

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

RELATIONS WITH SHAREHOLDERS

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Senior members of the Manager 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.

Corporate Governance Report

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.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

Note 2 further describes the Group's risk management processes. The principal significant risks and uncertainties faced by the Group are set out below.

- New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws or regulations, in any jurisdiction in which the Group operates may have a material adverse effect on the Group's financial performance and returns to Shareholders.
- Chinese law governs the Group's investment in Zhuhai and is likely to govern any other agreements to invest in Mainland Chinese assets. It cannot be guaranteed that the Group will be able to enforce any of its agreements or that remedies will be available outside of the PRC.
- Macau law governs the majority of the Group's agreements which relate to Property Investments, property ownership rights and securities. It cannot be guaranteed that the Group will be able to enforce any such agreements or that remedies will be available outside of Macau.
- The Group's return on its investments and prospects are subject to economic, legal, political and social developments in Macau and China and the Asia-Pacific region in general. In particular, the Group's return on its investments may be adversely affected by:
  - changes in Macau's and China's political, economic and social conditions;
  - changes in policies of the government or changes in laws and regulations (including the revocation or modification by the Chinese Government of Macau's SAR status and high autonomy levels), or the interpretation of laws and regulations;
  - changes in foreign exchange rates or regulations;
  - measures that may be introduced to control inflation, such as interest rate increases;
  - changes in the rate or method of taxation;
  - title disputes, legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers; and
  - changes to restrictions on or regulations concerning repatriation of funds.

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

The above significant risks are mitigated and managed by the Board through continual review, policy setting and annually updating of the Group's risk matrix to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board rely on reports periodically provided by the Administrator and the Manager regarding risks that the Group faces. When required, experts are employed to gather information, including tax advisers, legal advisers, and planning advisers. The Group has also entered into interest rate derivative instruments to mitigate interest rate risks. The Board rely on the Manager's close relationship with legal professionals in Macau, Hong Kong and China to keep abreast of any potential changes to the law and any possible impact to the Group. The Board also regularly monitors the investment environment and the management of the Group's property portfolio, and applies the principles detailed in the internal control guidance issued by the Financial Reporting Council. Details of the Group's internal controls are described in more detail on page 52.

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

On behalf of the Board

David Hinde

CHAIRMAN OF THE BOARD
20 SEPTEMBER 2013

Nomination and Remuneration Committee Report

SUMMARY OF THE ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee regularly review the structure, size and composition (including the skills, knowledge, 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)
Thomas Ashworth
Wilfred Woo
Chris Russell
David Hinde

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 Mr. Ashworth, Mr. Clifton and Mr. Hinde should be submitted for re-election at the Annual General Meeting to be held on 6 November 2013.

OVERVIEW

The Nomination and Remuneration Committee met two times in the year ended 30 June 2013. Matters considered at these meetings included but were not limited to:

- the structure, size and composition (including the balance of skills, knowledge, experience and diversity) of the Board and Audit Committee and the need to periodically refresh membership;
- to note guidance set out in the AIC Code;
- to consider key outcomes from the Board evaluation process;
- to consider adoption of a Policy for Board tenure and succession planning; and
- 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
20 SEPTEMBER 2013

Management Engagement Committee Report

SUMMARY OF THE ROLE OF THE MANAGEMENT ENGAGEMENT COMMITTEE

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

COMPOSITION OF THE MANAGEMENT ENGAGEMENT COMMITTEE

The members of the Management Engagement Committee are:

David Hinde (Chairman)
Alan Clifton
Chris Russell
Wilfred Woo

See pages 42 to 43 for biographical details of the current Management Engagement 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.

PERFORMANCE OF THE MANAGER

Following discussion, it is the opinion of the Management Engagement Committee that the performance of the Manager for the year ended 30 June 2013 was acceptable and the continuing appointment of the Manager on the terms agreed is in the interests of the shareholders as a whole.

PERFORMANCE OF KEY SERVICE PROVIDERS

Following discussion, it is the opinion of the Management Engagement Committee that the performance of key service providers (as detailed in Appendix 1 of the Terms of Reference of the Committee) for the year ended 30 June 2013 was acceptable.

OVERVIEW

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

On behalf of the Management Engagement Committee

David Hinde

CHAIRMAN OF THE MANAGEMENT ENGAGEMENT COMMITTEE
20 SEPTEMBER 2013

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 meetings, on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; 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)
Wilfred Woo
Chris Russell

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 auditors may request that a meeting be convened if they deem it necessary.

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

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, given that there are no employees in the Group and all outsourced functions are with parties/administrators who have their own internal controls and procedures.

OVERVIEW

The Audit Committee met three times in the year ended 30 June 2013. Matters considered at these meetings included but were not limited to:

- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the accounting policies and format of the financial statements;
- review of the 2012 Annual Report and Financial Statements for the year ended 30 June 2012;
- review of the 2012 Interim Report and Financial Statements for the six months ended 31 December 2012;
- review of the Interim Management Statements released in November 2012 and May 2013; and
- review of the audit plan and timetable for the preparation of the 2013 Annual Report and Financial Statements.

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

On behalf of the Audit Committee

Alan Clifton

CHAIRMAN OF THE AUDIT COMMITTEE
20 SEPTEMBER 2013

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.

All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the UK Corporate Governance Code (the "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, Manager's Report and Chairman's Statement contained in the Annual Report includes a fair review of the development and performance of the Group and of the position of the Company and the Group as a whole, together with a description of the principal risks and uncertainties they face.

On behalf of the Board

David Hinde

CHAIRMAN OF THE BOARD
20 SEPTEMBER 2013

Independent Auditor's 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 2013 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, and the related Notes 1 to 24. 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 Directors' Responsibilities Statement set out on page 57, 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 financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Notes:

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

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

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 2013 and of its total comprehensive income 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.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The matters explained in Note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the likelihood of the Company continuing as a going concern. The financial statements do not include the adjustments that would result if the Company were not to continue as a going concern.

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.

Michael Bane

FOR AND ON BEHALF OF ERNST & YOUNG LLP
RECOGNISED AUDITORS
GUERNSEY, CHANNEL ISLANDS
20 SEPTEMBER 2013

MACAU PROPERTY OPPORTUNITIES FUND LIMITED

Consolidated Statement of Financial Position

AS AT 30 JUNE 2013

	Note	2013 US$'000	2012 US$'000
ASSETS			
Non-current assets			
Investment property	6	266,498	225,008
Deposits with lenders	20	4,899	6,590
Financial assets at fair value through profit or loss – interest rate swap	19	183	-
		271,580	231,598
Current assets			
Inventories	7	64,768	64,921
Trade and other receivables		216	258
Prepayments		732	952
Cash and cash equivalents		9,864	36,077
		75,580	102,208
Total assets		347,160	333,806
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	900	1,020
Distributable reserves		141,212	163,896
Retained earnings		90,746	56,596
Foreign currency translation reserve		840	299
Total equity		233,698	221,811
LIABILITIES			
Non-current liabilities			
Interest-bearing loans	8	80,962	98,664
Financial liabilities at fair value through profit or loss – interest rate swap	19	-	1,615
		80,962	100,279
Current liabilities			
Trade and other payables	10	2,978	2,109
Performance fee payable	18	10,938	-
Deferred income/deposits on property pre-sales		4,504	4,139
Interest-bearing loans	8	13,142	4,651
Financial liabilities at fair value through profit or loss – interest rate swap	19	938	817
		32,500	11,716
Total liabilities		113,462	111,995
Total equity and liabilities		347,160	333,806
Net Asset Value per share (US$)	16	2.60	2.17
Adjusted Net Asset Value per share (US$)	16	3.95	3.01

The accompanying notes on pages 63 to 85 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 59 to 62 were approved by the Board of Directors and authorised for issue on 20 September 2013.

