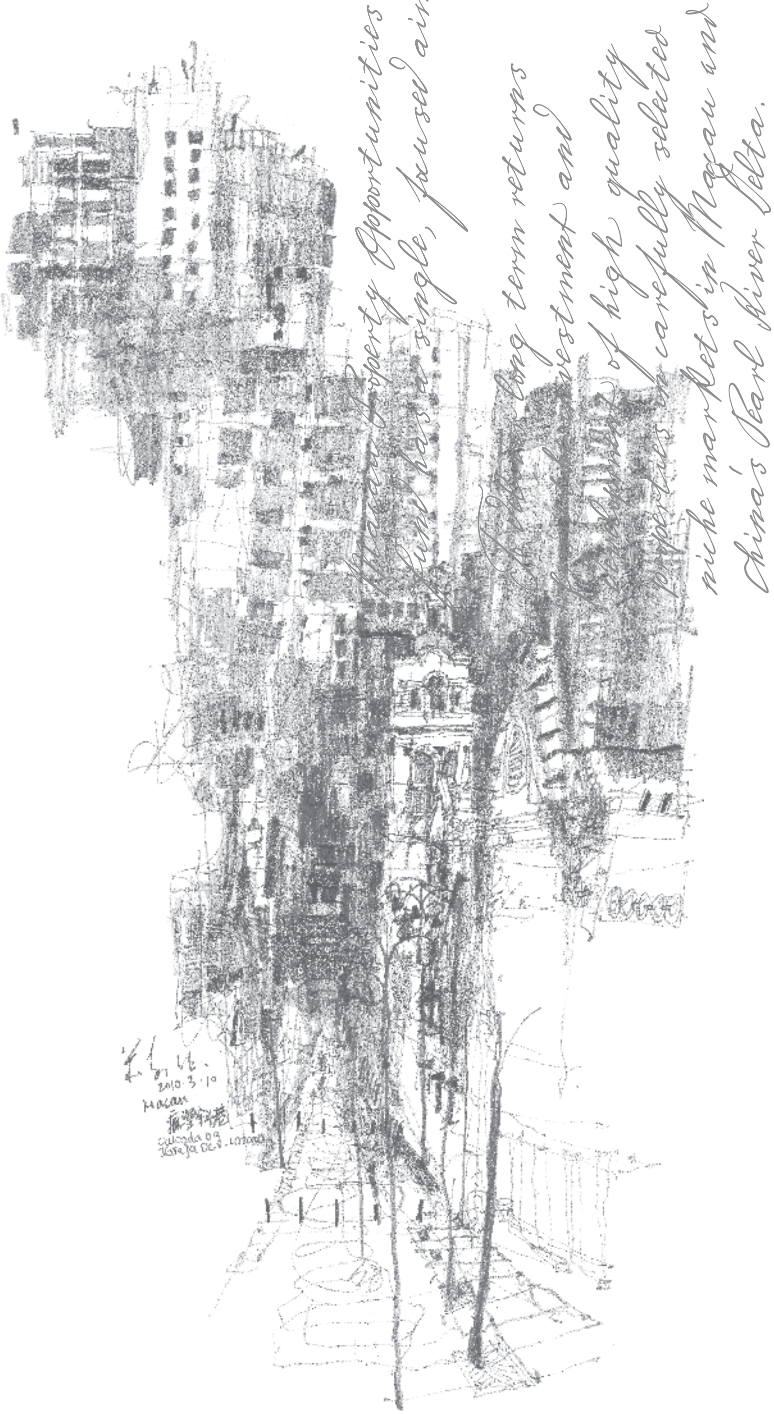
Macau Property
Opportunities Fund

Steadfast in vision

Interim Report for the period
ended 31 December 2014



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About

Listed on the London Stock Exchange, Macau Property Opportunities Fund is the only quoted property fund dedicated to investing in Macau, the world's largest gaming market and one of its fastest-growing economies.

Managed by Asian property investment manager, Sniper Capital Limited, MPO's portfolio is now valued at over half a billion US dollars.

Sketches by Ch'ng Kiah Kiean.

Drawn on location in Macau, 2010.

Cover: "View from Calçada da Igreja de S. Lázaro". Graphite on paper.

Above: "View from Monte Fort Macau". Graphite on paper.

Key Highlights & Financial Calendar
at a glance

Portfolio Valuation
US$547.6M

Complementing The Green House
New strategic acquisition

Gaming Revenue Declines
Mass market growth continues

The Fountainside
Occupancy permit received

Adjusted NAV per Share
US$4.71
302P
-3.6% over the period

Based on a Dollar/Sterling exchange rate of 1.5584 as at 31 December 2014.

Share Price Discount to Adjusted NAV per Share
22%
3.6% issued shares repurchased

Financial Calendar

February
Announcement of results for the period ended 31 December 2014

March
Interim Report and Accounts 2015 published

April
Investor Update Q1 2015

May
Net Asset Value Update

June
2015 Financial Year End

July
Investor Update Q2 2015

September
Full-Year Results Announcement

Chairman's Message

David Hinde,
Chairman of the Board

Considering the near-term challenges currently being faced by Macau, your Company has delivered a resilient performance in the six months to 31 December 2014.

We completed a strategic acquisition that we believe will create significant value for our shareholders. We are continuing to manage our assets at the very highest level of engagement. While we are committed long-term to share buy-backs, we have utilised significant cash flow funding our acquisition in the period.

Fund Performance

Macau's demographic trends – one of the most important drivers of the territory's real estate market – remain dynamic and powerful. Yet a decline in gaming revenues has dampened market sentiment, leading to a softer property market.

MPO's portfolio was valued at US$547.6 million[1] as at 31 December 2014. Adjusted Net Asset Value was US$369.6 million and Adjusted NAV per share was US$4.71 (302p)[2], a decrease of 3.6% since June 2014.

"Our focus remains on enhancing the values of our portfolio assets."

IFRS NAV fell 13% to US$194.3 million, with an IFRS NAV per share of US$2.48 (159p)[2], a decline of 9.6%.

MPO's loan-to-value ratio is now at 27%[3], with total cash balances of US$10.4 million, inclusive of US$5.8 million in deposits pledged as collateral for banking facilities.

3.6% of the Company's outstanding issued shares were repurchased and cancelled at a weighted average price of 245.38p, reducing the number of shares in issue to 78,483,964.

