

Capturing Asia's fastest growing economy



**Interim Report**

For the period ended 31 December 2007

Macau Property Opportunities Fund Limited (MPO) is a closed-end investment fund registered in Guernsey and traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

The Company's investment policy is to provide shareholders with an attractive total return through investing in property opportunities in one of the world's fastest growing and most dynamic regions – Macau and the Western Pearl River Delta of Southern China.

The Fund is managed by Sniper Capital Limited, an independent investment manager specialising in property investment opportunities in niche, undervalued and developing markets.



## Contents

Company Highlights	01
About the Fund	02
About Macau	03
Chairman's Statement	04
Manager's Report	06
Consolidated Balance Sheet (Unaudited)	20
Consolidated Income Statement (Unaudited)	21
Consolidated Statement of Changes in Equity (Unaudited)	22
Consolidated Cash Flow Statement (Unaudited)	23
Notes to the Consolidated Financial Statements (Unaudited)	24
Directors and Company Information	IBC

## Company Highlights

For the six month period ended 31 December 2007

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US\$2.60(130p)

Adjusted NAV per share

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US\$273m

Total adjusted NAV

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+17%

Uplift in adjusted NAV

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+22%

Uplift in portfolio valuations

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US\$227m

Funds committed



## About the Fund

Macau Property Opportunities Fund Limited, managed by Sniper Capital Limited, is an AIM-listed investment company focusing exclusively on property development and investment opportunities in Macau and the surrounding Pearl River Delta region of Southern China.

The Company's core strategy is to take advantage of niche and undervalued opportunities in the property sector which are clearly differentiated in terms of both location and sustainability of end-user demand. Such opportunities are geared towards growth sectors and, due to their scale, are often overlooked by larger developers and investors.

In June 2006, the Company floated on the Alternative Investment Market (AIM) of the London Stock Exchange, successfully placing 105 million new ordinary shares at 100p per share and raising £105 million (approximately US\$200 million). As at 31 December 2007, the Company had committed US\$226.7 million, or approximately 120% of the total equity raised on Admission, and remains well positioned to continue to invest in further opportunities with the potential to generate strong returns for shareholders.

### QUICK REFERENCE

Listing Date	5 June 2006
Exchange	AIM (London Stock Exchange)
Total Shares Issued	105 million
Issue Price	100p
Share Price*	105.5p
Market Capitalisation*	£110.78 million
Stock Code	MPO
Geographic Focus	Macau & Western PRD
Country of incorporation	Guernsey
No. of Key Acquisitions	Four
Total Commitment	US\$227 million
Manager	Sniper Capital Limited

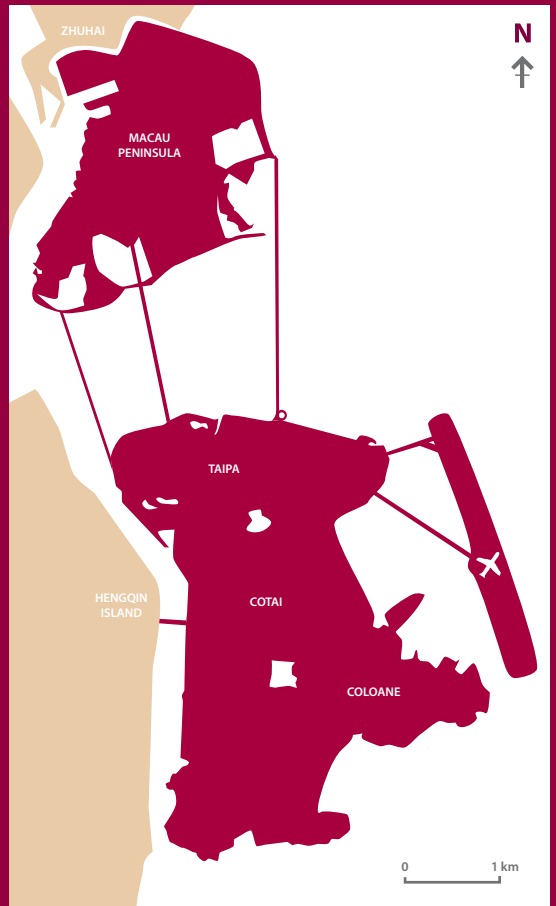
\*As at 12 February 2008



# About Macau

2007 marked the eighth anniversary of the establishment of the Macau Special Administrative Region of the People's Republic of China. Formerly a colony of Portugal, Macau is situated on the south-eastern coast of China, 60 kilometres south-west of Hong Kong and 145 kilometres south of Guangzhou, the capital of Guangdong Province. The territory comprises a peninsula and two islands with a total area of 28.6 square kilometres.

Macau is now the only city in China where gaming is legal. In early 2002, the Macau Government decided to break the gaming monopoly held for 40 years by casino mogul Stanley Ho, by awarding three new casino licences with a minimum investment requirement for each successful licensee of US\$800 million. Out of a total of 21 applicants, licences were awarded to SJM, Wynn Resorts and a Galaxy Holdings/Las Vegas Sands consortium. This has acted as a catalyst for a massive influx of new foreign investment which, by the end of 2007, had reached a total combined commitment level of over US\$37 billion. According to official statistics, there were 28 casinos, 4,375 gaming tables and 13,267 slot machines in Macau by the end of 2007.



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US\$28,800

GDP per capita

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531,400

Population

## Chairman's Statement



"In only its second full year of operation, MPO has continued to demonstrate encouraging progress in the execution of its investment strategy whilst adhering to the key disciplines which are essential to astute investment in a rapidly developing and highly competitive marketplace."

I am delighted to report on the further successful progress of Macau Property Opportunities Fund Limited in the six months ended 31 December 2007.

In only its second full year of operation, MPO has continued to demonstrate encouraging progress in the execution of its investment strategy whilst adhering to the key disciplines which are essential to astute investment in a rapidly developing and highly competitive marketplace. During the six months to 31 December 2007, further investments totalling US\$78.5 million were made by the Company, bringing the total amount invested or committed to US\$226.7 million, equivalent to approximately 120% of the total equity raised at AIM Admission.

MPO has continued to generate significant value for shareholders. During the period, the value of the Company's properties increased by US\$50.6 million or 22.1% resulting in an Adjusted NAV\* as at 31 December 2007 of US\$272.8 million, equivalent to US\$2.60 or 130.09p per share. This represents a 17.1% uplift over the corresponding Adjusted NAV per share as at 30 June 2007 and an increase of 44.4% in US dollar terms and 35.2% in sterling terms over the NAV per share on Admission to AIM. These figures reflect the high quality and strategic positioning of the Company's portfolio, as well as the positive effect of deploying additional capital.