Alan Clifton
DIRECTOR

Chris Russell
DIRECTOR

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2013

	Note	2013 US$'000	2012 US$'000
Income			
Sale of inventories		**6,995**	22,835
Rental income		**4,209**	3,146
Net gain from fair value adjustment on investment property	6	**48,465**	13,424
Fair value gain on disposal of investment property	6	**3,606**	-
Write back of inventories to net realisable value		**-**	334
(Loss)/gains on foreign currency translation		**(87)**	313
Other income		**-**	264
		63,188	40,316
Expenses			
Cost of sales of inventories	7	**6,339**	20,661
Management fee	18	**6,301**	5,700
Performance fee	18	**10,938**	-
Non-Executive Directors' fees	17	**242**	243
Auditors' remuneration	22	**115**	151
Property operating expenses	14	**1,140**	1,184
Sales and marketing expenses		**533**	552
General and administration expenses	12	**1,467**	1,389
		(27,075)	(29,880)
Operating profit for the year		**36,113**	10,436
Finance income and expenses			
Net gain/(loss) on valuation of interest rate swap	19	**1,677**	(1,841)
Bank loan interest		**(2,491)**	(1,532)
Interest expense on interest rate swap	19	**(866)**	(875)
Other financing costs	13	**(322)**	(216)
Bank and other interest		**39**	53
		(1,963)	(4,411)
Profit for the year		**34,150**	6,025
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**541**	325
Total comprehensive income for the year		**34,691**	6,350
Profit attributable to:			
Equity holders of the Company		**34,150**	6,025
Total comprehensive income attributable to:			
Equity holders of the Company		**34,691**	6,350

	Note	2013 US $	2012 US $
Basic and diluted profit per Ordinary Share attributable to the equity holders of the Company during the year	16	**0.3560**	0.0588

The accompanying notes on pages 63 to 85 are an integral part of these consolidated financial statements.

MACAU PROPERTY OPPORTUNITIES FUND LIMITED

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2013

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2012		**1,020**	**56,596**	**163,896**	**299**	**221,811**
Profit for the year		-	34,150	-	-	34,150
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translating foreign operations		-	-	-	541	541
Total comprehensive income for the year		-	**34,150**	-	**541**	**34,691**
Share buy-back	11	(120)	-	(22,684)	-	(22,804)
Balance carried forward at 30 June 2013		**900**	**90,746**	**141,212**	**840**	**233,698**

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2011		1,028	50,571	165,356	(26)	216,929
Profit for the year		-	6,025	-	-	6,025
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translating foreign operations		-	-	-	325	325
Total comprehensive income for the year		-	6,025	-	325	6,350
Share buy-back	11	(8)	-	(1,460)	-	(1,468)
Balance carried forward at 30 June 2012		1,020	56,596	163,896	299	221,811

The accompanying notes on pages 63 to 85 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2013

	Note	2013 US$'000	2012 US$'000 (restated*)
Net cash (used in)/from operating activities	15	(3,060)	12,883
Cash flows from investing activities			
Capital expenditure on investment properties		(8,502)	(11,836)
Purchase of investment property		-	(12,637)
Proceeds from disposal of investment property		19,081	-
Net cash from/(used in) investing activities		10,579	(24,473)
Cash flows from financing activities			
Proceeds from bank borrowings		3,579	39,921
Repayment of bank borrowings		(12,790)	(18,500)
Decrease in pledged bank balances		1,691	4,345
Share buy-back	11	(22,804)	(1,468)
Return of capital		-	(17,900)
Interest and bank charges paid		(3,434)	(2,354)
Net cash (used in)/generated from financing activities		(33,758)	4,044
Net decrease in cash and cash equivalents		(26,239)	(7,546)
Cash and cash equivalents at beginning of year		36,077	43,826
Effect of foreign exchange rate changes		26	(203)
Cash and cash equivalents at end of year		9,864	36,077

The accompanying notes on pages 63 to 85 are an integral part of these consolidated financial statements.

* See Note 15.

Notes to the Consolidated Financial Statements

YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

Macau Property Opportunities Fund Limited (the "Company") is a Company incorporated and registered in Guernsey under The Companies (Guernsey) Law, 1994. This law was replaced by the Companies (Guernsey) Law, 2008 on 1 July 2008. The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. The address of the registered office is given on page 88.

The Consolidated Financial Statements for the year ended 30 June 2013 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 of Mainland China.

These consolidated financial statements have been approved for issue by the Board of Directors on 20 September 2013.

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") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), 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. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand ($'000), except where otherwise indicated.

Going concern

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

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

The Group continues to meet its capital requirements and day-to-day liquidity needs through the Group's cash resources. The Group had cash of US$9,864,000 and net current assets of US$43,080,000 as at 30 June 2013. 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.

The Directors believe it is appropriate to prepare the financial statements of the Group on the going concern basis based upon existing cash resources, the forecasts described above and the Directors' assessment of the Group's committed banking facilities and expected continuing compliance with related covenants. The Directors have also considered the implications of the continuation vote on the application of the going concern basis as described below.

At the Annual General Meeting of the Company to be held in November 2014, a special resolution will be proposed that the Company ceases to continue as constituted. For the special resolution to be passed a 75% majority in favour is required. If the resolution is not passed, a similar resolution is required to be proposed at every fifth Annual General Meeting thereafter. If the resolution is passed, the Directors are required to formulate proposals to be put to the Shareholders to reorganise, unitise, reconstruct or wind up the Company. The outcome of the continuation vote is an uncertain future event which represents a material uncertainty which may cast a significant doubt as to the likelihood of the Company continuing as a going concern.

The Directors have considered the future of the Company and have received input from the Manager, some significant Shareholders and the Investment Adviser. The Directors consider that it is in the best interests of shareholders for the life of the Company to be extended beyond 2014 to allow for the realisation of portfolio values at levels which maximise shareholder returns. Furthermore, on the basis of the input described above, the Directors consider that it is more likely than not that the special resolution will not be passed and thus that the Company will continue. The Directors therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis of accounting. The financial statements do not include the adjustments that would result if the continuation vote was passed and the Company was unable to continue as a going concern.

New and amended standards and interpretations adopted by the Group

At the date of authorisation of these financial statements, the following applicable standards and interpretations became effective for annual periods since 1 January 2012.