Portfolio Update

At *The Waterside*, our leased luxury residential property, we have witnessed a decline in occupancy to 67.2% due to a weaker market and a more aggressive pricing policy. Although occupancy levels are important, they should not come at the expense of rental growth – a primary driver of capital values. Our strategy is yielding rewards, with rental rates growing from HK$25 to HK$28.50 per square foot, per month over the period.

1 Portfolio valuation as at 31 December 2014 included an acquisition made by the Company during the period for US$23.5 million.

2 Based on a Dollar/Sterling exchange rate of 1.5584 as at 31 December 2014.

3 Assuming a full drawdown of its committed loan facilities and based on MPO's portfolio value as at 31 December 2014.

Since the end of the period, the Fund's low-density luxury residential redevelopment, *The Fountainside*, has received its occupancy permit, allowing the handover to buyers of the 27 pre-sold units and the receipt of final payments. Meanwhile, our sales programme for the 15 unsold units continues.

> "I have every confidence that your Company will successfully weather this healthy period of consolidation."

Senado Square, our flagship retail redevelopment project in the heart of Macau's shopping district, continues to await planning approval. While we share investors' frustrations over the delays to the project, we continue to highlight the exceptional positioning of this site and the further value that will be unlocked through redevelopment.

Finally, we have completed a complementary acquisition of the property adjoining *The Green House*, which will allow us to combine and position the two properties as a single, ultra-prime residence. This outstanding property is poised to become one of the most sought-after assets in Macau.

Future Strategy

Our focus remains on enhancing the values of our portfolio assets, through driving rental growth at *The Waterside*, maximising sales values at *The Fountainside*, redeveloping *Senado Square*, and refurbishing the enlarged *Green House*. We also remain committed to maximising shareholder value through opportunistic share buy-backs.

Outlook

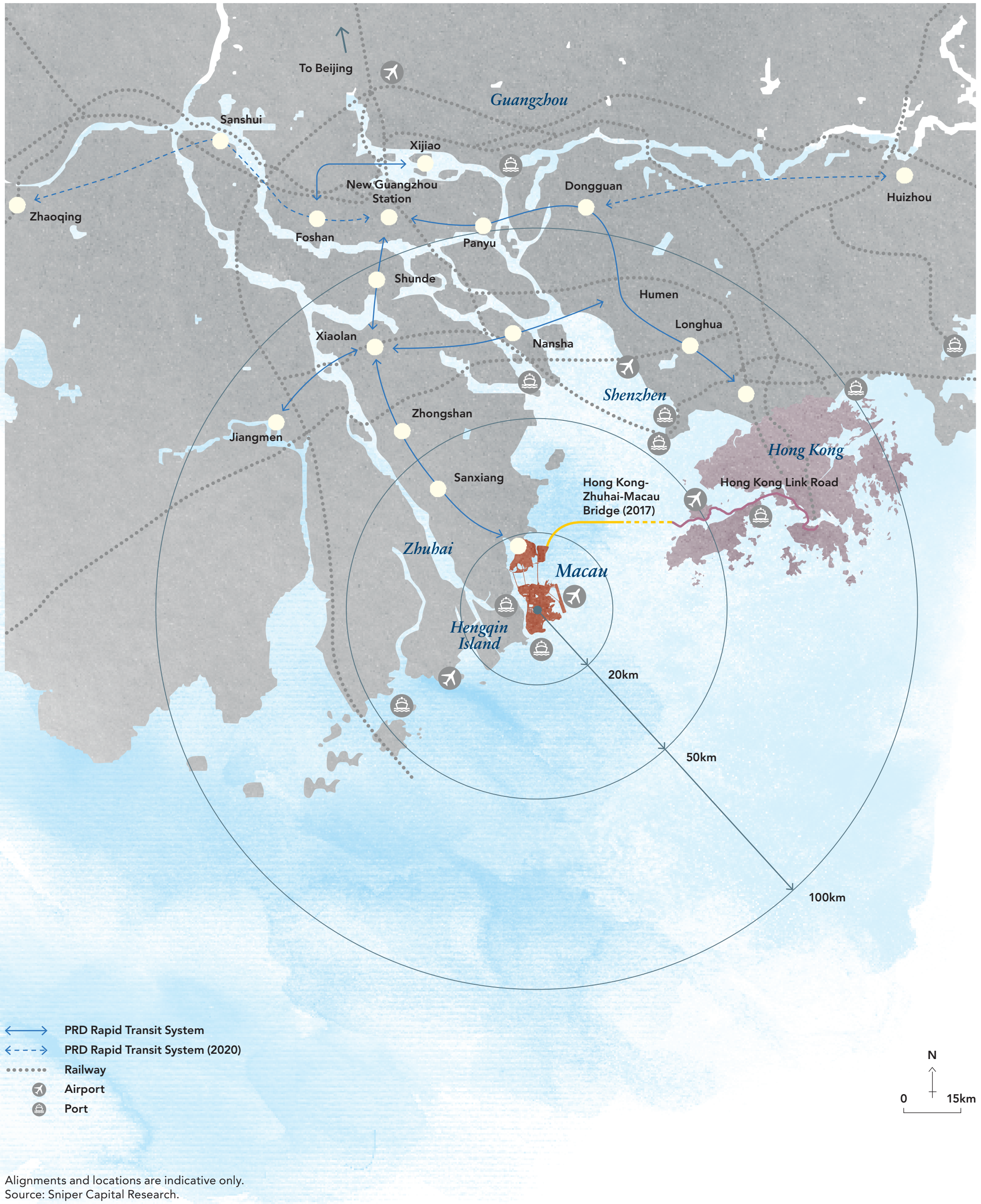
The corruption clampdown in China is likely to continue to affect market sentiment in Macau. But we would caution against losing sight of the city's unique positioning. Macau remains the only territory on Chinese soil in which gaming is permitted. The potential for long term growth remains significant.

Over the next three years, six new casino resorts will open, boosting the number of hotel rooms from 29,000 to 42,500 – still 110,000 fewer than in Las Vegas. Some 35,000 new foreign workers, or almost 10% of Macau's working population, will be needed to staff these resorts. This new phase of casino developments will be heavily geared towards China's growing middle class – the key to sustainable future growth in the territory. This in turn is expected to drive mass-market gaming, which is significantly more profitable and less volatile than the VIP segment upon which Macau has been overly dependent.