The high degree of selectivity demonstrated in the choice of investments to date clearly illustrates our adherence to stringent and disciplined investment processes in acquiring

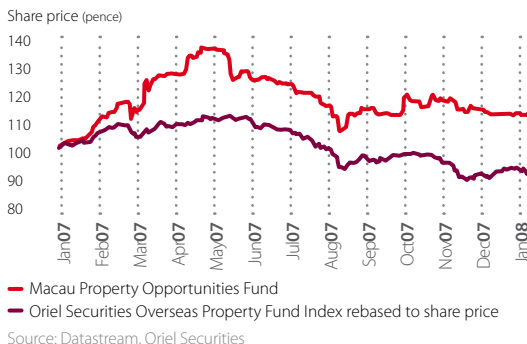


well positioned assets within targeted market segments. I am satisfied that the Board continues to receive well researched, high quality investment proposals from the Manager, Sniper Capital, which should enable the Company to pursue its investment strategy successfully.

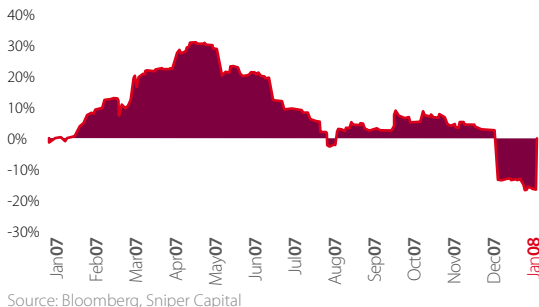
With an exciting portfolio of existing projects and a healthy pipeline of attractive sites on which negotiations are progressing, I look forward with confidence to the continued development of the Company and to creating further value for shareholders.

**David Hinde**  
 Chairman  
 Macau Property Opportunities Fund Limited

MPO share price vs. Oriol Securities OPF Index



MPO share price premium/discount to adjusted NAV



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



## Manager's Report

"We believe that the Company's strategic positioning in the premium luxury residential sector through its investment purchase in One Central Residences, along with the niche positioning and significant redevelopment potential of its other three redevelopment projects, render it well positioned to generate continuing strong returns for shareholders."

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us\$550m

Value of current pipeline

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us\$3.5bn

Total value of sites assessed

### Overview

In the six months to the end of December 2007, the Company successfully built on the foundations laid in its first full year of operation. Acquisitions have further contributed to the Company's existing portfolio of niche and strategically placed properties in key market segments, leaving it positively exposed to the remarkable on-going economic transformation of Macau.

We believe that the Company's strategic positioning in the premium luxury residential sector through its investment purchase in One Central Residences, along with the niche positioning and significant redevelopment potential of its other three redevelopment projects, render it well positioned to generate continuing strong returns for shareholders.

The investment pipeline currently being negotiated by the Company, consists of 11 sites totalling approximately US\$550 million in combined acquisition value. In selecting suitable investments for MPO, we continue to avoid sectors which we believe are susceptible to oversupply, instead focusing on the core areas which are likely to deliver the greatest value to shareholders in Macau's rapidly developing property markets. These include:

- Premium luxury residential accommodation in prime locations
- Entry-level/affordable residential accommodation
- Retail space in areas of high footfall
- Leisure/commercial facilities in strategic locations
- Hotel and serviced apartments in key locations
- Industrial/warehouse space

With negotiations continuing to advance steadily on a number of key pipeline sites, we remain confident in our ability to commit the Company's remaining cash reserves of US\$95 million efficiently and profitably within our target two year investment period.







"We continue to avoid sectors which we believe are susceptible to oversupply, instead focusing on the core areas which are likely to deliver the greatest value to shareholders."

Manager’s Report (continued)

**Current Investments**

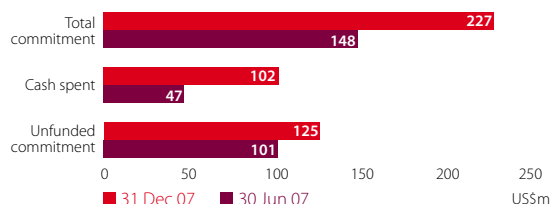
The Company continued to make steady progress in its investment strategy during the first half of this financial year. In the six months to the end of December 2007, further acquisitions amounting to US\$78.5 million were completed or secured, bringing the total amount committed to US\$226.7 million or approximately 120% of the Company’s total equity. Of these new investments, US\$26.7 million relates to a mixed-use redevelopment project (known as Property 4), comprising an acquisition price of US\$16 million and an estimated redevelopment cost of US\$10.7 million. The acquisition of Property 4 brings to a close almost two years of negotiations and successfully converts a key pipeline site which was referred to in the Company’s AIM Admission Document.

The remaining acquisitions since 30 June 2007 comprised a number of separate smaller transactions. These form part of an on-going, opportunistic strategy of acquiring well located and attractively priced smaller property assets which the Company believes offer significant capital appreciation as investment properties in their own right or through consolidation, refurbishment or redevelopment. The total amount invested to date in such properties amounts to US\$51.8 million.

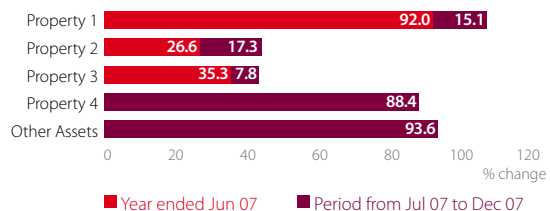
Of this amount, US\$48.3 million has been spent on acquiring 24 well located units in One Central Residences, the residential portion of the premium mixed-use One Central development, in which the Company purchased a luxury residential tower (Tower 6) in November 2006 for US\$86.6 million. These additional units, all situated on well positioned floors with superior aspects, increase the Company’s total combined gross floor area in One Central Residences by 34% to a total of approximately 200,000 square feet. This represents 12% of the total residential floor space in the development at an average acquisition cost of approximately US\$680 per square foot. This compares favourably to Savills’ most recent average valuation of US\$980 per square foot for the properties, representing an increase over total cost of 44%. For clarity, these additional units will henceforth be amalgamated with Tower 6 and jointly referred to as Property 2 of the Company’s portfolio.

The Company continues to believe in the unprecedented quality and positioning of One Central, which is due for completion in 2009. The project’s unique nature and value is further enhanced by the fact that other premium luxury residential developments currently being planned in Macau

