

INTERIM REPORT  
for the period ended 31 December

2009

Entering the  
next era of growth



Chairman's Statement	04
The Strength of Our Portfolio	06
Manager's Report	10
Consolidated Statement of Financial Position (Unaudited)	18
Consolidated Statement of Comprehensive Income (Unaudited)	19
Consolidated Statement of Changes in Equity (Unaudited)	20
Consolidated Cash Flow Statement (Unaudited)	21
Notes to the Consolidated Financial Statements (Unaudited)	22
Directors and Company Information	28



# Conceiving, Developing and Managing high quality properties

IN ONE OF THE WORLD'S MOST DYNAMIC REGIONS.

Macau Property Opportunities Fund has a single, focused aim: to deliver long-term returns from the investment and development of high quality properties in carefully selected niche markets in Macau and China's Pearl River Delta.

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





Entering the  
next era of growth

THE WATERS

Total Adjusted NAV

us\$262 million

30 June 2009 us\$236 million

Adjusted NAV per share

us\$2.49

161p\*

Increase for the current period

+10.7%

+18% in sterling terms\*

\* Based on a Dollar/Sterling exchange rate of 1.546 as at 23 February 2010.

*The launch  
of The Waterside  
marks the beginning  
of the value creation  
phase of MPO's  
investment cycle.*

WATERSIDE

# Chairman's Statement

After three and a half years of operation, as we enter the asset management and development stages of our investment cycle, we are continuing to demonstrate real value creation for our shareholders. Encouragingly, this has coincided with a 10.7% uplift in our Adjusted Net Asset Value in the six months since 30 June 2009.

The publication of our fourth Interim Report comes at a time of cautious international recovery from the unprecedented financial crisis of late 2008. While this improvement in confidence is encouraging, it is the unique drivers and sound fundamentals of the Macanese economy that offer the most promising prospects for sustained growth in our sector.

Against this backdrop of improved sentiment, Macau's economy and property markets staged a comeback in the second half of 2009. Infrastructure projects such as the Hong Kong-Zhuhai-Macau bridge and the Light Rapid Transit system are underway. The reactivation of some of the suspended construction projects on the Cotai Strip is expected, and Macau's new Chief Executive is committed to a programme of economic diversification. As a result, our Company remains well positioned to make continued progress in line with Macau's long term growth.

Our performance during the six-month period to 31 December 2009 confirms this.

The rise in our Adjusted Net Asset Value of 10.7% since 30 June 2009 is not only encouraging, but also underscores the quality of our portfolio and value of investing in carefully chosen segments of the Macau property market.

We have also seen a welcome narrowing of the discount to our Adjusted Net Asset Value at which our shares trade. At the same time, Sniper Investments Limited – an investment vehicle associated with our Manager – has further increased its investment so that it is currently our sixth largest shareholder.

Our focus is now on the asset management and development of our various projects.

We have launched our major asset, Tower Six at One Central Residences, as *The Waterside*, a brand that befits its exceptional location overlooking Macau's Nam Van Lake. This project is currently the subject of a targeted marketing and leasing campaign, with interiors offering bespoke styling that will create a new benchmark for luxury rental accommodation in the city.





David Hinde  
*Chairman*

*“We are well placed  
to capitalise on  
Macau’s next era  
of economic growth.”*

Now that full handover of Tower Six has occurred, and reflecting our intention to lease out and earn rental income from the units, the asset has been classified as an investment property in the Consolidated Statement of Financial Position.

Demolition works are now complete at Rua do Laboratório, while preliminary site works have begun at Phase Two of our development of the Zhuhai Logistics Centre. We are also continuing to make good progress on our two other development projects, Rua da Penha and Senado Square.

With our strategically positioned portfolio of assets, our healthy balance sheet and our prudent approach to cash management, we are well placed to capitalise on Macau’s next era of economic growth.

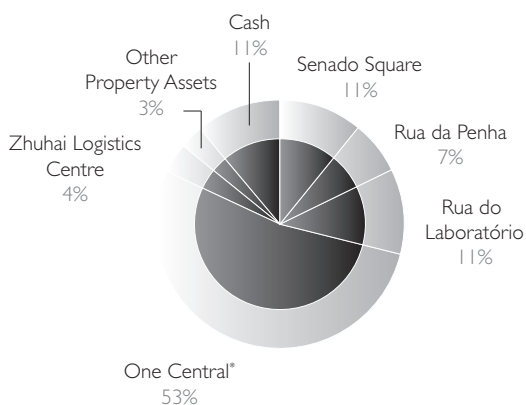
David Hinde  
*Chairman*  
*Macau Property Opportunities Fund Limited*

# The Strength of Our Portfolio

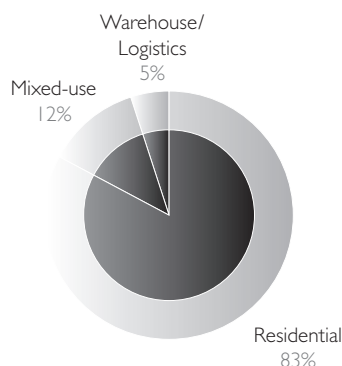


The properties in our portfolio are all carefully selected for their location and potential. They include luxury, niche market and entry level residential projects, a mixed-use project and a strategically placed warehousing/logistics centre. Each one capitalises on the present and future needs of the Macanese community.