I have every confidence that your Company, with its prime portfolio of assets, will successfully weather this healthy period of consolidation.

Chairman of the Board
Macau Property Opportunities Fund Limited
27 February 2015

Regional Geography:
Pearl River Delta Region



Alignments and locations are indicative only.
Source: Sniper Capital Research.

Regional Geography:
Macau & Surrounds

Alignments and locations are indicative only.
Source: Sniper Capital Research.

Portfolio Overview: *Summary*

As at 31 December 2014

The Waterside & One Central

Tower Six of One Central Residences; please refer to the disclaimer on page 44.

Sector & Type
Luxury residential & investment

Current Status
Leasing and asset management

Commitment
US$99 million

Project Composition (Based on Market Value)
53.7%

Uplift (Over the Period)
-4.1%

Market Valuation
US$293.9 million

Individual units at One Central Residences.

Sector & Type
Luxury residential & investment

Current Status
Leasing and asset management

Commitment
US$10 million

Project Composition (Based on Market Value)
3.4%

Uplift (Over the Period)
-4.1%

Market Valuation
US$18.4 million

The Fountainside

Sector & Type
Low-density residential & redevelopment

Current Status
Final sales phase

Commitment
US$23 million

Project Composition (Based on Market Value)
14.2%

Uplift (Over the Period)
1.1%

Market Valuation
US$77.9 million

Residential projects

Retail projects

Portfolio Valuation

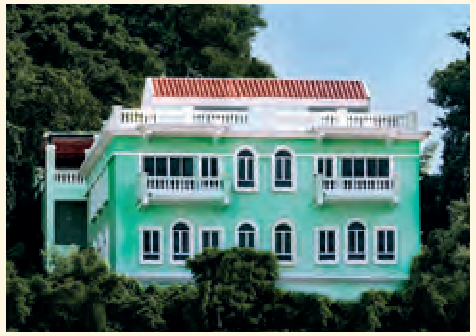
US$547.6M

Based on independent valuations of Savills (Macau) Limited as at 31 December 2014.

Loan-to-Value

27.2%

Versus 22.2% as at 30 June 2014 and assuming a full drawdown of its committed loan facilities and based on MPO's portfolio value as at 31 December 2014.



Senado Square

Sector & Type
Prime retail & redevelopment

Current Status
Advanced planning

Commitment
US$37 million

Project Composition (Based on Market Value)
20.3%

Uplift (Over the Period)
-2.3%

Market Valuation
US$110.9 million

*Estrada da Penha**

Sector & Type
Luxury private home & investment

Current Status
Consolidation underway

Commitment
US$28 million

Project Composition (Based on Market Value)
8.4%

Uplift (Over the Period)
8.1%

Market Valuation
US$46.0 million

* Planned fusion of *The Green House* with the adjoining residence.

Smaller Property

Sector & Type
Residential & investment

Current Status
Hold

Market Valuation
US$0.4 million

The Waterside
luxury residential

The Waterside, located at the centre of Macau's standout waterfront precinct at One Central Residences, comprises 59 luxury apartments for lease. The 148,000 square feet property includes a mixture of fully furnished standard units, a special collection of premium high-floor residences, and state-of-the-art simplex and duplex apartments. The property offers residents flexible leasing packages, personalised services and exclusive membership of the *Waterside Club*.

While occupancy at the property has eased to 67.2%, rental values remain firm, with rental rates growing from HK$25 to HK$28.50 per square foot, per month during the period.

Property Type
Investment

Current Status
Leasing and asset management

Gross Floor Area
148,000 square feet

Total Commitment
US$99 million

Acquisition Cost:
US$88 million

Asset Enhancement Cost:
US$11 million

Valuation
US$293.9 million
-4.1% over the period
+235% since acquisition

The Fountainside
low-density residential

The Fountainside, an 80,000 square feet, low-density development of luxury residences, is located in Macau's prestigious, heritage-rich Penha Hill district. The property consists of 38 apartments and four villas. The redevelopment of the property into luxury housing has been achieved while maintaining the building's original Macanese façade, which blends seamlessly into its surroundings. The property boasts features such as private garages, landscaped gardens and an eco-friendly roof.

The Fountainside has recently been awarded an occupancy permit, allowing the handover of units to buyers to commence. The sales programme for the remaining 11 apartments and four villas is progressing and we continue to target high-net-worth individuals and homeowners seeking premium properties in Macau.

Property Type
Redevelopment

Current Status
Final sales phase

Gross Floor Area
80,000 square feet

Total Commitment
US$23 million

Acquisition Cost:
US$8 million

Project Development Cost:
US$15 million

Valuation
US$77.9 million
+1.1% over the period
+865% since acquisition

Senado Square

Prime retail

MPO's flagship retail development, *Senado Square*, is located in the heart of Macau's shopping district and UNESCO-listed heritage quarter. The 70,000 square feet project was conceptualised by international design consultant Arquitectonica and it has received notable recognition for its sustainable and contemporary features.

Despite delays in the approvals process, the value of the property has increased since its acquisition, supported by the area's high visitor numbers, healthy retail sales and a very limited land supply. The eventual receipt of full planning permission is likely to drive its value further.

Property Type
Redevelopment

Current Status
Advanced planning

Gross Floor Area
70,000 square feet

Total Commitment
US$37 million

Acquisition Cost:
US$16 million

Project Development Cost:
US$21 million

Valuation
US$110.9 million
-2.3% over the period
+589% since acquisition

Estrada da Penha

Luxury private home

Located at the top of Penha Hill, Macau's most prized residential address, *Estrada da Penha* is a planned fusion of MPO's *The Green House* with the adjoining residence, which the Fund recently acquired. An asset enhancement programme will bring the two properties together as a single ultra-prime residence as depicted above.

When consolidated, *Estrada da Penha* will offer over 10,000 square feet of airy space for tranquil living amid beautiful surroundings. Affording spectacular views over Macau and the mainland city of Zhuhai, and only a short drive from Macau's city centre, this magnificent property is poised to become one of the most desirable residential assets in the territory.