**MPO capital allocation**



**Portfolio valuation uplift**



**Acquisition pipeline**

- Residential** 55%
- Mixed-use** 35%
- Industrial** 10%



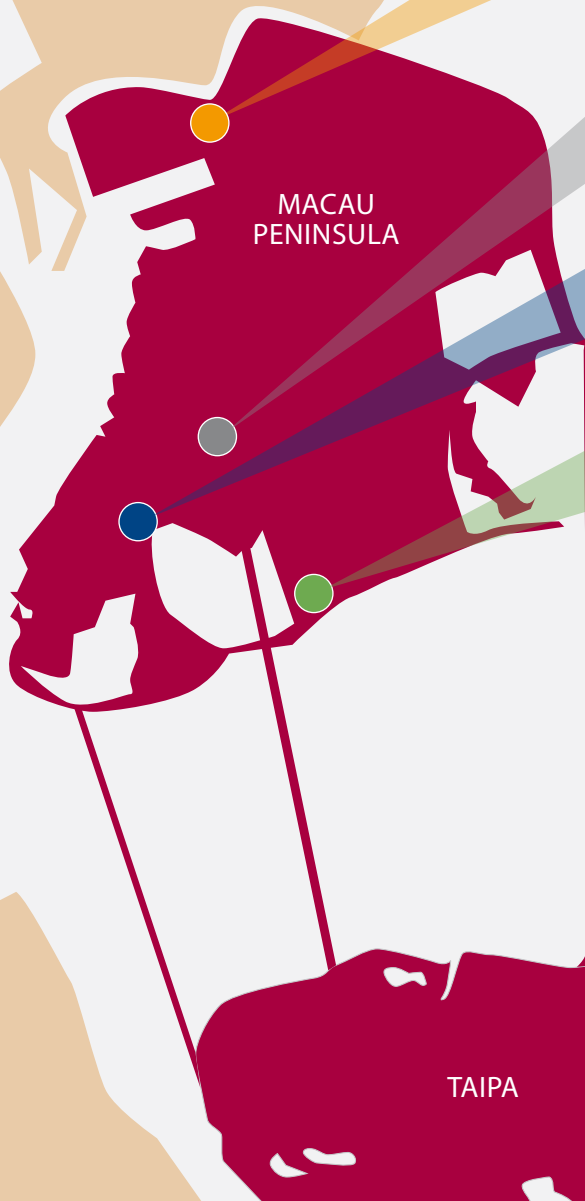
continue to experience delays in obtaining the necessary planning permission and/or construction permits. We, therefore, believe that demand for residential units in One Central will remain strong and possibly escalate further as the project nears completion and the surrounding area continues to be transformed.

The remaining US\$3.5 million invested was deployed under the smaller properties acquisitions scheme.

The Company’s other three property assets are all redevelopment sites which remain at various stages of planning or consolidation and are fully summarised in the following pages.

# Property Portfolio

To date, MPO's property commitments total US\$226.7 million in combined acquisition and projected development costs.



## Property 3

Sector: Residential (Entry-level)  
Valuation: US\$30,622,000  
Uplift (current period): +7.8%  
Uplift (since acquisition): +43.1%

## Property 4

Sector: Mixed-use  
Valuation: US\$30,109,000  
Uplift (current period): +88.4%  
Uplift (since acquisition): +88.4%

## Property 1

Sector: Residential (Luxury)  
Valuation: US\$16,784,000  
Uplift (current period): +15.1%  
Uplift (since acquisition): +107.1%

## Property 2 (One Central)

Sector: Residential (Premium luxury)  
Valuation: US\$194,945,000  
Uplift (current period): +17.3%  
Uplift (since acquisition): +43.9%

## Other Assets

Sector: Various  
Valuation: US\$6,791,000  
Uplift (current period): +93.6%  
Uplift (since acquisition): +93.6%

## Portfolio Summary

Valuation: **us\$279,251,000**  
Uplift (current period): **+22.1%**  
Uplift (since acquisition): **+51.4%**

## Manager's Report (continued)

### Property 1

Property 1 represents a 100% interest in a prime residential redevelopment project located in a popular and well established neighbourhood. The Company intends to develop Property 1 into mid-rise residential flats targeted at local middle income residents seeking to improve the quality of their existing accommodation.

The project's conceptual design comprises a courtyard style residential building laid out around an internal garden. Site investigations are now underway and the demolition of the existing structure is scheduled to commence once necessary Government approvals have been received. Completion is scheduled by the end of 2009.

The Company's current intention is to sell all of the residential units in this project either on a pre-sale basis or on completion of the project.

Acquisition Date	October 2006
Sector	Residential
Location	South Western Macau Peninsula
Current Status	Design process
Title	Freehold
Land Area	13,000 ft <sup>2</sup> /1,200 m <sup>2</sup>
Acquisition Cost	US\$8.6 million
Projected Development Cost	US\$7.1 million
Total Commitment	US\$15.7 million
Valuation Uplift Since Acquisition	107.1%
Positioning	Local middle income residents
Proposed Development	Apartment block with car parking
Estimated Completion Date	End 2009

### Property 2 (One Central)

The Company has acquired a total of 198,900 square feet of residential space in One Central Residences, the residential portion of the premium mixed-use development, One Central. This represents approximately 12% of the total 1.63 million square feet of floor area over the 7 residential towers in the project. MPO's investment comprises an entire 40 storey luxury residential tower (Tower 6) purchased in November 2006 and 24 well positioned individual units in various other towers, which were purchased as a series of individual transactions in the second half of 2007. The completion date for all the residential towers is expected during the course of 2009.

One Central is being jointly developed by two of the region's leading developers, Hongkong Land and Shun Tak Holdings. It consists of a 300,000 square foot premier shopping complex, a 210-room, 6-star Mandarin Oriental Hotel and a 50,000 square foot clubhouse and health spa for the exclusive use of residents.

Acquisition Date	November 2006
Sector	Residential
Location	Central Macau Peninsula
Current Status	Under construction
Title	Leasehold
Gross Floor Area	198,900 ft <sup>2</sup> /18,480 m <sup>2</sup>
Acquisition Cost: Tower 6	US\$86.6 million
Acquisition Cost: other units (24)	US\$48.3 million
Total Commitment	US\$134.8 million
Valuation Uplift Since Acquisition	43.9%
Positioning	Premium luxury
Proposed Development	High-rise apartment tower in prime mixed-use project
Estimated Completion Date	2009

Latest construction progress of One Central



### Property 3

Property 3 is a 100% interest in a site located in the rapidly regenerating northern part of Macau Peninsula. The Company intends to redevelop the site into affordable high-rise apartments catering to the increasing demand for entry-level accommodation from local residents.

The surrounding area is undergoing widespread redevelopment and urban renewal. Furthermore, the recent high profile sale of two nearby sites by public tender has added further impetus to the regeneration of this part of Macau. Negotiations are continuing to consolidate adjacent sites in this area before commencing with the planning process and redevelopment of the property.

Acquisition Date	November 2006
Sector	Residential
Location	Northern Macau Peninsula
Current Status	Consolidating adjacent sites
Title	Leasehold
Land Area	20,000 ft <sup>2</sup> /1,860 m <sup>2</sup>
Acquisition Cost	US\$20.6 million
Projected Development Cost	US\$25.4 million
Total Commitment	US\$46.0 million
Valuation Uplift Since Acquisition	43.1%
Positioning	Entry-level
Proposed Development	High-rise apartment block
Estimated Completion Date	End 2009

### Property 4

Property 4 was acquired in October 2007, bringing to a close almost two years of negotiations and successfully converting a key pipeline site which was referred to in the Company's AIM Admission Document.

The 10,500 square foot freehold site is located adjacent to Senado Square, one of the most popular tourist destinations on Macau Peninsula, which, due to its rich Macanese architectural legacy, forms part of the Territory's World Heritage district. The area's increasing local and tourist pedestrian traffic has resulted in strong demand for retail outlets in the vicinity, driving retail property prices and rents to amongst the highest in Macau.

In order to capitalise on the excellent location of Property 4, a mixed-use redevelopment is proposed incorporating prime retail and entertainment facilities.