**PORTFOLIO COMPOSITION BY PROJECT**  
(based on market value)



**PORTFOLIO COMPOSITION BY SECTOR**  
(based on market value)



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

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





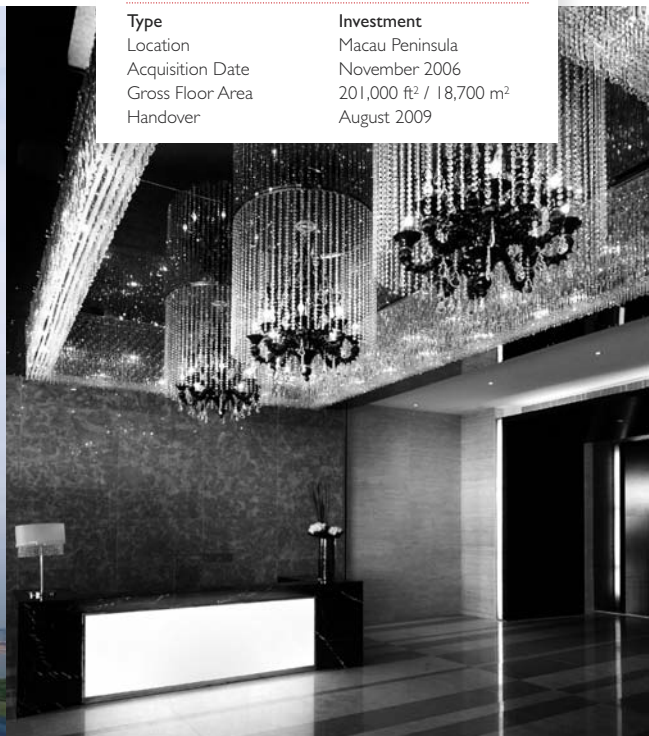
## The Strength of Our Portfolio

(continued)

Total Commitment: **US\$138 million**

- Macau's premier mixed-use development
- Acquired Tower Six and a number of individual units
- Current status: Leasing
- Exit strategy: Lease and asset manage

Type	Investment
Location	Macau Peninsula
Acquisition Date	November 2006
Gross Floor Area	201,000 ft <sup>2</sup> / 18,700 m <sup>2</sup>
Handover	August 2009



## The Waterside

### Prestigious, high end residential

Marketed as *The Waterside*, Tower Six of One Central Residences comprises 59 apartments which boast breathtaking views over Macau's Nam Van Lake and the historic Penha Hill.

All apartments in *The Waterside* have been luxuriously appointed under the creative direction of award-winning designer Yasumichi Morita, featuring three distinct styles – classic, contemporary and grand deluxe.

Situated in a prime location on Macau Peninsula, *The Waterside* is adjacent to MGM Grand Macau, One Central Macau shopping centre as well as the soon-to-be-opened Mandarin Oriental hotel.

We are now engaged in a targeted marketing and leasing programme designed to capitalise on this exceptional asset.

<sup>#</sup> MPO acquired Tower Six of One Central Residences in late 2006 and subsequently purchased an additional number of units. Please refer to the disclaimer on the inside back page.

## Rua da Peña



**Niche market residential**  
Rua da Peña will provide attractive accommodation for middle/upper-income locals who prefer to live in this popular location close to the city centre.

Total Commitment: **US\$20 million**

Acquisition Cost: US\$8.6 million

Projected Development Cost: US\$11.4 million

- Low-level residential block
- Positioned towards local residents
- Current status: Advanced planning
- Exit strategy: Pre-sell and sell

Type	Development
Location	Macau Peninsula
Acquisition Date	October 2006
Projected Gross Floor Area	80,000 ft <sup>2</sup> / 7,430 m <sup>2</sup>
Estimated Completion Date	2011

## Senado Square



**Mixed-use development**  
Located in the heart of Macau's tourist district, Senado Square will offer prime, multi-storey mixed-use retail space designed to serve a variety of tenant needs.

Total Commitment: **US\$33 million**

Acquisition Cost: US\$16 million

Projected Development Cost: US\$17 million

- First mixed-use property
- Multi-storey retail complex
- Current status: Advanced planning
- Exit strategy: Lease and sell

Type	Development
Location	Macau Peninsula
Acquisition Date	October 2007
Projected Gross Floor Area	70,000 ft <sup>2</sup> / 6,500 m <sup>2</sup>
Estimated Completion Date	2011

## Rua do Laboratório



**Entry level residential**  
Close to the border with China and with easy access to the proposed Light Rapid Transit System, this project is being developed for first-time buyers.

Total Commitment: **US\$50 million**

Acquisition Cost: US\$20.6 million

Projected Development Cost: US\$29.4 million

- High-rise residential block
- Targeting local first-time buyers
- Current status: Planning
- Exit strategy: Pre-sell and sell

Type	Development
Location	Macau Peninsula
Acquisition Date	November 2006
Projected Gross Floor Area	220,000 ft <sup>2</sup> / 20,440 m <sup>2</sup>
Estimated Completion Date	2011

## Zhuhai Logistics Centre



**Warehousing and logistics**  
Adjacent to the recently-started Hong Kong-Zhuhai-Macau bridge, this project is well placed to serve the growing demand for logistics needs from Macau's gaming, tourist and MICE industries.