Property Type
Investment

Current Status
Consolidation underway

Gross Floor Area
Over 10,000 square feet

Total Commitment
US$28 million

Acquisition Cost:
US$27 million

Project Development Cost:
US$1 million

Valuation
US$46.0 million
+8.1% over the period
+70% since acquisition

Manager's Report: *Overview*

Macau Property Opportunities Fund saw a slight decrease in its portfolio value in the six months to December 2014 with Adjusted Net Asset Value per share falling by 3.6%.

China's assertive and ongoing anti-corruption clampdown has had a marked effect on VIP gaming revenues, which have declined. While this has dampened overall market sentiment, and to some extent property prices, the fundamentals of population growth, affordability and local demand for properties in Macau remain strong.

Financial Results

In the six months to 31 December 2014, the market value of MPO's portfolio eased 2.1% to US$547.6 million amid a softening of the property market in the wake of China's anti-graft campaign, which has negatively impacted gaming revenues and overall market sentiment.

Adjusted NAV softened 7% to US$369.6 million resulting in an Adjusted NAV per share of US$4.71. In Sterling terms, Adjusted NAV per share was £3.02, based on a Dollar/Sterling exchange rate of 1.558 as at 31 December 2014.

IFRS NAV fell 13% to US$194.3 million or US$2.48 per share.

This slippage in NAV follows an extended period of strong, sustained growth that has seen a total return, including distributions, in Adjusted NAV per share of 191% since MPO was established, demonstrating the overall resilience of the Fund's fundamentals even amid recent economic headwinds that are expected to abate in 2015.

MPO's share price at the end of the period was £2.36 – a decline of 7% for the period, equating to a discount to Adjusted NAV per share of 22%, versus 11% six months earlier.

MPO Half-Year Financial Summary

for the period ended 31 December 2014

	31 Dec 14	30 Jun 14
NAV (IFRS) (US$ million)	**194.3**	222.9
NAV per share (IFRS) (US$)	**2.48**	2.74
Adjusted NAV (US$ million)	**369.6**	397.8
Adjusted NAV per share (US$)	**4.71**	4.89
Adjusted NAV per share (pence)*	**302**	286
Share price (pence)	**236**	254
Portfolio valuation (adjusted basis) (US$ million)	**547.6**	535.8
Loan-to-value ratio (%)	**27**	22

* Based on the following Dollar/Sterling exchange rates: 1.558 at 31 December 2014 and 1.710 as at 30 June 2014.

Financial Management

In accordance with IFRS, MPO's total assets amounted to US$384.1 million as at the period end and total liabilities were US$189.9 million. Bank borrowings increased by US$23 million during the period due to the refinancing of the One Central loan facilities, as well as a new loan being drawn down to partially finance the acquisition of the new property adjoining *The Green House*.

Based on the Company's portfolio value as at 31 December 2014, MPO's loan-to-value ratio is 27%, an increase from 22% six months earlier.

As at 31 December 2014, the Company held a cash balance equivalent to US$10.4 million, of which US$5.8 million was pledged as collateral for its banking facilities.

During the period, cash resources decreased by US$39.0 million. The primary cash outflows were: US$13.3 million, after bank financing, for the property acquisition; US$11.8 million for share repurchases and US$24.0 million for the payment of the performance fee.

The Manager is at an advanced stage in agreeing terms to refinance the unsold units at *The Fountainside*. The refinancing is expected to increase the Company's cash level by US$28.0 million. In addition, the occupancy permit for *The Fountainside* has been received, with the handover of pre-sold units to commence, which will result in positive net cash flow of US$6.1 million.

A Complementary Acquisition

We have acquired the three-storey villa adjoining *The Green House* following extensive and complex negotiations.

Purchased for HK$182.32 million (US$23.5 million), inclusive of all fees and expenses, this highly complementary acquisition will allow us to create a single, ultra-premium detached residence, to be named *Estrada da Penha* to reflect its address.

Note:

The Company's interim financial statements as at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All properties in the Company's portfolio have been valued by Savills (Macau) Limited.

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

Please refer to Notes 12 and 11 on pages 41 and 40 for more information on share buy-backs and related party transactions.

Given the scarcity of such properties, we believe this investment will create significant additional value for our investors.

The Waterside – Optimising the Tenant Mix

Tenancy demand has been softer during the second half of 2014, caused in part by skittish market sentiment amid China's anti-graft campaign. This has partly led to a slowdown in VIP gaming revenues, forcing small to medium-sized junket operators to consolidate their businesses and in certain cases, for junket operators to disappear altogether. While *The Waterside* has seen some early lease terminations, there continue to be new tenants who are taking up leases at higher prices. We are focused on boosting rental values through a revised leasing strategy as described below that we believe will diversify and optimise our tenant mix.

Higher rental values have to a great extent offset the decline in occupancy levels to 67.2%, as rental rates rose from HK$25 to HK$28.50 per square foot, per month over the period. Total gross rental income from all leased units at *The Waterside* stands at HK$2.8 million (US$0.4 million) as at January 2015, translating into a yield of 1.6%.

We are committed to maximising rental rates at *The Waterside*, with continuing upgrades of the luxury residences through an ongoing enhancement programme. Media campaigns are also being undertaken to secure further positive exposure for the property.

One Central Residences – Opportunistic Disposals

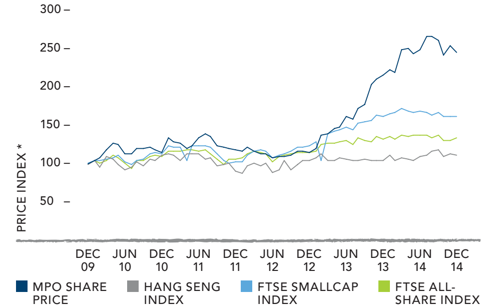
We currently hold four remaining units at One Central Residences and will seek to dispose of these at premiums to their respective valuations.

The Fountainside – Handover Commences

The Fountainside, our 80,000 square feet low-density residential development in Macau's exclusive Penha Hill district, received its occupancy permit on 18 February 2015.