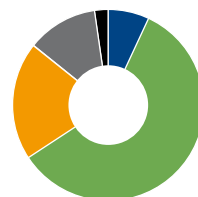
Acquisition Date	October 2007
Sector	Mixed-use
Location	Macau Peninsula
Current Status	Planning
Title	Freehold
Land Area	10,500 ft <sup>2</sup> /975 m <sup>2</sup>
Acquisition Cost	US\$16.0 million
Projected Development Cost	US\$10.7 million
Total Commitment	US\$26.7 million
Valuation Uplift Since Acquisition	88.4%
Positioning	Retail/Tourism
Proposed Development	Six storey retail & entertainment complex
Estimated Completion Date	End 2010

### Other Assets

Various additional properties have been purchased by MPO as part of the on-going strategy of acquiring well located and attractively priced smaller property assets which the Company believes offer the prospect of significant capital appreciation as investment properties in their own right or through consolidation, refurbishment or redevelopment. The total amount invested to date in such properties now amounts to US\$3.5 million.

#### Portfolio composition (based on fully developed costs)

Property 1	US\$15.7m
Property 2	US\$134.8m
Property 3	US\$46.0m
Property 4	US\$26.7m
Other Assets	US\$3.5m



## Manager's Report (continued)

### Property Market

Macau's property market continues to be driven by the spectacular transformation currently underway in the Territory's gaming industry. Substantial investment in new casino-related projects is continuing to have a significant and far reaching impact on all segments of the domestic property market, both from demand and supply side perspectives.

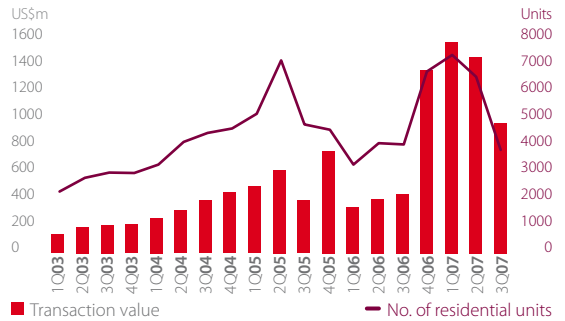
Demand from end-users, investors and developers for quality residential properties has continually outpaced supply across all areas of Macau. For most of 2007, this resulted in consistent price appreciation which has been further boosted by booming regional stock markets and negative real mortgage rates. Meanwhile, the sub-prime mortgage crisis in the US, which has dampened many markets around the world, has so far had limited impact on lending or local market sentiment in Macau.

Sales activity was brisk during the first three quarters of 2007, with 11,274 real estate sales and purchase contracts being executed with a total value of US\$1.511 billion, up by 14% and 42% respectively year-on-year. Despite this rapid growth in sales activity, the shortage of quality developments on the horizon, combined with planning delays for a number of larger residential projects, continued to drive prices higher, particularly at the top end of the market, with overall prices reportedly increasing by 30% and more during the year.

We believe that upward pressure on both prices and rentals is unlikely to abate in the coming year for a number of reasons, both demographic and economic:

- High levels of population influx: Immigrant workers exceeded 85,000 in 2007, representing a 25+% year-on-year growth rate, against a 5% growth in the overall population of Macau
- Rising household incomes as new casinos continue to vie for employees in a tight labour market
- Rapid household formation as local inhabitants capitalise on their new-found disposable incomes
- Limited supply of quality projects across Macau
- Increasing Government incentives to local home buyers

### Residential property transaction



Source: DSEC

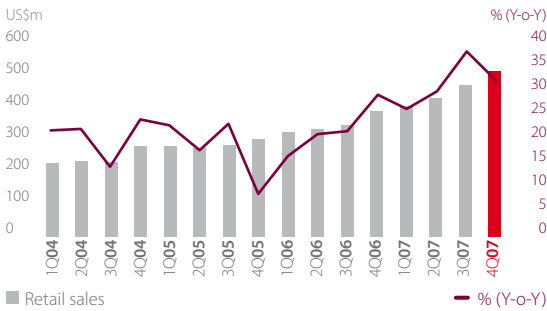
# us\$1.67bn

Retail sales value 2007 (estimated)

In December, as part of the Government's move towards greater transparency in the land disposal process, two plots of land in north west Macau Peninsula were offered for sale by public tender, the first to be sold in this way since the handover from Portugal in 1999. The tender closed in January 2008 and the sites, zoned for residential development, sold for about nine times the opening bid. The sites in question are located near to the Company's Property 3, which we expect to benefit from valuation uplift if these tender results have a general market impact on the prices of neighbouring properties.

The Government has also moved to appease local disquiet over escalating property prices and rising costs of living for lower income earners. Various measures were announced recently, including the reduction of estate tax, waiving of stamp duty for first-time home buyers of properties valued below US\$385,000, and low income mortgage interest relief measures. This is not only positive for the domestic residential property market overall, but also for MPO's "entry-level" projects.