IAS 1 Financial Statement Presentation – The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment has no impact on the Group's financial position. The amendment was effective for annual periods beginning on or after 1 July 2012.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 12 Income Taxes – This amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis of the assets. The amendment is effective for annual periods beginning on or after 1 January 2012. This amendment did not have an impact on the Group's financial position, performance or its disclosures.

IFRS 7 Financial Instruments – The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. This amendment did not have an impact on the Group's financial position, performance or its disclosures.

New and amended standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective (and in some cases had not yet been adopted by the EU) and may have a material impact on the financial statements of the Group.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities – These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments – IFRS 9 replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: (1) those measured as at fair value and (2) those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The standard also results in one impairment method replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on 1 January 2015 (still to be endorsed by the EU).

IFRS 10 Consolidated Financial Statements – IFRS 10 provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on 1 January 2013.

IFRS 12 Disclosures of Interests in Other Entities – IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on 1 January 2013.

IFRS 13 Fair Value Measurement – IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group does not consider that the definition of fair value that is applied in IFRS 13 differs in a material way from its current approach and consequently anticipates there will not be any impact from this standard on its financial position. However, IFRS 13 does expand the disclosure requirements in respect of fair value measurement. In particular, the financial statements will in the future, as well as other disclosures, contain:

- An analysis of the fair value hierarchy for investment property (as well as for financial instruments);
- Information about the sensitivity of fair value measurements to changes in unobservable estimation inputs; and
- A detailed commentary on the Group's valuations methods and procedures.

IFRS 13 becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities – These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

In addition the following improvements have been issued which are effective for annual periods beginning on or after 1 January 2013:

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 7 Financial Instruments Disclosures – The amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. This improvement did not have an impact on the Group's disclosures.

IAS 1 Presentation of Financial Statements – This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 32 Financial Instruments, Presentation – This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting – The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

The Directors anticipate that with the exception of IFRS 9 the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all special-purpose vehicles controlled by the Company (its subsidiaries). Control is achieved 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.

Segment reporting

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

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

Foreign currency translation

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

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

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

i) Assets and liabilities for each statement of financial position are presented at the closing rate at the date of that statement of financial position;

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

iii) All resulting exchange differences are recognised as a separate component of other comprehensive income.

On 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 companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

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

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.

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.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, if the fair value is considered to be reliably measurable.

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. In the opinion of the Board, inventories are held with a view to short-term sale in the ordinary course of business. They are individually carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses. Cost is the acquisition cost together with subsequent capital expenditure incurred, including capitalised interest where relevant.

Disposals

Disposals of investment property and inventories are recognised when the risks and rewards of ownership of an asset transfer to the purchaser.

Impairment

FINANCIAL ASSETS

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

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

NON-FINANCIAL ASSETS

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

Leases

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

Trade receivables

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and on hand and demand deposits with an original maturity of three months or less and other short-term, highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Deposits with lenders are excluded and not considered cash and cash equivalents.

Provisions

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

Share capital

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

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of interest rate swaps

The Group's derivative financial instruments are financial assets and liabilities at fair value through profit and loss.

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

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

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.

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 when disposal is achieved through the 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, and where the Directors determine the pre-sale to constitute the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer.

Borrowings

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

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

Expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred (on an accrual basis).

Finance income and expenses

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

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

Taxes

CURRENT INCOME TAX

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

DEFERRED INCOME TAX

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

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

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

Distributable reserves

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

Foreign currency translation reserve

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

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT, POLICIES AND OBJECTIVES

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

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

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 2013, there were no borrowings other than trade and other payables and the Group loan facilities in place. There were sufficient cash and cash equivalents to pay these as they fell due.

Market risk

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

The Group's market risk is managed by the Manager in accordance with policies and procedures in place as disclosed on page 52. The Group's overall market positions are monitored on a quarterly basis by the Board of Directors.

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

A) FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations. The Group's policy is not to enter into any currency hedging transactions. The tables on page 69 summarise the Group's exposure to foreign currency risk as at 30 June 2013 and 30 June 2012. The Group's financial assets and liabilities are included in the table, categorised by their currency at their carrying amount in US$'000. In the current economic climate management's assessment of a reasonable possible change in foreign exchange rates would be up to a 1% increase/decrease for HK$/US$, due to the HK$ being pegged to the US$, and up to a 10% increase/decrease for all other currencies.

The table on page 69 presents financial assets and liabilities denominated in foreign currencies held by the Group as at 30 June 2013 and 30 June 2012 and can be used to monitor foreign currency risk as at that date.

At 30 June 2013, if Sterling weakened/strengthened by 10% against the US Dollar with all other variables held constant, the post-tax profit for the year and movement in foreign currency translation reserve would have been US$16,700 lower/higher (2012: US$9,800 lower/higher). Any movement would have no other effect on the remaining equity components of the Group.

The HK Dollar is pegged to the US Dollar with the Hong Kong Monetary Authority pledging to keep the exchange rate within a trading band of 5 Hong Kong cents either side of HK$7.80 per dollar. If the HK Dollar weakened/strengthened by 1% against the US Dollar with all other variables held constant, the post-tax profit for the year and movement in foreign currency translation reserve would have been US$817,370 higher/lower (2012: US$605,710 higher/lower). Any movement would have no other effect on the remaining equity components of the Group.

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

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

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

A) FOREIGN EXCHANGE RISK (CONTINUED)

As at 30 June 2013	US$'000	£'000	HK$'000	Other currencies '000	Total US$'000
Trade and other receivables	-	-	71	145	216
Cash and cash equivalents	76	167	9,024	597	9,864
Deposits with lenders	-	-	4,899	-	4,899
Financial assets at fair value through profit or loss	-	-	183	-	183
Total financial assets	**76**	**167**	**14,177**	**742**	**15,162**
Trade and other payables	348	-	872	1,758	2,978
Interest-bearing loans	-	-	94,104	-	94,104
Financial liabilities at fair value through profit or loss	-	-	938	-	938
Deposits on property pre-sales	-	-	-	4,504	4,504
Performance fee payable	10,938	-	-	-	10,938
Total financial liabilities	**11,286**	**-**	**95,914**	**6,262**	**113,462**
Net financial position	**(11,210)**	**167**	**(81,737)**	**(5,520)**	**(98,300)**

As at 30 June 2012	US$'000	£'000	HK$'000	Other currencies '000	Total US$'000
Trade and other receivables	-	-	119	139	258
Cash and cash equivalents	2,657	163	32,453	804	36,077
Deposits with lenders	-	-	6,590	-	6,590
Total financial assets	2,657	163	39,162	943	42,925
Trade and other payables	471	65	251	1,322	2,109
Deposits on property pre-sales	-	-	-	4,139	4,139
Interest-bearing loans	-	-	97,050	6,265	103,315
Financial liabilities at fair value through profit or loss	-	-	2,432	-	2,432
Total financial liabilities	471	65	99,733	11,726	111,995
Net financial position	2,186	98	(60,571)	(10,783)	(69,070)

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

B) CASH FLOW AND FAIR VALUE INTEREST RATE RISK

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

Under the terms of the swap contracts, if the swap rates were to increase/decrease by 1% with all other variables held constant, this would result in the post tax profit being US$2,796,000 higher/US$2,607,000 lower (2012: US$2,081,000 higher/US$1,292,234 lower).