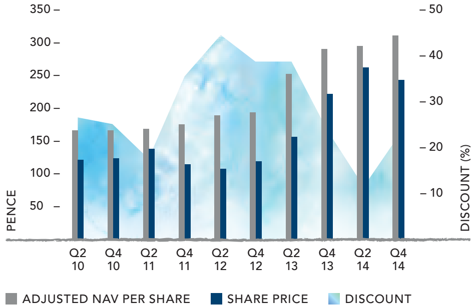
Among a total of 38 apartments and four villas, 27 units had been sold as at 19 February 2015. The 15 remaining units are available for sale at prices ranging from c.HK$10,000 to HK$15,000 per square foot, with a total combined sales value of more than HK$400 million (US$51.6 million). As part of the development's sales programme, more weekend viewings were introduced. Advertising and marketing campaigns are also underway, coupled with exclusive showings for high net-worth individuals and partnerships with property agents. Events were also held to introduce a newly furnished showroom to attract potential buyers.

MPO Share Price vs. Hang Seng, FTSE SmallCap & FTSE All-Share Indices



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

Share Price Discount to Adjusted NAV



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

We are proceeding with the handover to pre-sale buyers which will yield positive net cash flow of HK$47 million (US$6.1 million) after repayment of our bank facility.

Senado Square – Worth the Wait

A 70,000 square feet project at the heart of the city's most popular shopping and tourism district, the Fund's first retail development has been subject to extensive delays due to its scale, location and ambition to build a modern multi-storey shopping centre in old Macau.

Being a large redevelopment project in an existing built up area, multiple government approvals have been required, necessitating many rounds of discussions and endorsements of the project's design.

Furthermore, as the project is in the immediate vicinity of several UNESCO protected sites, the project has been the subject of increasingly stringent implementation of heritage, planning and technical guidelines and regulations being applied to the site and surrounding area.

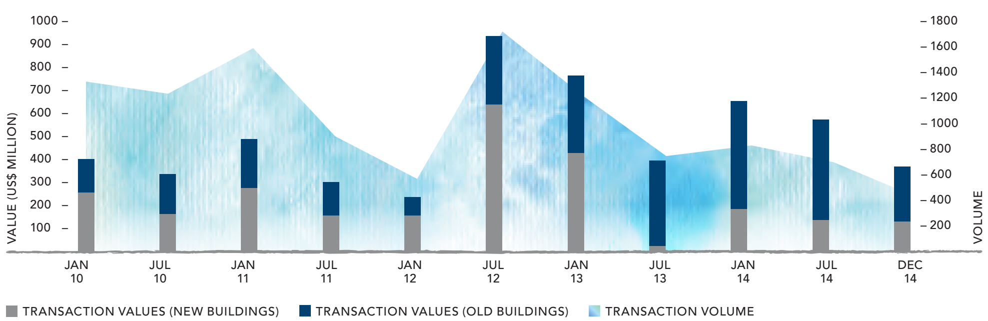
MPO is committed to the successful execution of this important project and continues to work closely with consultants and relevant government bodies to gain approvals and expedite progress on the development, which is widely expected to spur a significant regeneration of one of Macau's most popular heritage quarters.

Having recently responded to what we believe to be the final set of planning hurdles, we remain hopeful that work will commence at the beginning of 2016, upon receipt of all required construction approvals.

Manager's Report: *Property Market Overview*

Macau's property market is consolidating amid economic pressures related in part to China's ongoing anti-corruption campaign and its impact on the VIP gaming segment. Looking beyond the spate of negative headlines, the city's fundamentals, however, remain solid. Neighbouring Hengqin, one-third of whose population is expected to come from Macau by the end of the decade, looks set to play a major role in supporting Macau's continued long term growth.

Macau Residential Transaction Value & Volume



Source: Macau Statistics and Census Service (DSEC).

Property Market Growth Easing

Property price growth in Macau over the past decade has been exceptionally strong. The recent easing should be viewed as a healthy and welcome period of consolidation before the next phase of growth commences.

In 2014, the average price of a residential unit was US$1,159 per square foot – a rise of 22% year-on-year.

Transaction volumes have declined, with 36.7% fewer transactions in 2014, and a total transaction volume of 7,625 residential properties. However, this decline comes on the back of a period of strong growth in the market, as evidenced by the year-on-year increase in transaction values of pre-sale and existing residential units of 48.1% and 28.8% respectively for the whole of 2014.

Local real estate agent, Centaline, believes the city's property market has been in an "adjustment phase" since 2013, which saw a drop in annual home transactions to about 12,000 from almost 17,000 the year before. Cooling measures imposed in October 2012 resulted in heavy stamp duties being levied and restrictions on loan-to-value ratios introduced.

Centaline believes, however, that 2015 will be a stable year for Macau's housing market, and estimates that the transaction volume of residential units will reach 8,000.

Despite the short term pressures, we remain optimistic about the medium- and longer-term outlook for Macau's property investment market. With decreasing rates of housing starts and completions coupled with manpower shortages in the construction industry, supply remains tight. Key drivers include the city's strong economic fundamentals and the upcoming wave of Cotai casino resort openings. Tourism development in Hengqin is also expected to boost demand for homes, especially among expatriate workers seeking accommodation.

Hengqin – "Orlando" next to "Vegas"

We believe Hengqin's rise will complement Macau's long-term growth.

The Chinese Government is intensifying its efforts to develop and diversify cities further in the Pearl River Delta region. Much attention has been given to the Guangdong-Macau joint industrial park, which is being seen as the lynch pin of the Government's diversification efforts.

Chimelong Ocean Resort, which opened its initial phase in Hengqin Island last year, saw a surge in tourists over the Christmas festive period. Visitor figures were further bolstered by the newly-introduced 24-hour opening times of the Lotus Bridge crossing. This bodes well for the Resort, which looks set to attract even more visitors in the long-run.

The property market in Hengqin is also proving popular with Macau investors who are looking to purchase property in the city for both investment and residential purposes. Property sales in Hengqin have absorbed some of the liquidity in Macau's real estate market and contributed to the current period of consolidation in the territory.

Jones Lang LaSalle estimates that Hengqin may complete most of its planned 20,000 residential units by 2017, of which some 14,000 will be saleable.

Manager's Report: *Macroeconomic Outlook*

Macau is in a transition phase, facing short-term headwinds from China's anti-graft campaign and falling gaming revenues. Key to Macau's economic fortunes will be the changing dynamics of its gaming industry as the market increasingly shifts away from VIPs towards the higher margin mass market, and a planned, longer term rebalancing of economy towards a greater diversity of commercial activity.