**Retail sales**



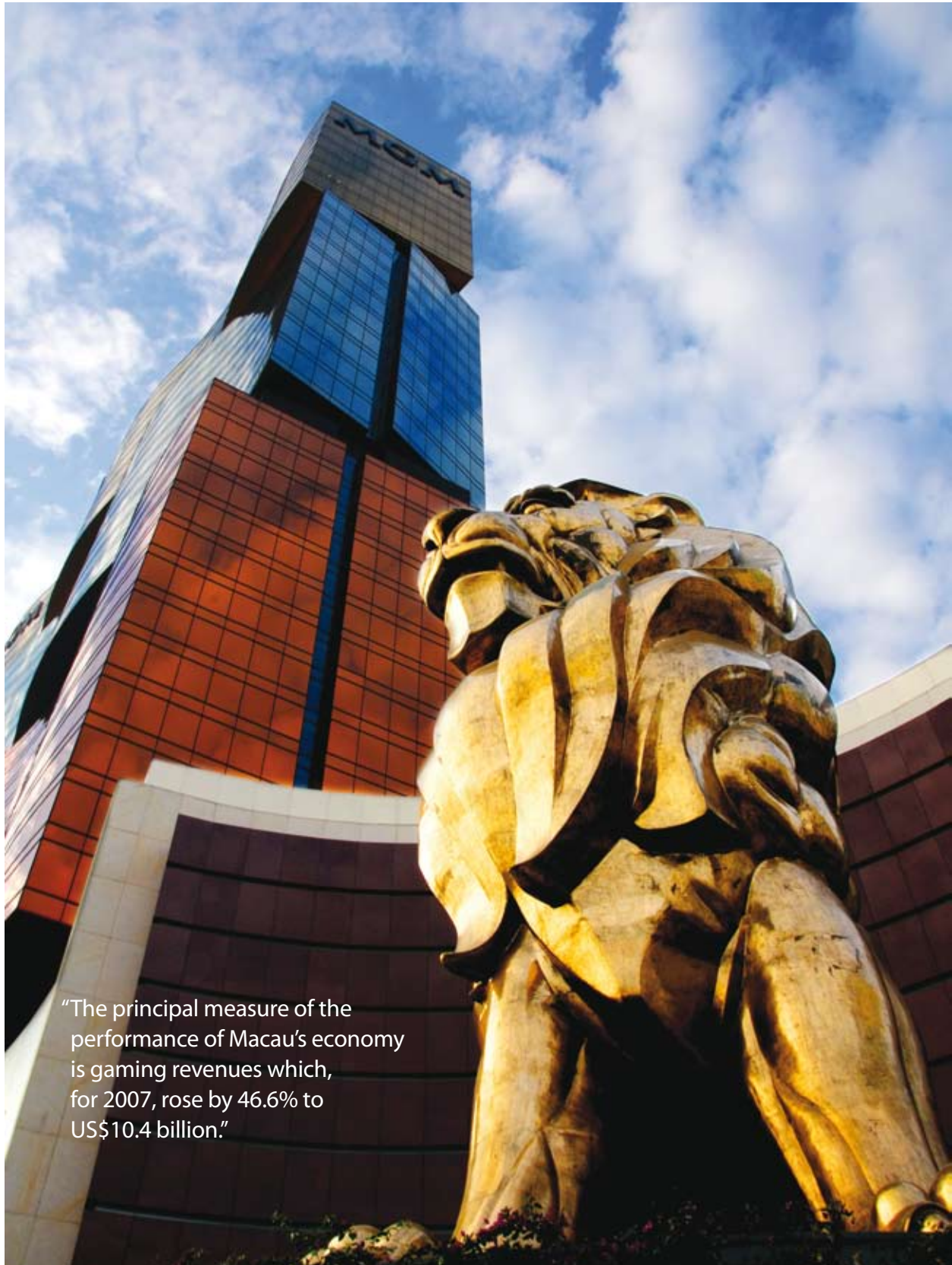
Source: DSEC

**Retail**

Supply of high quality casino retail space has grown rapidly in the last 12 months, driven largely by the opening of the 1.2 million square foot Venetian Macao retail shopping facilities on the Cotai Strip in August 2007. By comparison, local and tourist retail space has seen no significant new additions during the year due to the very limited availability of appropriate sites. Cumulative retail sales grew very strongly during the year, reaching US\$1.25 billion in the first three quarters of 2007. This strong performance, combined with the shortage of quality retail premises outside the casino/hotel locations, has driven up demand for prime retail properties which has, in turn, had an upward impact on values and rents across most of Macau.

Against this positive backdrop, however, it should be noted that a significant number of new casino/hotel and retail properties are due to be completed over the next two to three years. In the near term, this scale of development is likely to dampen overall growth rates in the retail property market until the new supply is fully absorbed. Over the longer term, however, we believe that these developments will bode well for values and rents across the prime retail property sector by ensuring Macau's place as a major Asian retail destination offering the entire complement of international and luxury brand names.





"The principal measure of the performance of Macau's economy is gaming revenues which, for 2007, rose by 46.6% to US\$10.4 billion."



## Manager's Report (continued)

### Gaming

The principal measure of the performance of Macau's economy is gaming revenues which, for 2007, rose by 46.6% to US\$10.4 billion. Concerns have been voiced in some quarters relating to the relative performance of individual casino operators, particularly with respect to VIP market share. However, the clear consensus is that growth in gaming revenues as a whole will continue to be strong into the foreseeable future.

In December 2007, Macau witnessed the high profile launch of MGM Grand Macau, US-listed MGM Mirage's first project in Asia. All six gaming concessions in Macau are now finally in operation. SJM, owned by local casino tycoon Stanley Ho, has announced it will be building a new hotel on the site of its original flagship and Macau's oldest casino, the Lisboa Hotel. Redevelopment is expected to begin following the full opening of the neighbouring Grand Lisboa Hotel in 2008.

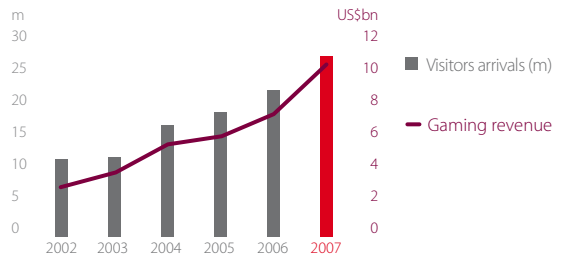
In the future, the Cotai Strip is likely to emerge as the Territory's integrated business, leisure and gaming destination with upscale casino-resort-hotels increasingly dominating the landscape. The Four Seasons and Shangri-La hotels are due to open in 2008 followed by Galaxy's "Mega Resort", Melco/PBL's "City of Dreams" and "Macau Studio City" backed by eSun Holdings. MGM Grand Macau has recently announced that it has secured funding for its expansion onto the Cotai Strip. Further announcements are expected in the months ahead.

### Milestone opening of new hotels/casinos

(from Jun-Dec 07 and forecast openings)

Aug 07	Grand opening of Venetian Macao-Resort-Hotel
Sep 07	Harrah's Entertainment Inc. acquire Oriental golf course on Cotai
Dec 07	Opening of Wynn Macau Phase II
Dec 07	Launch of MGM Grand Macau
Early 08	Opening of Ponte 16
Mid 08	Four Seasons and Shangri-La hotels are expected to open

### Gaming revenue vs. visitor arrivals



Source: DICJ

### Tourism & MICE

Macau's tourism industry continues to expand and flourish as it increasingly repositions itself as an international destination with growing numbers of Meeting, Incentive, Convention and Exhibition (MICE) events and Las Vegas-style attractions. Visitor numbers in 2007 rose by 22.8% over the previous year to over 27 million, setting new records for the city.

By the fourth quarter of 2007, the total number of guest rooms available in the hotel sector had increased by 3,321 year-on-year to 15,740 (+26.7%). In October, a total of 490,271 guests checked into hotels and similar establishments, representing a year-on-year growth of 18.9%. With the attraction of several major MICE events held in that month, the average hotel occupancy rate soared by 5.7% to 79.3%, with 3-star hotels leading at 82.4%. In addition, the important measure of average length of stay of hotel guests extended substantially by 0.43 nights to 1.62. The majority of guests came from Mainland China (46.3%) and Hong Kong (27.9%). The total number of hotel guests in the first ten months of 2007 was 4,706,089, up 25.3% over the same period of 2006.

## Manager's Report (continued)

### Government Policy

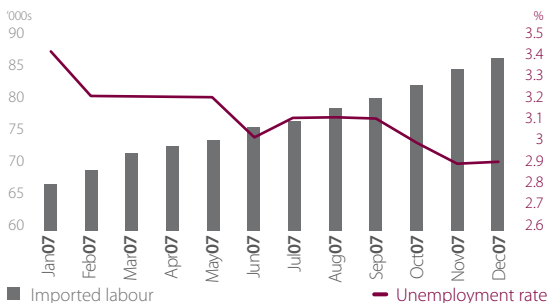
In his eighth policy address delivered in November, Macanese Chief Executive Edmund Ho reiterated the Government's continued commitment to developing the gaming and tourism industries, whilst also maintaining the fight against corruption and crime. In addition, he outlined several new policies designed to improve the city's political and socio-economic fabric. Amongst them was the construction of subsidised housing and other support measures for lower income earners, including mortgage interest relief and the abolition of stamp duty for first-time home buyers. The move towards greater Government transparency was also demonstrated by the announcement of the tender of two plots of land at the end of the year.