Total Commitment: **US\$45 million**

Acquisition Cost: US\$11 million

Projected Development Cost: US\$34 million

- First acquisition in mainland China
- First warehousing/logistics property
- Current status: Leasing and planning
- Exit strategy: Sell with long-term leases

Type	Investment/Development
Location	Zhuhai, China
Acquisition Date	August 2008
Projected Gross Floor Area	1.6m ft <sup>2</sup> / 150,000 m <sup>2</sup>
Estimated Completion Date	2011/2012

# Manager's Report

The six months under review have seen a step change in investors' attitudes towards Macau. Having weathered the worst international financial crisis in decades, the city has returned to growth in its GDP. A new Chief Executive has been sworn in and a mood of cautious confidence has returned to the property sector. At the same time, Macau Property Opportunities Fund (MPO) has embarked on the value creation phase of its investment cycle.

As our Chairman has noted, the six months ended 31 December 2009 proved to be encouraging. Despite the widespread recession that followed the international financial crisis, the uncertainty of a year ago has turned to cautious optimism in many commercial sectors. As a result, investors have begun to return to the market with renewed enthusiasm, particularly during the last quarter of 2009.

At the local level, Macau has recently returned to growth, with GDP improving during the second half of 2009. At the same time, MPO has seen increased activity in its shares and has further narrowed the discount to its Adjusted Net Asset Value. Their value has risen once more to a level above their IPO price.

We are now primarily focused on the development and asset management of our current portfolio, whilst keeping a watchful eye open for new investment opportunities that might sit well with our strategy and existing portfolio.

## The Waterside comes on stream

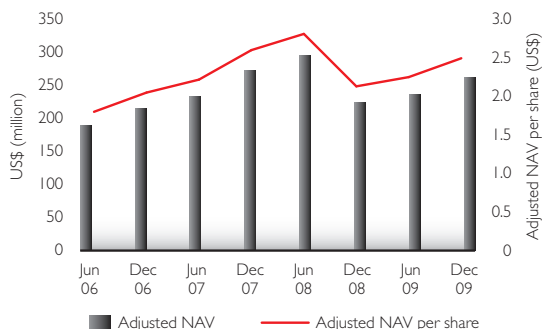
Tower Six of One Central Residences – *The Waterside* – is now the subject of a widespread campaign targeting the premium sector of Macau's residential leasing market.

With panoramic views across the Nam Van Lake, *The Waterside* offers an unmatched location and excellent facilities. Combining bespoke interior styling with highly personalised services, it sets new standards for luxury rental accommodation in Macau. Residents have a choice of living spaces created by world-class Japanese interior designer, Yasumichi Morita, CEO and Principal Designer of Glamorous Co., Ltd.. A winner at the Andrew Martin Interior Design Awards 2009, Morita's work includes the W Hotel in Hong Kong and the Michelin three-starred Château Restaurant Joël Robuchon in Tokyo.

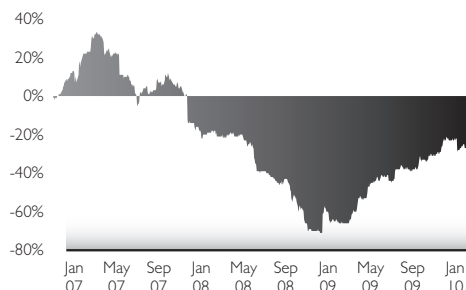
Residents at *The Waterside* have access to facilities which include a state-of-the-art clubhouse with a designated gym, sports and leisure areas and Macau's first 50-metre



## ADJUSTED NET ASSET VALUE



## MPO SHARE PRICE PREMIUM/DISCOUNT TO ADJUSTED NET ASSET VALUE



Source: Bloomberg, Sniper Capital Research

infinity pool. The shopping, dining and entertainment options include immediate connection to MGM Grand Macau, Wynn Macau and the new One Central Macau shopping centre, which features a number of upscale international retail brands.

The characteristics found at *The Waterside* are unparalleled in Macau and we are fully capitalising on them as we progress our marketing activities.

### Progress at other sites

The disused factory buildings at Rua do Laboratório have now been demolished and contractors will shortly move on site to demolish the existing buildings at Rua da Penha. Both these sites will be developed as residential projects.

Rua do Laboratório, an entry level development, is adjacent to the site of a government-sponsored regeneration programme, which includes the imminent construction of a new Light Rapid Transit (LRT) system designed to serve Macau's residents.

Rua da Penha is located in a central district on Macau Peninsula, much favoured by middle/upper-income locals who prefer to live close to the city centre.

We have also begun preliminary construction work on Phase Two of our proposed development of the Zhuhai Logistics Centre, close to Hengqin Island. We are confident the project will prosper from its proximity to the proposed Shizimen Central Business District, which will eventually feature six million square feet of convention and exhibition space, a number of world-class hotels and office and residential buildings.

This ambitious commercial district will also benefit from the groundbreaking 30-km bridge linking Zhuhai, Macau and Hong Kong, the construction of which began in December 2009.

We continue our research into the ideal tenant mix for Senado Square and are now developing concepts for a sophisticated multi-storey retail complex. With Macau's retail sales on an upward trajectory, we are confident of the prospects for this project.