Anti-graft Clampdown

The Chinese government's anti-graft campaign kept the pressure on Macau's economy at the tail end of 2014, and the campaign is not expected to abate in the foreseeable future.

With the crackdown on illicit money flows into Macau, a large number of VIP junkets have reported decreased revenue figures. Junket operators – middlemen who bring in VIP players and high-rollers and loan them money to gamble in VIP rooms – have borne the brunt of falling VIP gamers who have stayed away as a result of the anti-graft clampdown. Facing liquidity problems, some junkets have consolidated their businesses, while others have ceased operations.

The anti-corruption measures have created short-term headwinds, which we believe will be overcome in due course – particularly so when the new wave of Cotai resorts open, given their focus on non-gaming sectors such as entertainment, food and beverage, and retail.

Gaming Revenues

Shift to Mass Market

The shift in focus from VIP gaming to the significantly more profitable mass market looks set to gain further traction, particularly with the forthcoming opening of new gaming resorts in Cotai.

Opening of New Casino Resorts in Cotai

MAY 2015 → Galaxy Macau Phase II (GALAXY)

SEP 2015 → Studio City (MELCO)

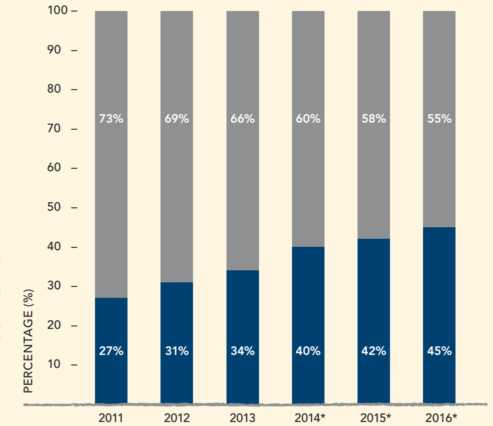
LATE 2015 → The Parisian Macao (SANDS CHINA)

→ 6,000 HOTEL ROOMS

These new developments will add some 6,000 hotel rooms between them and are likely to boost overnight mass-market visitation.

Source: Morgan Stanley Research.

Continued Gross Gaming Revenue Mix Shift to Mass to Improve Sequentially



VIP REVENUE AS % OF GGR ■ MASS & SLOT REVENUE AS % OF GGR

* Estimates. Source: DICJ, Morgan Stanley Research.

Growth in Mass-market Gaming Revenue as a Percentage of Total Gaming Revenue

39% IN 2014 vs. 33% IN 2013

Source: DICJ.

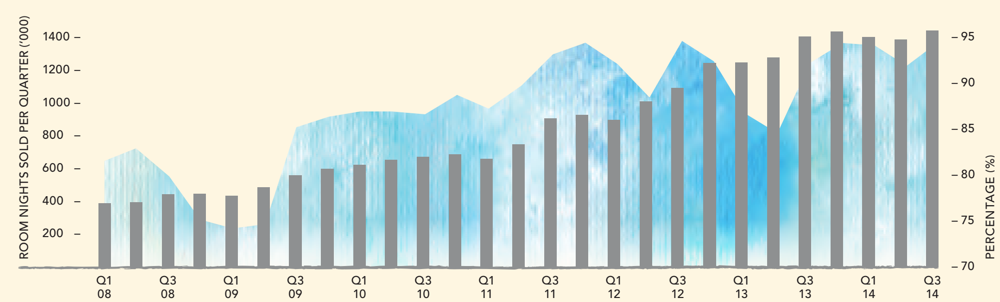
Most Gaming Operators in Q3 2014

EBITDA margins increased

Despite 20%–30% Declines in VIP revenues

Source: Morgan Stanley Research.

Casino Hotel Room Occupancy Remains Stretched Despite Increasing Capacity



CASINO-OWNED HOTELS ■ OVERALL OCCUPANCY

Source: Company Data, Morgan Stanley Research.

Gaming Revenues – Gradual Stabilisation

Analysts have cut their estimates for 2015, with most predicting similar results to 2014's gaming revenue of US$44 billion, following a 2.6% year-on-year contraction in full year gaming revenue in 2014, which was in line with analyst estimates. Macau's Secretary for Economy and Finance estimates that Macau's monthly gaming revenue will remain between MOP23 billion and MOP28 billion – a range similar to the second half of 2014. Credit Suisse believes 2015 is a year of rebalancing, with the VIP market showing signs of stabilisation. Gaming research firm, Union Gaming, echoes this sentiment, believing a "modest return to sentiment" this year. Bloomberg expects gaming revenues to range between -5% and flat, while noting that the second half of the year may improve due to progressively easier year-on-year comparisons, new resort openings and stimulus measures paying off.

Economic Diversification

The Chinese government has targeted Macau for expansion in sectors beyond gaming amid its clampdown on graft and money laundering, which it sees as linked to VIP gaming junkets.

President Xi Jinping himself said in December 2014 that Macau must focus on its development as a global tourism and leisure centre to promote diversification and sustainable development. Although he did not explicitly mention Macau's casinos, industry watchers regard his remarks as a clear message from the top that Macau must diversify.

Hengqin is already enjoying growing numbers of tourist arrivals, thanks in no small measure to the opening of the Chimelong Ocean Resort in March 2014.

Increased Connectivity

Macau's secondary border crossing is now open 24 hours a day: the Lotus Bridge Cotai Frontier Post, which connects the city to Hengqin, has been operating around the clock since 18 December 2014. Operating hours at the primary Gongbei Border Gate have also been extended by two hours daily.

Construction has been delayed on the Hong Kong-Zhuhai-Macau Bridge. This was originally expected to open to traffic in late 2016. No specific date has been mentioned although the delay cited, due to operational challenges, including labour shortages and increasing costs, is to be approximately six months.

*Risks and Uncertainties**

China's anti-graft campaign may continue for a lengthy period, and its full ramifications for Macau's economy are as yet unknown. Most analysts, however, believe that Macau is experiencing a temporary hiatus in its ongoing growth story, with its upside potential in the medium to longer term in tact.