### Infrastructure

On-going rapid property development and the growth in visitor numbers continue to place considerable pressure on the Territory's transport infrastructure. In order to cope with these pressures, the Government has instigated a number of initiatives:

- Lotus Bridge – now completed, connecting Macau's Cotai Strip and Zhuhai for road traffic. Soon to open for 24 hour operation for passenger and cargo traffic
- Hong Kong-Zhuhai-Macau Bridge (planned) – a 35km bridge connecting the three cities and linking up the East and West Pearl River Delta for passenger and cargo traffic
- Light Rail System – studies have been finalised and optimal routes chosen for this high speed passenger system running through Macau and Taipa. Construction due to commence in 2008 with completion planned by end 2011

### Imported labour vs. unemployment rate



Source: DSEC

- Taxi licences – additional taxi licences were issued to help alleviate taxi queues and increase use of public transport
- Second ferry pier in Taipa – temporary second pier opened in 2007 with the full size permanent terminal due to be completed in 2009. Cotaijet ferry service connecting Macau with Hong Kong Airport, Hong Kong Central, Shenzhen Airport and other Pearl River Delta cities is now resumed.

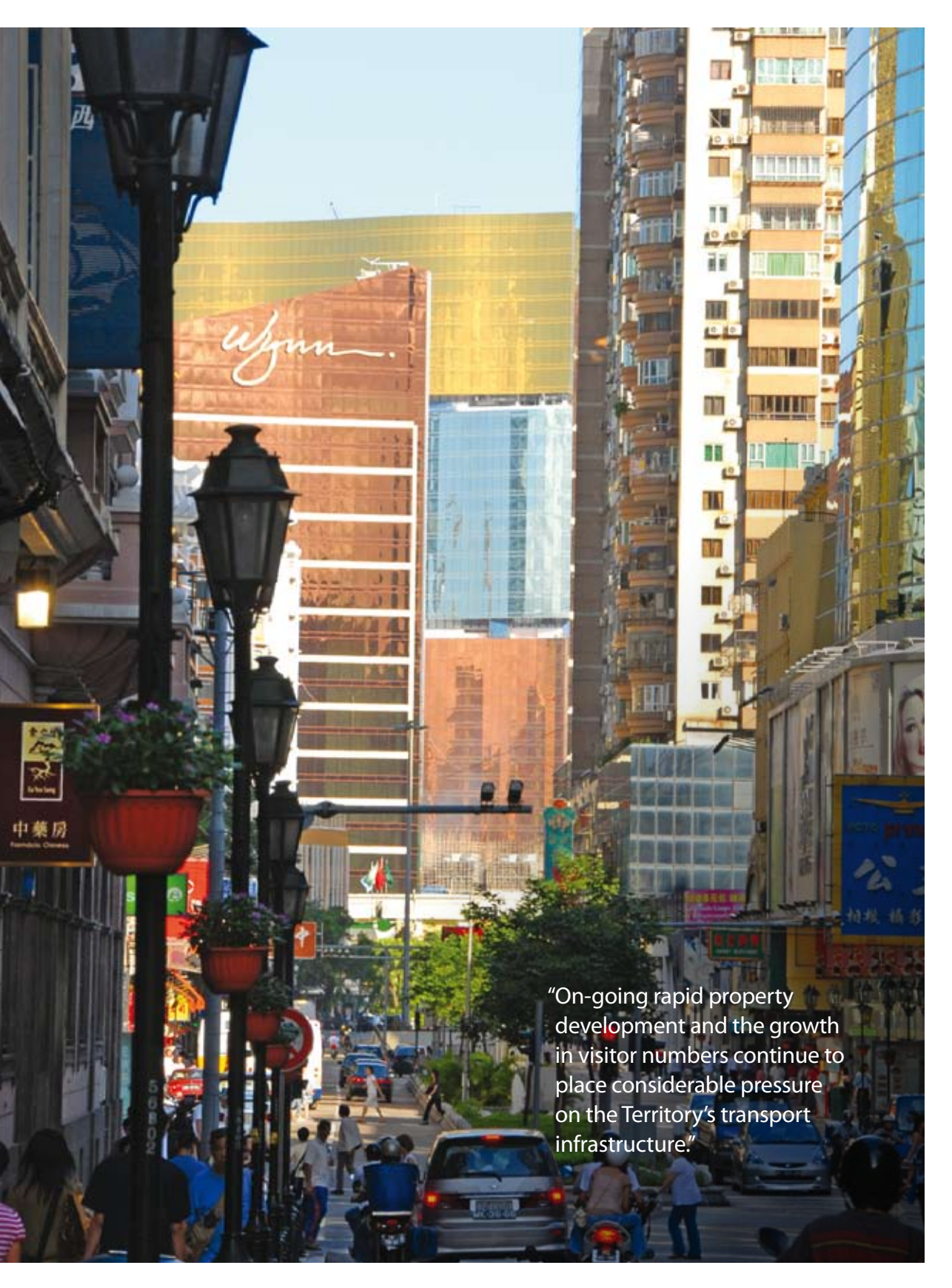
### Economy

Macau's rapid economic growth continues to be accompanied by a surge of foreign investment. Government statistics indicate that gross fixed capital formation grew by 38.3% year-on-year, helping to drive GDP growth to 30.9% in the third quarter of 2007. This has placed the local labour market under significant pressure with unemployment falling to 3.1%, pushing wage inflation to over 20%. Gaming revenues, one of the principal drivers of Macau's GDP, continue to grow exponentially exceeding US\$10 billion in 2007, a rise of 46.6% on the previous year. Visitor numbers also set new records, hitting 27 million in 2007, up 22.8% year-on-year. Infrastructure pressure from the continued development of casinos and resorts is also reflected in consumption of electricity which, in the third quarter, registered the largest growth among all energy, up by 25.9% from the previous quarter and 30% year-on-year.

### Key Economic Statistics

	2007	Figure	YoY%
Unemployment rate	FY	3.1%	-0.7%
CPI	FY	114.46	+5.6%
Visitor arrivals	FY	27 m	+22.8%
Gaming revenues	FY	US\$10.4 bn	+46.6%
Retail sales value (est.)	FY	US\$1.67 bn	+30%
Median monthly income	Q3	US\$983	+15.5%
Real GDP	Q3	US\$4.79 bn	+30.9%

Source: DSEC



“On-going rapid property development and the growth in visitor numbers continue to place considerable pressure on the Territory’s transport infrastructure.”

## Manager's Report (continued)

## Financial Review

During the second half of 2007, the Company committed a further US\$78.5 million on property acquisitions and as at 31 December 2007 had a total commitment, including estimated redevelopment costs, of US\$226.7 million, representing approximately 120% of equity raised.