*“We are now primarily focused on the development and asset management of our current portfolio.”*

# Manager's Report

(continued)

## Financial results

The Company's interim financial statements as at 31 December 2009 have been prepared in accordance with International Financial Reporting Standards. All properties have been valued by Savills (Macau) Limited as at 31 December 2009. Development properties classified as inventories are included in the financial statements at the lower of cost and net realisable value, whereas properties classified as investment properties are carried at fair value. The Company has recorded a net profit of US\$49.2 million during the six-month period, mainly as a result of the fair value adjustment from reclassification of the investment in *The Waterside* from inventory to investment property as well as the unrealised gain on our other investment property. This results in a Net Asset Value per share of US\$1.95 as at 31 December 2009, representing a 31.6% increase during the six-month period.

The market valuation of MPO's interests in these properties, as reported by Savills and as detailed in the Portfolio Summary of this report, was US\$309.0 million. This represents an uplift of US\$99.7 million or 47.7% over the cost of the properties. The Adjusted Net Asset Value per share resulting from this uplift is US\$2.49 or 157p at 31 December 2009, which translates to a respective 38.54% and 62.74% increase since the Company's admission to AIM.

As at 31 December 2009, MPO's total assets stood at US\$288.4 million comprising US\$96.1 million of development properties, US\$155.3 million of investment property and cash of US\$36.8 million. If development properties were included in the Financial Statements at market value, as reported by Savills and as used for the Adjusted Net Asset Value, total assets would be US\$346.0 million. MPO's total liabilities as at 31 December 2009 were US\$83.7 million, mainly consisting of the bank financing for One Central.

## Cash management

As at 31 December 2009, the Company had a cash balance equivalent to US\$36.8 million. The majority of the cash reserves are held primarily in HK\$ fixed deposits and in savings and current accounts across a number of international banks located in Guernsey, Hong Kong and Macau. The Company continues to adopt a prudent cash management policy and closely monitors its capital requirements.

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

Unaudited results are summarised below:

	31 December 2009		30 June 2009	
	US\$	£ <sup>1</sup>	US\$	£ <sup>1</sup>
NAV	\$204.65m	£128.49m	\$155.51m	£94.13m
Adjusted NAV <sup>2</sup>	\$261.86m	£164.40m	\$236.45m	£143.12m
NAV per share	\$1.95	122.37p	\$1.48	89.65p
<b>Adjusted NAV per share<sup>2</sup></b>	<b>\$2.49</b>	<b>156.58p</b>	<b>\$2.25</b>	<b>136.31p</b>
Changes in Adjusted NAV				
Since Admission <sup>3</sup>	38.54%	62.74%	25.10%	41.68%
YoY	17.14%	6.48%	-20.00%	-3.37%

<sup>1</sup> Based on US\$/£ exchange rate of 1.593 at 31 December 2009 and 1.652 at 30 June 2009.

<sup>2</sup> Adjusted Net Asset Value is shown after accruing for the performance fee (if any) and is calculated by taking the NAV per share calculated under IFRS and adjusting inter alia to include the properties owned by the Company at fair value rather than at the lower of cost and net realisable value.

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

## Financing

In August 2009, MPO successfully completed the drawdown of a loan facility of US\$82 million arranged with a consortium of international and Macanese banks, which has been used to finance the Company's investment in *The Waterside* and other units in One Central Residences. The loan facility extends until 30 September 2012 at an interest rate of 3-month HIBOR plus 2.4% per annum. The loan-to-value for the project is 44.6%, which is comfortably within the loan covenant, while MPO has an overall loan-to-value ratio of 23.8% as at 31 December 2009.

Capitalising on its strong relationships with the region's financial institutions, MPO is in advanced discussions with respect to construction financing for its development projects.

## Trading of shares

During the past six months, MPO's share price has benefited from the renewed confidence in the property sector, with its shares trading at a narrower discount to the latest Adjusted Net Asset Value per share. In the six months under review, the discount narrowed from 44% to 22%.

Over the same period, Sniper Investments Limited – an investment vehicle associated with the Company's Manager – has increased its total holding in MPO to 4.725 million shares, or 4.5% of the Company's issued share capital as at 31 January 2010. In addition, several new tier-one shareholders have joined the register.

## Significant shareholders\*

Name of shareholder	No. of Shares	%
Amvescap (including Invesco & Aim)	30,767,229	29.30%
Insight Investment Management	11,906,136	11.34%
Universities Superannuation Scheme	10,500,000	10.00%
Lazard Asset Management LLC	9,841,075	9.37%
Midas Capital Partners	8,550,000	8.14%
Sniper Investments Limited	4,725,000	4.50%
RWC Partners	4,321,293	4.12%
Other	24,389,267	23.23%
	<b>105,000,000</b>	<b>100.00%</b>

\* As at 31 January 2010.

“Macau's gaming revenues have surpassed those of Nevada and New Jersey combined.”

# Manager's Report

(continued)

## The future for Macau

The general outlook for Macau remains promising. The territory has made a rapid recovery from the international financial crisis, particularly during the last three months of 2009, recording a double-digit growth in GDP for that quarter.

The territory's new Chief Executive, Fernando Chui Sai-on, has reiterated his promise to help diversify the economy and improve the quality of life in Macau. The government's commitment to the new LRT system and its encouragement of new, non-gaming tourist attractions bear this out.

The construction of the new Hong Kong-Zhuhai-Macau bridge also demonstrates the desire to strengthen trade and economic ties within the region, which will make the entire Western Pearl River Delta more accessible and competitive.