Gaming revenues from the mass market and its emerging, affluent sector – the premium mass market – could be further affected by the anti-graft campaign amid a shift in focus towards day-trippers and package tour visitors to Macau. Minimum gaming bet values could also decline further. However, the territory's visitor mix is expected to improve with the opening of several new five-star hotels, which will be part of the upcoming gaming resorts in Cotai. Furthermore, visitor arrivals for the year 2014 were a record high of 31.5 million, a 7.5% year-on-year increase.

Macau's labour shortage may negatively impact the city's gaming industry, given the effects of higher staff costs. Protests by gaming workers in the first half of 2014 prompted gaming operators to increase staff benefits. Current labour costs and relations appear stable, however.

Construction work on upcoming Cotai resorts may take longer than expected, delaying their opening dates.

* The full list of risks and uncertainties are disclosed in the Corporate Governance Report of the annual financial statements as of 30 June 2014. There have been no changes to the Group's principal risks and uncertainties in the six month period to 31 December 2014 and the Board of Directors does not anticipate any changes to the principal risks and uncertainties in the next six months.

Summary

Macau's development in recent years has been rapid and far reaching. While China's anti-graft campaign has sent a chill through the VIP gaming segment, this is likely to bring with it a silver lining as it encourages the territory to accelerate its transformation into a truly diversified global leisure destination.

We continue to believe that Macau is in the midst of a consolidation phase amidst longer term growth with its property market supported by powerful demographics. Our overriding focus remains on maximising shareholder value through astute asset and financial management.

Directors' Statement of Responsibilities

Directors' Statement of Responsibilities
The Directors are responsible for preparing this half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union; and

- the Chairman's Message and Investment Manager's Report meet the requirements of an interim management report, and include a fair review of the information required by:

  a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the interim condensed consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

DR Hinde

David Hinde
Chairman
26 February 2015

Independent Review Report to Macau Property Opportunities Fund Limited

Introduction
We have been engaged by Macau Property Opportunities Fund Limited to review the interim condensed consolidated financial statements in the interim report for the six months ended 31 December 2014 which comprise the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Statement of Comprehensive Income, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flows and the related notes 1 to 15. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The interim report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The interim condensed consolidated financial statements included in this interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the interim condensed consolidated financial statements in the interim report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements in the interim report for the six months ended 31 December 2014 are not prepared, in all material respects, in accordance with International Accounting Standard 34 and with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst + Young LLP

Ernst & Young LLP
Guernsey, Channel Islands
26 February 2015

Notes:

1. The maintenance and integrity of the Macau Property Opportunities Fund Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the website.

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

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

As at 31 December 2014

	Note	Unaudited 31 Dec 2014 US$'000	Unaudited 31 Dec 2013 US$'000 Restated	Audited 30 Jun 2014 US$'000
ASSETS				
Non-current assets				
Investment property	3	**293,923**	332,608	306,575
Deposits with lenders	4	**5,796**	3,704	2,656
Financial assets at fair value through profit or loss – interest rate swap	6	**398**	260	315
Trade and other receivables		**111**	110	112
		300,228	336,682	309,658
Current assets				
Inventories	5	**78,348**	68,834	54,351
Proceeds from disposal of property held in escrow		**-**	-	6,452
Prepayments and other receivables		**910**	1,127	950
Cash and cash equivalents		**4,593**	9,736	43,528
		83,851	79,697	105,281
Total assets		**384,079**	416,379	414,939
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		**785**	835	814
Retained earnings		**120,227**	96,201	136,902
Distributable reserves		**72,266**	120,853	84,049
Foreign currency translation reserve		**992**	1,178	1,089
Total equity		**194,270**	219,067	222,854
LIABILITIES				
Non-current liabilities				
Taxation provision	13	**25,641**	30,954	27,161
Provision	14	**-**	1,345	1,343
Interest-bearing loans	7	**124,714**	119,863	128,952
		150,355	152,162	157,456
Current liabilities				
Trade and other payables		**3,724**	6,392	4,239
Performance fee payable	11	**-**	19,870	23,964
Deferred income/deposits on property sales		**-**	6,519	-
Deferred income/deposits on property pre-sales		**6,349**	5,508	5,451
Interest-bearing loans	7	**27,263**	5,933	-
Provision	14	**1,343**	-	-
Financial liabilities at fair value through profit or loss – interest rate swap	6	**775**	928	975
		39,454	45,150	34,629
Total liabilities		**189,809**	197,312	192,085
Total equity and liabilities		**384,079**	416,379	414,939
Net Asset Value per share (US$)	9	**2.48**	2.62	2.74
Adjusted Net Asset Value per share (US$)	9	**4.71**	4.58	4.89

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 February 2015.

The notes on pages 32 to 43 form part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

	Note	Unaudited 6 months 1 Jul 14 – 31 Dec 2014 US$'000	Unaudited 6 months 1 Jul 13 – 31 Dec 2013 US$'000 Restated	Audited 12 months 1 Jul 13 – 30 Jun 2014 US$'000
Income				
Sale of inventories		**-**	-	24,639
Rental income		**2,453**	2,520	5,052
Net (loss)/gain from fair value adjustment on investment property	3	**(12,579)**	62,527	83,645
Fair value gain on disposal of investment property	3	**-**	-	17,251
		(10,126)	65,047	130,587
Expenses				
Cost of sales of inventories	5	**-**	-	14,977
Management fee	11	**4,195**	3,614	8,080
Performance fee	11	**-**	19,874	23,969
Non-Executive Directors' fees	11	**118**	122	247
Auditors' remuneration		**59**	64	162
Property operating expenses		**492**	656	1,380
Sales and marketing expenses		**98**	1,160	1,725
General and administration expenses		**825**	934	1,910
Loss on foreign currency translation		**109**	68	573
		(5,896)	(26,492)	(53,023)
Operating (loss)/profit for the period/year		**(16,022)**	38,555	77,564
Finance income and expenses				
Net gain on valuation of interest rate swap	6	**283**	87	95
Bank loan interest	7	**(1,679)**	(1,316)	(2,774)
Interest expense on interest rate swap	6	**(523)**	(518)	(1,031)
Other financing costs		**(244)**	(400)	(542)
Bank and other interest		**1**	1	5
		(2,162)	(2,146)	(4,247)
(Loss)/profit for the period/year before tax		**(18,184)**	36,409	73,317
Taxation		**1,509**	(12,035)	(8,242)
(Loss)/profit for the period/year after tax		**(16,675)**	24,374	65,075
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translating foreign operations		**(97)**	338	249
Total comprehensive (expense)/income for the period/year		**(16,772)**	24,712	65,324
(Loss)/profit attributable to:				
Equity holders of the Company		**(16,675)**	24,374	65,075
Total comprehensive (expense)/income attributable to:				
Equity holders of the Company		**(16,772)**	24,712	65,324

	Note	Unaudited 6 months 1 Jul 14 – 31 Dec 2014 US$	Unaudited 6 months 1 Jul 13 – 31 Dec 2013 US$ Restated	Audited 12 months 1 Jul 13 – 30 Jun 2014 US$
Basic and diluted (loss)/profit per Ordinary Share attributable to the equity holders of the Company during the period/year	8	**(0.2096)**	0.2755	0.7609

All items in the above statement are derived from continuing operations.