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 and mitigated through the use of interest rate swaps (see Note 19). The Group's overall positions and exposures are monitored on a quarterly basis by the Board of Directors.

If interest rates had been 1% higher and all other variables were held constant, the Group's profit for the year would have decreased by US$793,000 (2012: US$606,000) (based on the interest bearing net financial liability per the table below). This is mainly due to the Group's exposure to interest-bearing loans. The majority of loans are hedged, see details below.

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

As at 30 June 2013	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Trade and other receivables	-	216	216
Cash and cash equivalents	9,864	-	9,864
Deposits with lenders	4,899	-	4,899
Financial assets at fair value through profit or loss	-	183	183
Total financial assets	**14,763**	**399**	**15,162**
Trade and other payables	-	2,978	2,978
Interest-bearing loans	94,104	-	94,104
Financial liabilities at fair value through profit or loss	-	938	938
Deposits on property pre-sales	-	4,504	4,504
Performance fee payable	-	10,938	10,938
Total financial liabilities	**94,104**	**19,358**	**113,462**

As at 30 June 2012	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Trade and other receivables	-	258	258
Cash and cash equivalents	36,077	-	36,077
Deposits with lenders	6,590	-	6,590
Total financial assets	42,667	258	42,925
Trade and other payables	-	2,109	2,109
Deposits on property pre-sales	-	4,139	4,139
Interest-bearing loans	103,315	-	103,315
Financial liabilities at fair value through profit or loss	-	2,432	2,432
Total financial liabilities	103,315	8,680	111,995

The Group has entered into various interest rate swaps as disclosed in Note 19.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

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

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

Credit Rating	2013 US$'000	2012 US$'000
AA	4,432	497
AA-	3,230	2,483
A+	-	25,995
A	3,892	8,797
A-	3,158	4,615
BBB+	51	132
BBB	-	148
	14,763	42,667

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

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

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$14,763,000 (2012: US$42,667,000), deposits amounting to US$4,899,000 (2012: US$6,590,000) have been pledged to secure long-term banking facilities and are, therefore, classified as non-current assets. Pledged bank balances represent deposits pledged to the banks to secure the banking facilities granted to the Group.

The Group has term loan facilities with Hang Seng Bank, Banco Weng Hang, S.A., and Wing Lung Bank for its investments in *The Waterside*, individual units in One Central Residences, *The Green House*, and development for *The Fountainside*. 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 on the following page 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.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

As at 30 June 2013	On demand US$'000	Less than 3 months US$'000	3 to 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Total US$'000
Trade and other receivables	-	88	-	128	-	216
Cash and cash equivalents	9,864	-	-	-	-	9,864
Deposits with lenders	-	-	-	-	4,899	4,899
Financial assets at fair value through profit or loss	-	-	-	-	183	183
Total financial assets	9,864	88	-	128	5,082	15,162
Trade and other payables	-	356	506	2,116	-	2,978
Interest-bearing loans	-	-	15,454	10,424	73,220	99,098
Financial liabilities at fair value through profit or loss	-	-	-	-	938	938
Deposits on property pre-sales	-	-	4,504	-	-	4,504
Performance fee payable	-	10,938	-	-	-	10,938
Total financial liabilities	-	11,294	20,464	12,540	74,158	118,456

As at 30 June 2012	On demand US$'000	Less than 3 months US$'000	3 to 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Total US$'000
Trade and other receivables	-	120	-	138	-	258
Cash and cash equivalents	36,077	-	-	-	-	36,077
Deposits with lenders	-	-	-	-	6,590	6,590
Total financial assets	36,077	120	-	138	6,590	42,925
Trade and other payables	-	1,164	4,332	752	-	6,248
Interest-bearing loans	-	-	12,888	8,234	90,155	111,277
Deposits on property pre-sales	-	-	-	4,139	-	4,139
Financial liabilities at fair value through profit or loss	-	-	817	-	1,615	2,432
Total financial liabilities	-	1,164	18,037	13,125	91,770	124,096

The fair value of financial assets and financial liabilities equal their carrying value except for the interest bearing loans in which the fair value is lower by US$1.6 million than the carrying value (2012: no material differences between carrying value and fair value).

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value hierarchy

FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE

IFRS 7 requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

The Group's interest rate swaps have been classified within level 2 which makes use of a model with inputs that are directly or indirectly observable market data. The following table presents the value carried on the consolidated statement of financial position by level within the valuation hierarchy as at 30 June 2013:

As at 30 June 2013	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total fair value US$'000
Interest rate swaps	-	755	-	755
As at 30 June 2012				
Interest rate swaps	-	2,432	-	2,432

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 12,000,000 (2012: 800,000) Ordinary Shares at a weighted average price of 121.58p (2012: 115.46p) as per Note 11. All of the shares bought back were cancelled.

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

The Board remains committed to an active discount management policy.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

a) Fair value of the investment property, net realisable value and adjusted net asset value are based on the current market valuation provided by Savills (Macau) Limited, an independent valuer. Savills are required to make assumptions on establishing the current market valuation. The most significant assumptions (as described further in Note 6), relate to estimating costs to complete property under development, future income streams and discount rates applicable to these estimates. The valuation has been made on the assumption that the owner sells the properties in the open market without a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the properties.

b) Inventory is stated at the lower of cost and net realisable value ("NRV"). NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions. NRV in respect of inventory property under construction 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, if applicable, which are accrued throughout the year and only become due when the year end audited financial statements have been agreed and signed. Note 18 further describes the basis of the calculation of the performance fee.

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.

The Group did not make any critical accounting judgements, other than as described above, in the year ended 30 June 2013 or the year ended 30 June 2012.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

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, ACME Precision Limited and Gao Rong Holdings Limited were disposed of as part of the sale of *The Sky House*, a triplex apartment, Tower 3, One Central Residences. Please refer to Note 6 for details of the disposal. During the current year Pacific Link Properties Limited was liquidated and Manage Gain Investments Limited was struck off from the BVI companies register as the underlying property was disposed of.