## Gaming and tourism

While the first half of 2009 saw a fall in the territory's gaming revenues, the second half saw a resurgence. Exceeding the expectations of many commentators who were forecasting a negative year, the full year recorded a 10% uplift year-on-year, resulting in overall revenues of US\$15 billion.

As a result, Macau's gaming revenues have surpassed those of Nevada and New Jersey combined. The sector's popularity amongst investors is reflected in the success of the IPOs launched by Wynn Resorts in October 2009, and Las Vegas Sands Corp. in November 2009.

Both companies listed their Macau operations on the Hong Kong Stock Exchange, raising a combined US\$4 billion of new investment.

While the bigger picture shows visitor numbers falling 5% year-on-year, the figures for the second half of 2009 show some improvement, thanks to the revival in the Macanese economy and the ongoing stability of China, which was comparatively unaffected by the international financial crisis. The numbers may be further boosted in the coming two years by the opening of the Encore at Wynn Macau and the next phase of Las Vegas Sands and Galaxy Entertainment Group resorts on the Cotai Strip.

## The property market

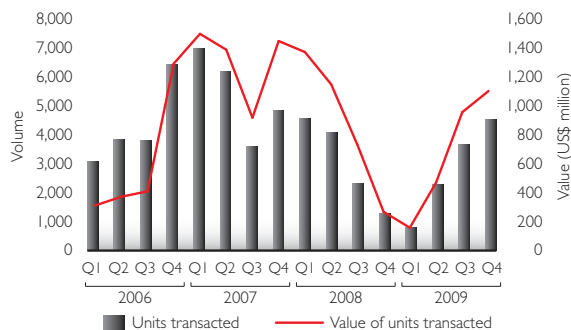
The demand for residential properties has recovered since the midpoint of 2009, in line with the region's economic situation.

Transaction volumes picked up dramatically from July onwards, with a return to the pre-crisis level of over 1,000 transactions per month. Transaction values have also doubled since then.

Much of this improvement has been driven by the government's housing subsidies, which offer incentives to first-time buyers interested in purchasing accommodation priced at US\$325,000 or less. Our entry level residential development at Rua do Laboratório is well positioned to benefit from such incentives, when the time comes for us to launch our sales drive.



## RESIDENTIAL TRANSACTION VOLUME AND VALUE



Source: DSEC

## GDP AND GAMING REVENUE



Source: DSEC, DICJ

In the high end residential sector, capital values grew by 22% in 2009, recovering much previously lost ground, and rents in the sector remained stable after the dramatic falls in late 2008 and early 2009, according to Jones Lang LaSalle.

It is now clear that local purchasing power has been strengthened by the government's incentives, which is a trend we expect to see continuing in the near future. Moreover, the demand for rented residential accommodation is expected to increase when major projects resume construction, thus attracting a renewed influx of expatriate executives and workers.

In the luxury housing segment, the growing interest in Macau among mainland China's high net worth individuals, coupled with the current level of liquidity and a gradual economic recovery, should provide room for further capital value growth in 2010.

Macau's retail sector is also reporting continuing sales growth by recording US\$2.8 billion for 2009 and a year-on-year growth of 16%. This augurs well for our retail development at Senado Square.

## The political landscape

The swearing-in of the new Chief Executive has ushered in a new era for Macau. The territory has recovered following the international financial crisis and is now entering a new stage of growth, which we expect will be maintained over the medium to long term.

The government is committed to a number of schemes that will see the economy diversify towards a broad-based mix of commercial activities, including retailing and the conference and exhibition business.

The various infrastructure projects also bode well for the future, as many of them will help improve Macau's competitiveness in the region.

## Future prospects

While Macau continues to evolve, our intention is to remain focused on the business at hand: the careful development and asset management of our portfolio, securing the best possible rental yield at *The Waterside* and maintaining sound progress at our development sites. We remain confident in the Macanese economy's capacity for sustainable growth over the long term.

With investment sentiment expected to strengthen during 2010, we believe our Company is on course to benefit from Macau's unique strengths as one of the most dynamic property markets in the world.

Sniper Capital Limited  
Manager

# A Resilient Region, a Prosperous Future



Left to right: The 400,000 sq ft One Central Macau shopping centre brings glittering style to the expanding retail sector; Las Vegas Sands' renewed Cotai Strip projects are due to open in 2011; 2010 will see the opening of the luxury Encore at Wynn Macau.

## GDP Increases **8.2%**

After three consecutive quarters of contraction, Macau's GDP recorded a 8.2% year-on-year rise in Q3 2009. Preliminary figures also indicate double digit growth in Q4, with a positive figure for the full year.

## Low Unemployment **3.1%**

Macau's unemployment rate fell during 2009, from 3.8% in Q1 to 3.1% in Q4, underlining the territory's fundamental strengths. The figures compare well with others for the neighbouring economies.

## Gaming Revenues **US\$15 billion**

At the end of 2009, Macau recorded a 10% year-on-year increase in gaming revenues, securing its place as the world's number one gaming market.

## Retail Sales **US\$2.8 billion**

Macau's retail sales rose by 16% year-on-year in 2009, driven by increased tourist spending and rising domestic consumption, which should maintain their upward trend in the coming year.

## MACAU AND SURROUNDING AREA



Alignments and locations are indicative only.