In accordance with International Financial Reporting Standards (IFRS) and the Company's valuation policy, all properties have been valued by Savills (Macau) Limited as at 31 December 2007 and included in the financial statements at the lower of cost and net realisable value. This results in a reported NAV per share of US\$1.69.

The open market valuation of MPO's interests in these properties, as reported by Savills and as detailed in the Portfolio Summary of this report, was US\$279.3 million. This is an uplift in the portfolio valuations during the period under review of US\$50.6 million (which represents a 22.1% increase) and of US\$94.8 million over the cost of the properties (equivalent to a 51.4% increase since acquisition). The Company's Adjusted NAV per share has exceeded the basic performance hurdle of 10%,

the super performance hurdle of 25% (both calculated on a compounding basis) and the high watermark resulting in an Adjusted NAV per share after accruing for performance fees of US\$2.60 or 130.09p per share. This represents a respective 17.2% and 17.4% increase from 30 June 2007 and a respective 44.3% and 35.2% increase from the NAV per share on admission to AIM.

As at 31 December 2007, MPO's total assets stood at US\$198.2 million, made up of US\$102.9 million of development properties and cash of US\$95.1 million. If development properties were included in the Balance Sheet at open market value, as reported by Savills and as used for the Adjusted NAV, total assets would be US\$374.6 million. Total liabilities of the Company as at 31 December 2007 were US\$10.6 million comprising mainly payments due for acquired properties and fees accruals.

In line with MPO's stated objective of delivering an attractive total return primarily from capital appreciation, payment of a dividend is not recommended.

### Cash Management

As at 31 December 2007, the Company had a cash balance equivalent of US\$95.1 million. Cash balances are held in both US\$ and HK\$ fixed deposits and in savings and current accounts with international banks located in Guernsey, Hong Kong and Macau. The majority of the cash balances are held with a United Kingdom bank which holds an Aaa rating from Moody's.

Unaudited results are summarised below:

	31 Dec 2007		30 Jun 2007	
	US\$	£ <sup>1</sup>	US\$	£ <sup>1</sup>
NAV	\$177.92m	£89.08m	\$188.24m	£94.08m
Adjusted NAV <sup>2</sup>	\$272.81m	£136.59m	\$232.81m	£116.34m
NAV per share	\$1.69	84.84p	\$1.79	89.60p
<b>Adjusted NAV per share<sup>2</sup></b>	<b>\$2.60</b>	<b>130.09p</b>	<b>\$2.22</b>	<b>110.80p</b>
Uplift in Adjusted NAV				
Since Admission <sup>3</sup>	44.34%	35.21%	23.17%	15.16%
Since 30 June 2007	17.19%	17.41%	n/a	n/a

<sup>1</sup> Based on US\$/£ exchange rate of 1.997 at 31 Dec 2007 and 2.001 at 30 Jun 2007

<sup>2</sup> Adjusted Net Asset Value is shown after accruing for the performance fee

<sup>3</sup> Based on NAV per share at Admission on 5 June 2006 of US\$1.80 (96.21 pence)

### Outlook

Over the period, MPO has consolidated its position as one of the leading investors in the Macau property market. As the Macanese economy continues to grow dynamically, the period ahead will see the Company focusing on committing all remaining funds to the acquisition of further attractive pipeline assets as well as progressing current development projects.

Our priorities for the coming half-year are as follows:

- commit all remaining capital
- progress design and approvals of development projects
- secure competitive bank financing for existing projects
- continue to widen MPO investor base with an emphasis on retail participation
- expansion of media coverage to a wider investor audience

We believe that the Company's current portfolio of strategically located, niche properties in clearly differentiated market segments is well positioned to benefit from the continuing expansion and transformation being experienced in the Macau market.

Tom Ashworth/Martin Tacon

Principals

Sniper Capital Limited



## Consolidated Balance Sheet (Unaudited)

As at 31 December 2007

	Note	31 Dec 07 US\$'000	31 Dec 06 US\$'000	30 Jun 07 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
		–	–	–
		–	–	–
<b>Current assets</b>				
Inventories	3	102,894	56,376	56,084
Trade and other receivables		179	575	458
Prepayments		22	30	54
Cash and cash equivalents		95,106	148,706	144,297
		198,201	205,687	200,893
<b>Total assets</b>		<b>198,201</b>	<b>205,687</b>	<b>200,893</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital		1,050	1,050	1,050
Distributable reserve		187,960	187,960	187,960
Retained earnings/(accumulated losses)		(10,723)	2,584	(524)
Foreign exchange on consolidation		(365)	–	(247)
<b>Total equity</b>		<b>177,922</b>	<b>191,594</b>	<b>188,239</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		20,279	14,093	12,654
<b>Total liabilities</b>		<b>20,279</b>	<b>14,093</b>	<b>12,654</b>
<b>Total equity and liabilities</b>		<b>198,201</b>	<b>205,687</b>	<b>200,893</b>

The financial statements were approved by the Board of Directors and authorised for issue on 14 February 2008.

## Consolidated Income Statement (Unaudited)

For the period from 1 July 2007 to 31 December 2007

	Note	1 Jul 07- 31 Dec 07 US\$'000	18 May 06- 31 Dec 06 US\$'000	18 May 06- 30 Jun 07 US\$'000
<b>Revenue</b>				
Bank and other interest		2,901	5,290	8,876
Gains on foreign currency exchange		–	41	18
		<b>2,901</b>	<b>5,331</b>	<b>8,894</b>
<b>Expenses</b>				
Management fee		2,313	2,142	4,319
Performance fee		9,663	–	3,807
Non-Executive Directors' fees		126	139	338
Auditors' remuneration		29	11	52
General and administration expenses		588	455	902
Losses on foreign currency exchange		381	–	–
		<b>(13,100)</b>	<b>(2,747)</b>	<b>(9,418)</b>
<b>Net profit/(loss) for the period</b>		<b>(10,199)</b>	<b>2,584</b>	<b>(524)</b>
<b>Attributable to:</b>				
Equity holders of the Company		(10,199)	2,584	(524)
		<b>(10,199)</b>	<b>2,584</b>	<b>(524)</b>
<b>Basic and diluted earnings/(losses) per share for profit/(loss) attributable to the equity holders of the Company during the period</b>				
	5	(0.0971)	0.0246	(0.0050)

## Consolidated Statement of Changes in Equity (Unaudited)

For the period from 1 July 2007 to 31 December 2007

	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	Distributable reserve US\$'000	Foreign exchange on consolidation US\$'000	Total US\$'000
Balance at 1 July 2007	1,050	–	(524)	187,960	(247)	188,239
Foreign exchange on consolidation	–	–	–	–	(118)	(118)
Net loss for the period	–	–	(10,199)	–	–	(10,199)
<b>Balance carried forward at 31 December 2007</b>	<b>1,050</b>	<b>–</b>	<b>(10,723)</b>	<b>187,960</b>	<b>(365)</b>	<b>177,922</b>