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

	Ownership	Incorporation
Macau (Site 1) Limited	100%	Macau
MPOF Macau (Site 2) Limited	100%	Macau
Macau (Site 4) Limited	100%	Macau
MPOF Macau (Site 5) Limited	100%	Macau
MPOF Macau (Site 6) Limited	100%	Macau
Macau (Site 7) Limited	100%	Macau
Macau (Site 8) Limited	100%	Macau
Macau (Site 9) Limited	100%	Macau
Macau (Site 10) Limited	100%	Macau
The Waterside Company Limited	100%	Macau
Braga Companhia Limitada	100%	Macau
Portalegre Companhia Limitada	100%	Macau
The Fountainside Company Limited	100%	Macau
Castelo Branco Companhia Limitada	100%	Macau
Vila Real Companhia Limitada	100%	Macau
MPOF (Penha) Limited	100%	Guernsey
MPOF (Taipa) Limited	100%	Guernsey
MPOF (Jose) Limited	100%	Guernsey
MPOF (Sun) Limited	100%	Guernsey
MPOF (Monte) Limited	100%	Guernsey
MPOF (Paulo) Limited	100%	Guernsey
MPOF (Guia) Limited	100%	Guernsey
MPOF (Antonio) Limited	100%	Guernsey
MPOF (6A) Limited	100%	Guernsey
MPOF (6B) Limited	100%	Guernsey
MPOF (7A) Limited	100%	Guernsey
MPOF (7B) Limited	100%	Guernsey
MPOF (8A) Limited	100%	Guernsey
MPOF (8B) Limited	100%	Guernsey
MPOF (9A) Limited	100%	Guernsey
MPOF (9B) Limited	100%	Guernsey
MPOF (10A) Limited	100%	Guernsey
MPOF (10B) Limited	100%	Guernsey
MPOF Mainland Company 1 Limited	100%	Barbados
Bream Limited	100%	Guernsey
Cannonball Limited	100%	Guernsey
Civet Limited	100%	Guernsey
Aim Top Enterprises Limited	100%	BVI
Championway International Limited	100%	BVI
Gainsun Investments Limited	100%	BVI
Go Gain International Limited	100%	BVI
Gorey Hills International Limited	100%	BVI
Hillsleigh Holdings Limited	100%	BVI
Honeypot International Limited	100%	BVI
Jin Mei International Limited	100%	BVI

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

4. SUBSIDIARIES (CONTINUED)

	Ownership	Incorporation
Lucan Investments Limited	100%	BVI
Lucky Go International Limited	100%	BVI
Magic Bright International Limited	100%	BVI
Mega League Investments Limited	100%	BVI
Multi Gold International Limited	100%	BVI
Phoenixville Holdings Limited	100%	BVI
Poly Advance Management Limited	100%	BVI
Prominent Group Limited	100%	BVI
Richsville Investment Limited	100%	BVI
Right Year International Limited	100%	BVI
See Lucky Enterprises Limited	100%	BVI
Smooth Run Group Limited	100%	BVI
Swift Link Limited	100%	BVI
Talent Empire International Limited	100%	BVI
Tycoon Villa International Limited	100%	BVI
Worthy Way Limited	100%	BVI
Yield Return Limited	100%	BVI
Capital Full Limited	100%	Hong Kong
China City Properties Limited	100%	Hong Kong
China Crown Properties Limited	100%	Hong Kong
East Base Properties Limited	100%	Hong Kong
Eastway Properties Limited	100%	Hong Kong
Elite Gain Limited	100%	Hong Kong
Excelsior Properties Limited	100%	Hong Kong
Glory Properties Limited	100%	Hong Kong
Gold Century Properties Limited	100%	Hong Kong
Golden City Properties Limited	100%	Hong Kong
Goldex Properties Limited	100%	Hong Kong
Honway Properties Limited	100%	Hong Kong
Maxland Properties Limited	100%	Hong Kong
New Perfect Properties Limited	100%	Hong Kong
Newton Properties Limited	100%	Hong Kong
Orient Land Properties Limited	100%	Hong Kong
Pacific Asia Properties Limited	100%	Hong Kong
Platinum Properties Limited	100%	Hong Kong
Queensland Properties Limited	100%	Hong Kong
Sky Century Properties Limited	100%	Hong Kong
Top Century Properties Limited	100%	Hong Kong
Top Faith Properties Limited	100%	Hong Kong
Union Century Properties Limited	100%	Hong Kong
Victory Star Properties Limited	100%	Hong Kong
Weltex Properties Limited	100%	Hong Kong
Windex Properties Limited	100%	Hong Kong
World Pacific Properties Limited	100%	Hong Kong
Sailing Logistics (Zhuhai Free Trade Zone) Co. Ltd.	100%	PRC

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 of Mainland China.

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

Information about major customers

The Group does not have any customers or rental agreements which each represent more than 10% of Group revenues. Revenues represented by rental income were US$4,209,158 for the year ended 30 June 2013 (2012: US$3,146,461).

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

6. INVESTMENT PROPERTY

	2013 US$'000	2012 US$'000
At the beginning of the year	**225,008**	187,111
Additions	-	12,637
Capital expenditure on property	**8,452**	11,565
Disposals	**(19,081)**	-
Fair value adjustment	**48,465**	13,424
Gain on disposal of investment property	**3,606**	-
Exchange difference	**48**	271
Balance at end of the year	**266,498**	225,008

The Group's investment properties were revalued at 30 June 2013 by independent, professionally-qualified valuers Savills (Macau) Limited. The valuation has been carried out in accordance with the current Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition, with the assumptions that:

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

The table below shows the assumptions used in valuing the investment properties:

Property		Term Rent (incl.)	Term Yield	Reversionary Rent (excl.)	Reversionary Yield
One Central	Tower 6	HK$22.3	2.00%	HK$23.4	2.30%
		*inclusive of management fee and furnitures		*exclusive of management fee and furnitures	
Zhuhai Properties					
Phase 1	Industrial	RMB21.7	5.10%	RMB12.8	5.10%
		*inclusive of management fee and other fees		*exclusive of management fee and others	
Phase 2a	Industrial	N/A		RMB18.3	5.10%
Phase 2b	Industrial	N/A		RMB21.0	5.10%
Phase 2a	Dormitory	N/A		RMB18.5	4.00%

Zhuhai Properties		GDV per sqm	Total Construction Cost	Outstanding Development Period
Phase 2a	Industrial	RMB4,300	RMB55,220,000	0.0 yr
Phase 2b	Industrial	RMB4,946	RMB186,000,000 *own estimate	3.0 yr
Phase 2b	Dormitory	RMB5,600	RMB48,000,000	0.1 yr

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

6. INVESTMENT PROPERTY (CONTINUED)

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.

Capital expenditure on property during the year relate to fit out costs for *The Waterside* and the planning, design and development costs for *APAC Logistics Centre* and *Cove Residence*.

Rental income arising from *The Waterside* of US$4,041,133 (2012: US$2,961,920) was received during the year. Direct operating expenses of US$712,124 (2012: US$801,762) arising from *The Waterside* that generated rental income were incurred during the year. Direct operating expenses during the year arising from vacant units totalled US$45,817 (2012: US$123,757).

The *APAC Logistics Centre* located in the Zhuhai Free Trade Zone, China, received rental income of US$168,025 (2012: US$184,541) during the year. Direct operating expenses of US$91,125 (2012: US$90,846) arising from the *APAC Logistics Centre* that generated rental income were incurred during the year. Direct operating expenses during the year arising from vacant units totalled US$32,413 (2012: US$27,984).

In March 2013, the Group disposed of *The Sky House*, a triplex apartment, Tower 3, One Central Residences for a consideration of US$19.4 million (HKD$150 million). The sale generated a net profit of US$6.1 million (HK$47.1 million) over the investment in this property. Agent commission associated with the sale amounted to US$257,540 (HK$2 million). The proceeds were used to repay the outstanding loan on the property and the remaining proceeds enhanced the Group's cash position and have contributed towards additional share repurchases.