### MPO'S KEY PROPERTIES

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

### MAJOR CASINOS ON MACAU PENINSULA

- (A) Sands Macao (2004)
- (B) Starworld (2006)
- (C) Wynn Macao (2006)
- (D) Encore at Wynn Macao (2010)
- (E) Lisboa (1970)
- (F) Grand Lisboa (2007)
- (G) MGM Grand Macao (2007)
- (H) L'Arc Macao (2009)
- (I) Ponte 16 (2008)
- (J) Oceanus (2009)

### MAJOR CASINOS ON COTAI

- (K) Altira Macao (2007)
- (L) Galaxy Macao (2011)
- (M) Venetian Macao (2007)
- (N) City of Dreams (2009)
- (O) Four Seasons (2008)
- (P) St Regis & Shangri-La (2011)
- (Q) Intercon / Holiday Inn\*
- (R) Traders & Sheraton (2011)
- (S) Macao Studio City\*
- (T) Hilton & Conrad\*
- (U) Fairmont & Raffles\*

\* Under planning

# Consolidated Statement of Financial Position (Unaudited)

At 31 December 2009

	Note	31 Dec 09 US\$'000	31 Dec 08 US\$'000	30 Jun 09 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	3	155,253	11,702	12,903
		155,253	11,702	12,903
<b>Current assets</b>				
Inventories	4	96,115	177,728	181,047
Trade and other receivables		147	38	37
Prepayments		94	385	20
Cash and cash equivalents		36,768	50,263	47,010
		133,124	228,414	228,114
<b>Total assets</b>		288,377	240,116	241,017
<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)		15,639	(34,107)	(33,527)
Foreign exchange on consolidation		3	38	23
<b>Total equity</b>		204,652	154,941	155,506
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing loans	5	73,841	—	—
		73,841	—	—
<b>Current liabilities</b>				
Trade and other payables		1,595	85,175	85,511
Interest-bearing loans	5	8,289	—	—
		9,884	85,175	85,511
<b>Total liabilities</b>		83,725	85,175	85,511
<b>Total equity and liabilities</b>		288,377	240,116	241,017

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 February 2010.



# Consolidated Statement of Comprehensive Income (Unaudited)

For the period from 1 July 2009 to 31 December 2009

	Note	1 Jul 09 – 31 Dec 09 US\$'000	1 Jul 08 – 31 Dec 08 US\$'000	1 Jul 08 – 30 Jun 09 US\$'000
<b>Revenue</b>				
Bank and other interest		16	417	511
Rental income		111	120	233
Net gain from fair value adjustment on investment property	3	48,367	625	1,811
Sale of inventories	4	760	–	–
(Losses)/gains on foreign currency exchange		(138)	1,132	1,138
Other income		66	–	–
		<b>49,182</b>	2,294	3,693
<b>Expenses</b>				
Management fee		2,368	2,940	5,154
Non-executive Directors' fees		99	103	200
Auditors' remuneration		44	49	116
(Reversal of write-down)/write-down of inventories	4	(4,239)	14,371	12,296
Cost of inventories sales	4	931	–	–
General and administration expenses		813	628	1,144
		<b>(16)</b>	(18,091)	(18,910)
<b>Profit/(loss) for the period</b>		<b>49,166</b>	(15,797)	(15,217)
<b>Other comprehensive income</b>		<b>(20)</b>	52	37
<b>Total comprehensive income for the period</b>		<b>49,146</b>	(15,745)	(15,180)
<b>Profit/(loss) attributable to:</b>				
Equity holders of the Company		<b>49,166</b>	(15,797)	(15,217)
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		<b>49,146</b>	(15,745)	(15,180)
<b>Basic and diluted profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period</b>	6	<b>0.4682</b>	(0.1504)	(0.1449)

# Consolidated Statement of Changes in Equity (Unaudited)

For the period from 1 July 2009 to 31 December 2009

<b>Movement for the period from 1 July 2009 to 31 December 2009</b>	<b>Share capital US\$'000</b>	<b>Retained earnings/ (accumulated losses) US\$'000</b>	<b>Distributable reserve US\$'000</b>	<b>Foreign exchange on consolidation US\$'000</b>	<b>Total US\$'000</b>
Balance brought forward at 1 July 2009	1,050	(33,527)	187,960	23	155,506
Profit for the period	–	49,166	–	–	49,166
Other comprehensive income – Foreign exchange differences on consolidation	–	–	–	(20)	(20)
Total comprehensive income for the period	–	49,166	–	(20)	49,146
<b>Balance carried forward at 31 December 2009</b>	<b>1,050</b>	<b>15,639</b>	<b>187,960</b>	<b>3</b>	<b>204,652</b>

Movement for the period from 1 July 2008 to 31 December 2008	Share capital US\$'000	Accumulated losses US\$'000	Distributable reserve US\$'000	Foreign exchange on consolidation US\$'000	Total US\$'000
Balance brought forward at 1 July 2008	1,050	(18,310)	187,960	(14)	170,686
Loss for the period	–	(15,797)	–	–	(15,797)
Other comprehensive income – Foreign exchange differences on consolidation	–	–	–	52	52
Total comprehensive income for the period	–	(15,797)	–	52	(15,745)
Balance carried forward at 31 December 2008	1,050	(34,107)	187,960	38	154,941