For the period from 18 May 2006 to 31 December 2006

	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Distributable reserve US\$'000	Foreign exchange on consolidation US\$'000	Total US\$'000
Issue of shares	1,050	195,410	–	–	–	196,460
Cancellation of share premium	–	(195,410)	–	195,410	–	–
Placing fees & formation costs	–	–	–	(7,450)	–	(7,450)
Net profit for the period	–	–	2,584	–	–	2,584
<b>Balance carried forward at 31 December 2006</b>	<b>1,050</b>	<b>–</b>	<b>2,584</b>	<b>187,960</b>	<b>–</b>	<b>191,594</b>

For the period from 18 May 2006 to 30 June 2007

	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	Distributable reserve US\$'000	Foreign exchange on consolidation US\$'000	Total US\$'000
Issue of shares	1,050	195,410	–	–	–	196,460
Cancellation of share premium	–	(195,410)	–	195,410	–	–
Placing fees & formation costs	–	–	–	(7,450)	–	(7,450)
Foreign exchange on consolidation	–	–	–	–	(247)	(247)
Net loss for the period	–	–	(524)	–	–	(524)
<b>Balance carried forward at 30 June 2007</b>	<b>1,050</b>	<b>–</b>	<b>(524)</b>	<b>187,960</b>	<b>(247)</b>	<b>188,239</b>



## Consolidated Cash Flow Statement (Unaudited)

For the period from 1 July 2007 to 31 December 2007

	Note	1 Jul 07- 31 Dec 07 US\$'000	18 May 06- 31 Dec 06 US\$'000	18 May 06- 30 Jun 07 US\$'000
<b>Net cash used in operating activities</b>	6	(6,836)	(2,546)	(5,434)
<b>Cash flows from investing activities</b>				
Expenditure on inventories		(45,036)	(42,522)	(47,468)
Interest received		3,180	4,723	8,418
<b>Net cash used in investing activities</b>		<b>(41,856)</b>	<b>(37,799)</b>	<b>(39,050)</b>
<b>Cash flows from financing activities</b>				
Proceeds on issue of shares		–	196,460	196,460
Placing fees and formation costs		–	(7,450)	(7,450)
<b>Net cash generated from financing activities</b>		–	189,010	189,010
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(48,692)</b>	<b>148,665</b>	<b>144,526</b>
Effect of foreign exchange rate changes		(499)	41	(229)
Cash and cash equivalents at beginning of period		144,297	–	–
<b>Cash and cash equivalents at end of period</b>		<b>95,106</b>	<b>148,706</b>	<b>144,297</b>

# Notes to the Consolidated Financial Statements (Unaudited)

For the period from 1 July 2007 to 31 December 2007

## General information

Macau Property Opportunities Fund Limited is a company incorporated and registered in Guernsey under the Companies (Guernsey) Law, 1994 (as amended) on 18 May 2006. The address of the registered office is given on the inside back cover. The consolidated financial statements for the period ended 31 December 2007 comprise the financial statements of Macau Property Opportunities Fund Limited and its subsidiaries (together referred to as the "Group"). The Group invests in commercial property and property-related ventures primarily in Macau and potentially in the Western Pearl River Delta region. These consolidated financial statements have been approved for issue by the Board of Directors on 14 February 2008.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

The interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements. The presentation of the interim financial statements is consistent with the annual financial statements.

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

### Consolidation

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

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

### Segmental reporting

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

## 2. SUBSIDIARIES

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

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

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

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

## Notes to the Consolidated Financial Statements (Unaudited) (continued)

For the period from 1 July 2007 to 31 December 2007

**3. INVENTORIES**

	31 Dec 07 US\$'000	31 Dec 06 US\$'000	30 June 07 US\$'000
Cost of properties	102,894	56,376	56,084
	<b>102,894</b>	<b>56,376</b>	<b>56,084</b>

Macau Property Opportunities Fund Limited is guarantor for its subsidiary company in respect of payments due on Tower 6 of One Central Residences. The total of the guarantee is HK\$471,370,716 (US\$60,393,901) which is due on completion of the property development.

During the period subsidiaries of Macau Property Opportunities Fund Limited purchased additional units within One Central Residences and there are further payments of HK\$163,955,883 (US\$21,006,683) due by the subsidiaries on completion of the units.

**4. BASIC AND DILUTED EARNINGS/(LOSSES) PER ORDINARY SHARE**

The basic and diluted profit/(loss) per equivalent Ordinary Share is based on the profit/(loss) attributable to equity holders for the period of (US\$10,199,000) (31 December 2006 US\$2,584,000 and 30 June 2007 (US\$524,000)) and on 105,000,000 (31 December 2006 and 30 June 2007: 105,000,000) weighted average number of Ordinary Shares in issue during the period.

**5. NET CASH USED IN OPERATING ACTIVITIES**

	1 July 07- 31 Dec 07 US\$'000	18 May 06- 31 Dec 06 US\$'000	18 May 06- 30 June 07 US\$'000
Operating loss from continuing operations	(12,719)	(2,747)	(9,418)
Adjustments for:			
Increase/(decrease) in provisions	-	-	-
Operating cashflows before movements in working capital	(12,719)	(2,747)	(9,418)
Decrease/(increase) in receivables	32	(38)	(54)
Increase/(decrease) in payables	5,851	239	4,038
Cash used in operations	(6,836)	(2,546)	(5,434)
Interest paid	-	-	-
<b>Net cash used in operating activities</b>	<b>(6,836)</b>	<b>(2,546)</b>	<b>(5,434)</b>

## 6. RELATED PARTY TRANSACTIONS

Tom Ashworth received no Director's fee from the Company.

Tom Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager of the Company and all management and performance fees, as detailed in the Consolidated Income Statement, are due to the Manager.

Tom Ashworth is a shareholder and Director of Adept Capital Services Limited. Adept Capital Services Limited provides administrative services to the Hong Kong, BVI and Macanese SPVs and received fees during the period of US\$40,000 of which US\$25,000 was outstanding at the period end (30 June 2007 US\$42,000 of which US\$Nil was outstanding at the period end).

## Notes

# Directors and Company Information

## Directors

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

## Audit Committee

Alan Clifton (Chairman)  
Richard Barnes  
Tim Henderson

## Registered Office

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

## Manager

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

## Investment Adviser

Sniper Capital Management Limited  
918 Avenida da Amizade  
14/F, World Trade Centre  
Macau

## Administrator & Company Secretary

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

## Macau and Hong Kong Administrator

Adept Capital Services Limited  
26/F Jubilee Centre  
42-46 Gloucester Road  
Hong Kong

## Public Relations

Hogarth Partnership Limited  
No 1 London Bridge  
London SE1 9BG

## Nominated Adviser & Joint Broker

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

## Joint Broker

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

## Financial Adviser

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

## Independent Auditors

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

## Property Valuers

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



**Macau Property Opportunities Fund Limited**  
PO Box 225  
Le Marchant Street  
St. Peter Port, Guernsey  
Channel Islands GY1 4HY

[www.mpofund.com](http://www.mpofund.com)