Trade and other receivables mainly consists of rent receivable. Any debtors past due have not been impaired, the effect of which is immaterial to the Company.

7. INVENTORIES

	2013 US$'000	2012 US$'000
Cost		
Balance brought forward	**64,921**	83,293
Additions	**6,171**	2,081
Disposals	**(6,339)**	(20,661)
Exchange difference	**15**	208
Balance carried forward	**64,768**	64,921
Adjustments to net realisable value		
Balance brought forward	-	(334)
Write back to net realisable value	-	334
Balance carried forward	-	-
Carrying amounts	**64,768**	64,921

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

Interest costs of US$183,000 (2012: US$57,000) relating to *The Fountainside* loan facility were capitalised during the year.

Under IFRS, inventories are valued at the lower of cost and net realisable value. The carrying amounts for inventories as at 30 June 2013 amounts to US$64,768,000 (2012: US$64,921,000). Total market value as at 30 June 2013 as determined by independent, professionally-qualified valuer, Savills (Macau) Limited, was US$186,402,000 (2012: US$149,764,000).

Three of the individual apartments in One Central Residences were sold during the year for a total consideration of US$7 million (HK$54.3 million) against a total cost of US$6.3 million (HK$49.2 million) which resulted in a net profit of US$0.7 million (HK$5.1 million) after all associated fees and transaction costs. These disposals were completed on various dates during the current year.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

8. INTEREST-BEARING LOANS

	2013 US$'000	2012 US$'000
Bank loans – secured		
- Current portion	**13,142**	4,651
- Non-current portion	**80,962**	98,664
	94,104	103,315

The Group has a term loan facility with Hang Seng Bank for *The Waterside* and the individual One Central Residences units. The loan facility has two tranches. The interest rate applicable to tranche 1 of the term 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, whereas the interest rate applicable to tranche 2 is 3.25% 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, which was 25 November 2010 for tranche 1 and 16 June 2012 for tranche 2, with 70% (tranche 1) and 60% (tranche 2) of the principal due upon maturity of the loan in November 2015. As at 30 June 2013, 25% of the principal has been repaid for tranche 1, with 5% to be repaid in May 2015 and 21% of the principal of tranche 2 has been repaid, 4% is due to be repaid in November 2014 and 15% to be repaid in May 2015. The loan-to-value covenant is 60%. The facility is secured by means of a first registered legal mortgage over *The Waterside* and the individual residential units owned by the Group at One Central Residences as well as a pledge of all income from the units. The Group 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. During the current year, the Group has used the sales proceeds from the disposal of three individual units at the One Central Residences, to repay part of the facility.

As at 30 June 2013, tranche 1 has an outstanding balance of US$60.6 million (HK$470 million) (2012: US$61.7 million (HK$479 million)); while tranche 2 has an outstanding balance of US$20.3 million (HK$158 million) (2012: US$25.8 million (HK$200 million)). Interest is paid quarterly on this loan facility. As at 30 June 2013, the loan-to-value ratio for the Hang Seng One Central facility was 32.06%. Subsequent to year end, the facility has been restructured. Please refer to Note 24 for details on the terms.

The Group has a credit facility with Banco Weng Hang S.A. to finance *The Fountainside* redevelopment which was secured by a first legal mortgage over the property as well as a pledge of all income from The *Fountainside* units. The facility is for up to HK$59 million until 20 September 2013, with interest charged at 3% per annum over the three-month HIBOR rate.

As at 30 June 2013, a drawdown of US$7.2 million (HK$56 million) (2012: US$3.6 million (HK$28.2 million)) on the facility had been made. The loan-to-value covenant is 60%. This facility is non-recourse to the Group. As at 30 June 2013, proceeds of US$2.7 million (2012: US$4.1 million) received from the pre-sale of *The Fountainside* units were pledged with the lender. Interest is paid monthly on this loan facility. As at 30 June 2013, the loan-to-value ratio for this facility was 11.08%. Subsequent to year end, the facility has been restructured. Please refer to Note 24 for details on the terms.

On 29 June 2012 the Group arranged a two year term loan facility with Wing Lung Bank to refinance the purchase of *The Green House*. As at 30 June 2013, the facility had an outstanding balance of US$6 million (HK$46 million) (2012: US$6 million (HK$46 million)).

The interest rate applicable to the Wing Lung Bank loan facility is 3.5% per annum over the three-month HIBOR rate. This facility is secured by a first legal mortgage over the property as well as a pledge of all income from the property. The facility is for up to HK$46 million. The loan-to-value covenant is 55%. The Group is the guarantor for this term loan. Interest is paid quarterly on this loan facility. As at 30 June 2013, the loan-to-value ratio for this facility was 36.8%.

The Group repaid in full the three year term loan facility with Banco Tai Fung in March 2013 when *The Sky House*, a triplex apartment, Tower 3, One Central Residence, was disposed of as disclosed in Note 6.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

8. INTEREST-BEARING LOANS (CONTINUED)

Amortised loan arrangement fees for the year are disclosed in Note 13.

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing loans is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity. As at 30 June 2013, the fair value of the financial liabilities was US$1.6 million lower than the carrying value of the financial liabilities (2012: no material difference between amortised cost and fair value).

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$942).

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

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

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

No accrual has been made for Hong Kong profits tax as the Board believe that no such tax exposure exists at the end of the reporting year (2012: US$ nil).

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

The Macanese SPVs are liable to Macau Property Tax in respect of their ownership of Macau properties. Taxation will be charged at the higher of 10% (2012: 10%) of any rent received or 6% (2012: 6%) 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 Macanese tax 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 and the Board's intention as to the manner of disposal of investment property, the Board does not believe that any provision for deferred tax is required.

10. TRADE AND OTHER PAYABLES

	2013 US$'000	2012 US$'000
Accruals	**355**	288
Other Payables	**2,623**	1,821
	2,978	2,109

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

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

11. SHARE CAPITAL

Ordinary Shares

	2013 US$'000	2012 US$'000
Authorised:		
300 million Ordinary Shares of US$0.01 each	**3,000**	3,000
Issued and fully paid:		
90 million (2012: 102 million) Ordinary Shares of US$0.01 each	**900**	1,020

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

Ordinary Shares repurchases

During the year, under the authority first granted in the Extraordinary General Meeting of 28 June 2010 and renewed at the Annual General Meetings held on 3 November 2010, 4 November 2011, and 8 November 2012, the Company repurchased 12,000,000 (2012: 800,000) Ordinary Shares or 11.43% (2012: 0.76%) of the originally issued shares, at an average share price of 121.58p. All shares bought back under the buy-back programme were at market value and were cancelled.