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

# Consolidated Cash Flow Statement (Unaudited)

For the period from 1 July 2009 to 31 December 2009

	Note	1 Jul 09 – 31 Dec 09 US\$'000	1 Jul 08 – 31 Dec 08 US\$'000	1 Jul 08 – 30 Jun 09 US\$'000
<b>Net cash used in operating activities</b>	7	<b>(8,081)</b>	(21,259)	(24,464)
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary		<b>(1,861)</b>	(9,085)	(9,118)
Final instalment on acquisition of properties		<b>(82,410)</b>	–	–
<b>Net cash used in investing activities</b>		<b>(84,271)</b>	(9,085)	(9,118)
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowing	5	<b>82,130</b>	–	–
<b>Net cash generated from financing activities</b>		<b>82,130</b>	–	–
<b>Net decrease in cash and cash equivalents</b>		<b>(10,222)</b>	(30,344)	(33,582)
Cash and cash equivalents at beginning of period		<b>47,010</b>	80,555	80,555
Effect of foreign exchange rate changes		<b>(20)</b>	52	37
<b>Cash and cash equivalents at end of period</b>		<b>36,768</b>	50,263	47,010

# Notes to the Consolidated Financial Statements (Unaudited)

For the period from 1 July 2009 to 31 December 2009

## General information

Macau Property Opportunities Fund Limited (the "Company") is a company incorporated and registered in Guernsey under applicable Guernsey law. The address of the registered office is given on page 28.

The consolidated financial statements for the period ended 31 December 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

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

These consolidated financial statements have been approved for issue by the Board of Directors on 26 February 2010.

## 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.

### Seasonal & cyclical variations

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

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

### Accounting policies

Except as described below, the accounting policies applied for this interim period are consistent with those of the annual financial statements for the year ended 30 June 2009, as described in those annual financial statements.

- **Presentation of financial statements**

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six-month period ended on 31 December 2009.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.



# Notes to the Consolidated Financial Statements (Unaudited)

For the period from 1 July 2009 to 31 December 2009

## 1. Significant accounting policies (continued)

### • Segmental reporting

The Group has adopted IFRS 8 Operating Segments with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segments and to assess their performance. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed.

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

## 2. Subsidiaries

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

MPOF Macau (Site 1) Limited	MPOF Macau (Site 2) Limited	MPOF Macau (Site 3) Limited
MPOF Macau (Site 4) Limited	MPOF Macau (Site 5) Limited	MPOF Macau (Site 6) Limited
MPOF Macau (Site 7) Limited	MPOF Macau (Site 8) Limited	MPOF Macau (Site 9) Limited
MPOF Macau (Site 10) Limited	The Waterside Company 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	MPOF (Monte) Limited	100%	Guernsey
MPOF Macau (Site 2) Limited	100%	Macau	MPOF (Paulo) Limited	100%	Guernsey
MPOF Macau (Site 3) Limited	100%	Macau	MPOF (Guia) Limited	100%	Guernsey
MPOF Macau (Site 4) Limited	100%	Macau	MPOF (Antonio) Limited	100%	Guernsey
MPOF Macau (Site 5) Limited	100%	Macau	MPOF (6A) Limited	100%	Guernsey
MPOF Macau (Site 6) Limited	100%	Macau	MPOF (6B) Limited	100%	Guernsey
MPOF Macau (Site 7) Limited	100%	Macau	MPOF (7A) Limited	100%	Guernsey
MPOF Macau (Site 8) Limited	100%	Macau	MPOF (7B) Limited	100%	Guernsey
MPOF Macau (Site 9) Limited	100%	Macau	MPOF (8A) Limited	100%	Guernsey
MPOF Macau (Site 10) Limited	100%	Macau	MPOF (8B) Limited	100%	Guernsey
The Waterside Company Limited	100%	Macau	MPOF (9A) Limited	100%	Guernsey
MPOF (Penha) Limited	100%	Guernsey	MPOF (9B) Limited	100%	Guernsey
MPOF (Taipa) Limited	100%	Guernsey	MPOF (10A) Limited	100%	Guernsey
MPOF (Jose) Limited	100%	Guernsey	MPOF (10B) Limited	100%	Guernsey
MPOF (Sun) Limited	100%	Guernsey	MPOF Mainland Company I Limited	100%	Barbados
MPOF (Senado) Limited	100%	Guernsey	Bream Limited	100%	Guernsey
MPOF (Domingos) Limited	100%	Guernsey	Cannonball Limited	100%	Guernsey

# Notes to the Consolidated Financial Statements (Unaudited)

For the period from 1 July 2009 to 31 December 2009

## 2. Subsidiaries (continued)

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

# Notes to the Consolidated Financial Statements (Unaudited)

For the period from 1 July 2009 to 31 December 2009

## 3. Investment property

	31 Dec 09 US\$'000	31 Dec 08 US\$'000	30 Jun 09 US\$'000
Cost of investment properties	<b>105,075</b>	11,077	11,092
Net gain from fair value adjustments on investment properties	<b>50,178</b>	625	1,811
	<b>155,253</b>	11,702	12,903

During the period, full handover of Tower Six of One Central Residences, *The Waterside*, has occurred and to reflect the intention to lease out and earn rentals from the units, the property has been classified as an investment property in the Consolidated Statement of Financial Position. Carrying value amounted to US\$93.9 million was transferred from inventories and fair value gain of US\$47.1 million was recognised in the Consolidated Statement of Comprehensive Income.