The following table summarises all shares repurchased by the Company as at 30 June 2013:

	Number of shares	Repurchase Price per Share*
05 May 2011	925,000	131.00**
06 May 2011	750,000	131.00**
17 May 2011	525,000	133.21**
Sub-total	**2,200,000**	**131.53**
08 July 2011	300,000	135.33**
22 May 2012	100,000	103.00
28 May 2012	50,000	103.00
06 June 2012	150,000	103.00
12 June 2012	65,000	103.00
29 June 2012	135,000	105.00
Sub-total	**800,000**	**115.46**
12 July 2012	2,000,000	100.00
07 August 2012	47,300	105.50
10 August 2012	22,950	105.50
03 December 2012	4,404,483	110.50
04 December 2012	595,517	112.00
14 December 2012	25,000	111.00
21 December 2012	125,000	117.00
28 March 2013	1,000,000	140.00
09 April 2013	2,000,000	142.00
10 April 2013	1,250,000	144.00
11 April 2013	529,750	145.00
Sub-total	**12,000,000**	**121.58**
Total/Average	**15,000,000**	**122.72**

* Price in pence Sterling.

** Price in pence Sterling and prior to the distribution of US$17.9 million to shareholders on 12 July 2011 equating to 10.76 pence per share.

After the year end a further 1,500,000 shares were repurchased at an average price of 168.5p and cancelled.

The Board has publicly stated its commitment to undertake share buy-backs at attractive levels of discount of the share price to NAV. In order to continue this strategy, the Board convened an Extraordinary General Meeting of the shareholders on 19 September 2013 to renew its authority to make share buy-backs and the Board intends to renew this authority at the 2013 Annual General Meeting.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

12. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses	2013 US$'000	2012 US$'000
Legal and professional	429	496
Holding Company administration	298	269
Guernsey SPV administration	149	134
British Virgin Islands, Hong Kong, & Macanese SPV administration	101	101
Insurance costs	18	23
Listing fees	7	14
Printing & postage	41	21
Other operating expenses	424	331
	1,467	1,389

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

13. OTHER FINANCING COSTS

Finance costs	2013 US$'000	2012 US$'000
Bank charges	81	10
Loan arrangement fees	241	206
	322	216

As at 30 June 2013, unamortised loan arrangement fees was US$563,000 (2012: US$804,000).

14. PROPERTY OPERATING EXPENSES

Property operating expenses	2013 US$'000	2012 US$'000
Property management fee	673	800
Property taxes	139	133
Utilities	35	9
Other property expenses	293	242
	1,140	1,184

15. CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities	2013 US$'000	2012 US$'000 (restated*)
Profit for the year	34,150	6,025
Adjustments for:		
Net (gain)/loss on valuation of interest rate swap	(1,677)	1,841
Net gain from fair value adjustment on investment property	(48,465)	(13,424)
Fair value gain on disposal of investment property	(3,606)	-
Write back of inventories to net realisable value	-	(334)
Net finance costs	3,640	2,570
Operating cash flows before movements in working capital	(15,958)	(3,322)
Effect of foreign exchange rate changes	515	528
Movement in receivables	21	(4)
Movement in payables	12,209	(2,691)
Movement in inventories	153	18,372
Net change in working capital	12,383	15,677
Net cash (used in)/from in operating activities	(3,060)	12,883

* During the year, investment properties were reclassified as investing activities and removed from operating activities in the Consolidated Statement of Cash Flows. The total amount of US$24,473,000 was reclassed in order to bring the statement in line with the current standard IAS 7 - Statement of Cash Flows.

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. Interest received in cash for the year was US$39,000 (2012: US$53,000).

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

16. BASIC AND DILUTED PROFIT PER ORDINARY SHARE AND NET ASSET VALUE PER SHARE

The basic and diluted profit per equivalent Ordinary Share is based on the profit attributable to equity-holders for the year of US$34,150,000 (2012: US$6,025,000) and on the 95,929,418 (2012: 102,477,992) weighted average number of Ordinary Shares in issue during the year.

	30 JUNE 2013		
	Profit Attributable US$'000	Weight Average no. of Shares '000s	EPS US$
Basic and diluted	34,150	95,929	0.3560

	30 JUNE 2012		
	Profit Attributable US$'000	Weight Average no. of Shares '000s	EPS US$
Basic and diluted	6,025	102,478	0.0588

Net asset value reconciliation	2013 US$'000	2012 US$'000
Net assets attributable to ordinary shareholders	233,698	221,811
Uplift of inventories held at cost to market value	121,634	84,844
Adjusted Net Asset Value	355,332	306,655
Number of Ordinary Shares Outstanding ('000)	90,000	102,000
NAV per share (IFRS) (US$)	2.60	2.17
Adjusted NAV per share (US$)	3.95	3.01
Adjusted NAV per share (£)*	2.60	1.91

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

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

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

There are no potentially dilutive shares in issue.

* US$:GBP rates as at 2013 year end 1.5211 (2012: 1.5759).

17. RELATED PARTY TRANSACTIONS

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

	2013 US$'000	2012 US$'000
Directors' fees	242	243

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 18. Director's fees outstanding as at 30 June 2013 was US$56,663 (2012: US$65,476).

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

The Group has a Development Management Services Agreement with a development management company named Headland Developments Limited ("Headland"). Headland is part-owned by Thomas Ashworth and therefore constitutes a related party of the Group. Development Management Services fees capitalised in investment property and inventories during the year are detailed in Note 18.

All intercompany loans and related interest are eliminated on consolidation.

18. 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$6,301,000 (2012: US$5,700,000) with US$ nil outstanding as at 30 June 2013 (2012: US$ nil).

Performance fee

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

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

18. MATERIAL CONTRACTS (CONTINUED)

Payment of the performance fee is subject to:

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

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

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

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

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

In the year ended 30 June 2013, a performance fee of US$10,938,000 was accrued (2012: US$ nil) by the Group. No performance fee was paid during the year (2012: US$ nil). This performance fee is based on the basic performance hurdle and no super performance fee was paid or accrued.

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

Development Management Services Agreement

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

The Group also agrees to reimburse Headland for any reimbursable expenses reasonably incurred in the performance of its duties under the agreement. Headland agrees to exercise all the reasonable skill, care and diligence to be expected of a prudent and competent development manager experienced in the provision of development management services for projects of a similar size, scope, nature and complexity as the projects on which it will be engaged by the Group.

During the year, Development Management Services fees of US$702,000 (HK$5,446,000) (2012: US$379,000 (HK$2,941,000)) were capitalised in investment property and US$760,000 (HK$5,898,000) (2012: US$496,000 (HK$3,851,000)) were capitalised in inventories. As at 30 June 2013 US$386,927 (2012: US$131,038) was outstanding.

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

19. INTEREST RATE SWAPS

Standard Chartered Bank

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

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

Under these swaps, the Group 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.

The Group has placed HK$17,375,000 (US$2,240,159) (2012: HK$19,018,000 (US$2,451,420)) with Standard Chartered Bank as a pledged deposit to secure the interest rate swap facilities.

Hang Seng Bank

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

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

During the year the Group paid net interest to the bank of US$866,000 (2012: US$875,000) as shown in financing expenses on the consolidated statement of comprehensive income.