The Group's investment properties were revalued at 31 December 2009 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.

## 4. Inventories

	31 Dec 09 US\$'000	31 Dec 08 US\$'000	30 Jun 09 US\$'000
Cost of properties	<b>104,172</b>	192,099	193,343
Write down to net realisable value	<b>(8,057)</b>	(14,371)	(12,296)
	<b>96,115</b>	177,728	181,047

During the period there has been reduction to the write down in the values of the inventories held due to a general increase in the market values of properties in Macau. This decrease in the write-down of inventories amounted to US\$4,239,115 and has been recognised as an income in the Consolidated Statement of Comprehensive Income.

During the period an apartment in One Central Residences was sold for US\$759,827 against a total cost of US\$930,979.

# Notes to the Consolidated Financial Statements (Unaudited)

For the period from 1 July 2009 to 31 December 2009

## 5. Interest bearing loans

Bank loans – Secured  
– Current portion  
– Non-current portion

	31 Dec 09 US\$'000	31 Dec 08 US\$'000	30 Jun 09 US\$'000
	8,289	–	–
	73,841	–	–
	82,130	–	–

The Group has a credit facility of US\$82.8 million with a consortium of banks lead by HSBC (the "Lenders"). On 27 August 2009, HK\$636,930,000 (US\$82,130,469) of the credit facility was drawdown to finance the remaining payments due on the One Central Residences apartments held in Tower Six and the individual apartments.

The credit facility is secured by means of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences. The credit facility is to be repaid in four half-yearly instalments commencing on 27 November 2010 with 65% of the principal due on the final repayment date. The loan-to-value covenant is 55%. In addition, the Group is required to maintain a cash reserve equal to 6 months' interest with the Lenders. As at 31 December 2009, the property had a loan-to-value ratio of 44.6%.

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

## 6. Basic and diluted earnings/(losses) per Ordinary Share

The basic and diluted earnings/(losses) per equivalent Ordinary Share is based on the profit/(loss) attributable to equity holders for the period of US\$49,166,000 (31 December 2008: US\$(15,797,000) and 30 June 2009: US\$(15,217,000)) and on 105,000,000 (31 December 2008 and 30 June 2009: 105,000,000) weighted average number of Ordinary Shares in issue during the period.

# Notes to the Consolidated Financial Statements (Unaudited)

For the period from 1 July 2009 to 31 December 2009

## 7. Net cash used in operating activities

	<b>1 Jul 09 – 31 Dec 09 US\$'000</b>	1 Jul 08 – 31 Dec 08 US\$'000	1 Jul 08 – 30 Jun 09 US\$'000
Profit/(loss) for the period	<b>49,166</b>	(15,797)	(15,217)
Adjustments for:			
Unrealised gain on investment property	<b>(48,367)</b>	(625)	(1,811)
Unrealised (gain)/loss on inventories	<b>(4,239)</b>	14,371	12,296
Operating cash flows before movements in working capital	<b>(3,440)</b>	(2,051)	(4,732)
Movement in receivables	<b>(184)</b>	(370)	(4)
Movement in payables	<b>(424)</b>	(14,174)	(13,971)
Expenditure on properties	<b>(4,033)</b>	(4,664)	(5,757)
Net change in working capital	<b>(4,641)</b>	(19,208)	(19,732)
Net cash used in operating activities	<b>(8,081)</b>	(21,259)	(24,464)

## 8. Related party transactions

Tom Ashworth received no Directors' fees from the Company.

Tom Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager of the Company and received fees during the period as detailed in the Consolidated Statement of Comprehensive Income.

Tom Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Hong Kong, BVI and Macanese SPVs and received fees during the period of US\$56,114 of which US\$nil was outstanding at the period end (31 December 2008: US\$47,285 of which US\$19,353 was outstanding at the period end).

# Directors and Company Information

## Directors:

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

## Audit Committee:

Alan Clifton (Chairman)  
Richard Barnes  
Tim Henderson

## Registered Office:

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

## Manager:

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

## Investment Adviser:

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

## Administrator & Company Secretary:

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

## Macau and Hong Kong Administrator:

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

## Public Relations:

Hogarth Partnership Limited  
No 1 London Bridge  
London SE1 9BG

## Nominated Adviser & 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

## 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



#### *Disclaimer*

*One Central is a trademark registered in Macau SAR under the name of Basecity Investments Limited. Sniper Capital Limited, Macau Property Opportunities Fund Limited, MPOF Macau (Site 5) Limited and "The Waterside" are not associated with Basecity Investments Limited, Shun Tak Holdings Limited or Hongkong Land Holdings Limited.*

This report has been printed using inks made from vegetable oil and are non-hazardous from renewable sources. Over 90% of solvents are recycled for further use and recycling initiatives are in place for all other waste associated with this production. The printers are FSC and ISO 14001 certified with strict procedures in place to safeguard the environment through all their processes. They have also registered and have had audits done by the Carbon Trust to reduce their Carbon Footprint.

The paper used contains material sourced from responsibly managed forests, certified in accordance with the FSC (Forest Stewardship Council) and is manufactured to ISO 14001 and EMAS (Eco-Management & Audit Scheme) international standards, minimising negative impacts on the environment.



Designed and produced by **MAGEE**  
[www.magee.co.uk](http://www.magee.co.uk)

Printed by PUSH

---

Macau Property Opportunities Fund Limited

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

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