The swaps are treated as financial liabilities at fair value through profit or loss with a year end value of US$755,000 (2012: US$2,432,000). For the year ended 30 June 2013, a fair value gain of US$1,677,000 (2012: US$1,841,000 loss) arising from the interest rate swaps in aggregate has been recognised in the consolidated statement of comprehensive income.

20. 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$4.9 million (2012: US$6.6 million) have been pledged to secure long-term banking facilities and interest rate swaps and are, therefore, classified as non-current assets. There are no other significant terms and conditions associated with these pledged bank balances.

	2013 US$'000	2012 US$'000
Pledged for loan covenants	**2,659**	4,139
Pledged for interest rate swaps	**2,240**	2,451
	4,899	6,590

21. COMMITMENTS AND CONTINGENCIES

As at 30 June 2013, 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$4.6 million (2012: US$12.0 million).

22. AUDITORS' REMUNERATION

All fees payable to the auditors relate to audit services and interim review fees. During the current year, US$ nil (2012: US$4,000) was paid for tax review service fee to Ernst & Young LLP.

Audit fees were broken down as follows:

	2013 US$'000	2012 US$'000
Ernst & Young LLP Group audit	**96**	121
Non Ernst & Young LLP		
Subsidiary auditors' remuneration	**19**	30
	115	151

Notes to the Consolidated Financial Statements (CONTINUED)

YEAR ENDED 30 JUNE 2013

23. 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 2013 are as follows:

	2013 US$'000	2012 US$'000
Residential		
Within 1 year	**2,876**	2,433
After 1 year, but not more than 5 years	**76**	186
More than 5 years	**-**	-
	2,952	2,619
Commercial		
Within 1 year	**125**	203
After 1 year, but not more than 5 years	**266**	592
More than 5 years	**-**	-
	391	795
Total future rental income	**3,343**	3,414

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

24. SUBSEQUENT EVENTS

On 11 July 2013, the Group executed a Letter of Intent for the sale of the *APAC Logistics Centre* and *Cove Residence*. The agreed sales price was RMB392 million (USD$64m). Subject to the performance of a satisfactory due diligence, a Sale and Purchase agreement will be signed and sale completion will be within six months after signing. As at 30 June 2013 the value of *APAC Logistics Centre* and *Cove Residence* was US$45m as valued by Savills (Macau) Limited. The Board deemed it reasonable to adopt the Savills valuation at year end as the fair value of *APAC Logistics Centre* and *Cove Residence*, due to the inherent uncertainty surrounding the sale completion owing to the due diligence process and the final completion of the sale within six months of signing the Sale and Purchase Agreement. The Sale and Purchase Agreement was signed on 23 August 2013 and a non-refundable deposit of 10% of the agreed selling price was paid by the purchaser to the Group.

On 26 July 2013, the loan facility with Banco Weng Hang S.A. for *The Fountainside* was restructured. Loan tenor has been extended for 2 years to 20 September 2015 with a renewal fee of 0.5% of the facility amount. The facility amount has been increased to HK$100 million (US$12.9 million) with the interest rate reduced to 2.6% per annum over the three-month HIBOR rate. The bank also released HK$21 million (US$2.7 million) of the charged deposits to the Group to fund future project development costs.

On 17 September 2013, the loan facility with Hang Seng Bank for *The Waterside* and the individual One Central Residences units was restructured. The facility amount has been increased to HK$828 million (US$106.7 million). HK$750 million (US$96.7 million) of the facility represents a new tranche drawdown which will be used to fully repay the existing tranche 2 and to substantially repay tranche 1. This new tranche of HK$750 million has a loan tenor of 7 years and is subject to an interest rate of 2.25% per annum over the one, two or three-month HIBOR rate (the choice of the rate is at the Group's discretion). The principal is to be repaid in half-yearly instalments commencing two years after the drawdown date.

There were no other significant events occurring after the reporting date of the Annual Report for the year ended 30 June 2013.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Macau Property Opportunities Fund Limited is to be held at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey, on Wednesday, 6 November 2013 at 3pm for the transaction of the following business:

Ordinary Business

The Company's Accounts, the Directors' Report and the Auditor's Report for the year ended 30 June 2013 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 year ended 30 June 2013.

2. To approve the Directors' Remuneration Report for the year ended 30 June 2013.

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 Clifton, who retires as a Director of the Company, in accordance with the Company's Articles of Incorporation.

6. To re-appoint David Hinde, who retires as a Director of the Company, in accordance with the Company's Articles of Incorporation.

7. To re-appoint Thomas Ashworth, who retires as a Director of the Company pursuant to the UKLA Listing Rules, in accordance with the Company's Articles of Incorporation.

Special Business

The following resolutions will be proposed as special resolutions:

8. THAT the Company in accordance with Section 315 of The Companies (Guernsey) Law, 2008 (as amended) (the "**Law**") be approved to make market 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 9,000,000 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
20 SEPTEMBER 2013
HERITAGE HALL
LE MARCHANT STREET
ST PETER PORT, GUERNSEY

Notice of Annual General Meeting

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING:

1. A member is entitled to attend and vote at the Meeting provided that all calls due from him in respect of his shares have been paid. A member is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.

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

3. A form of proxy is enclosed with this notice. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 3pm on Monday, 4 November 2013, 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 extraordinary 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 17.5 of the Company's Articles of Incorporation, only those members entered in the Register of Members of the Company at close of business on Monday, 4 November 2013 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

7. The Register of Directors' Interests kept by the Company shall be available for inspection at the Registered Office of the Company by any member between the hours of 10.00 am and 12.00 noon on any business day for a period of 14 days before and ending 3 days after the Annual General Meeting. The Register of Directors' Interests shall be produced at the commencement of the Annual General Meeting and shall remain open and accessible during the continuance of the Annual General Meeting to any person attending such meeting.

EXPLANATORY NOTE

Directors' remuneration report – resolution 2

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

Authority to 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 8 November 2012. 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 9,000,000 shares, which is equal to 10 per cent 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.

MACAU PROPERTY OPPORTUNITIES FUND LIMITED

Directors and Company Information

DIRECTORS:
David Hinde (Chairman)
Thomas Ashworth
Alan Clifton
Tim Henderson (retired 8/11/12)
Wilfred Woo
Chris Russell

AUDIT COMMITTEE:
Alan Clifton (Chairman)
Wilfred Woo
Tim Henderson (retired 8/11/12)
Chris Russell (appointed 12/9/12)

MANAGEMENT ENGAGEMENT COMMITTEE:
David Hinde (Chairman)
Alan Clifton
Chris Russell
Wilfred Woo

NOMINATION AND REMUNERATION COMMITTEE:
Alan Clifton (Chairman)
Thomas Ashworth
Wilfred Woo
Chris Russell
David Hinde

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PROPERTY VALUERS:
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Macau

ADMINISTRATOR & COMPANY SECRETARY:
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Guernsey GY1 4HY

MACAU & HONG KONG ADMINISTRATOR:
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42-46 Gloucester Road
Hong Kong

PUBLIC RELATIONS:
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London W1W 7RT

Disclaimer:
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