The notes on pages 32 to 43 form part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

Movement for the 6 month period from 1 July 2014 to 31 December 2014 (unaudited)

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2014		**814**	**136,902**	**84,049**	**1,089**	**222,854**
Loss for the period		-	(16,675)	-	-	(16,675)
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translating foreign operations		-	-	-	(97)	(97)
Total comprehensive expense for the period		**-**	**(16,675)**	**-**	**(97)**	**(16,772)**
Share buy back	12	(29)	-	(11,783)	-	(11,812)
Balance carried forward at 31 December 2014		**785**	**120,227**	**72,266**	**992**	**194,270**

Movement for the 6 month period from 1 July 2013 to 31 December 2013 (unaudited) (restated)

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance at 30 June 2013 – as previously reported		900	90,746	141,212	840	233,698
Prior period adjustment	13	-	(18,919)	-	-	(18,919)
Balance brought forward at 1 July 2013 – as restated		900	71,827	141,212	840	214,779
Profit for the period		-	24,374	-	-	24,374
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translating foreign operations		-	-	-	338	338
Total comprehensive income for the period		-	24,374	-	338	24,712
Share buy back		(65)	-	(20,359)	-	(20,424)
Balance carried forward at 31 December 2013		835	96,201	120,853	1,178	219,067

Movement for the year from 1 July 2013 to 30 June 2014 (audited)

	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2013	900	71,827	141,212	840	214,779
Profit for the year	-	65,075	-	-	65,075
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translating foreign operations	-	-	-	249	249
Total comprehensive income for the year	-	65,075	-	249	65,324
Return of Capital	-	-	(29,000)	-	(29,000)
Share buy back	(86)	-	(28,163)	-	(28,249)
Balance carried forward at 30 June 2014	814	136,902	84,049	1,089	222,854

The notes on pages 32 to 43 form part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

	Note	Unaudited 6 months 1 Jul 14 – 31 Dec 14 US$'000	Unaudited 6 months 1 Jul 13 – 31 Dec 13 US$'000	Audited 12 months 1 Jul 13 – 30 Jun 14 US$'000
Net cash (used in)/ generated from operating activities	10	**(51,070)**	(6,416)	3,859
Cash flows from investing activities				
Capital expenditure on investment properties	3	**(70)**	(3,583)	(3,604)
Proceeds from disposal of investment property		**-**	-	58,199
Movement in pledged bank balances		**(3,140)**	1,195	2,243
Proceeds from disposal of property held in escrow		**6,452**	-	-
Net cash (used in)/generated from investing activities		**3,242**	(2,388)	56,838
Cash flows from financing activities				
Proceeds from bank borrowings		**23,025**	102,414	111,563
Repayment of bank borrowings		**-**	(70,722)	(76,716)
Share buy back		**(11,812)**	(20,424)	(28,249)
Return of Capital		**-**	-	(29,000)
Interest and bank charges paid		**(2,477)**	(2,535)	(4,283)
Net cash generated from/(used in) financing activities		**8,736**	8,733	(26,685)
Net movement in cash and cash equivalents		**(39,092)**	(71)	34,012
Cash and cash equivalents at beginning of period/year		**43,528**	9,864	9,864
Effect of foreign exchange rate changes		**157**	(57)	(348)
Cash and cash equivalents at end of period/year		**4,593**	9,736	43,528

The notes on pages 32 to 43 form part of these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

General information

Macau Property Opportunities Fund Limited (the "Company") is a Company incorporated and registered in Guernsey under The Companies (Guernsey) Law, 1994. This law was replaced by the Companies (Guernsey) Law, 2008 on 1 July 2008. The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. The address of the registered office is given on page 44.

The interim condensed consolidated financial statements for the six months ended 31 December 2014 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group invests in residential and commercial property and property-related ventures primarily in Macau.

There have been no changes to the Group's principal risks and uncertainties in the six month period to 31 December 2014 and the Board of Directors does not anticipate any changes to the principal risks and uncertainties in the second half of the year. Principal risks and uncertainties are further discussed in the Investment Managers Report on page 25.

The interim condensed consolidated financial statements are presented in US Dollars ("US$") and are rounded to the nearest thousand ($'000).

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors on 26 February 2015.

1. Significant accounting policies

Basis of accounting

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

The interim condensed consolidated financial statements have been prepared in accordance with 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 interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of 30 June 2014.

As a result of the decision of the IFRS Interpretations Committee in its July 2014 meeting relating to deferred taxation for a single asset held by a corporate wrapper, the Group has recognised the deferred tax liability for the taxable temporary difference relating to the investment property carried at fair value in its interim financial statements and, in line with the prior period adjustment made in its 30 June 2014 financial statements, the Group has adjusted the 31 December 2013 comparative numbers (see Note 13).

There was a further, presentational, reclassification within the consolidated statement of cash flows whereby it was deemed appropriate to include the 'movement in pledged bank balances' under 'investing activities' as opposed to 'financing activities' as in the prior periods. This resulted in no net cash flow impact.

New and amended standards and interpretations applied

The following new and amendments to existing standards and interpretations, either did not have a material impact on the Group or were not applicable are outlined below:

		Effective dates
IFRS 10	Consolidated financial statement	01 January 2014
IFRS 11	Joint arrangements	01 January 2014
IFRS 12	Disclosure of interests in other entities	01 January 2014
IAS 27	Separate financial statements	01 January 2014
IAS 28	Investments in associates and joint ventures	01 January 2014
IAS 32	Financial instruments: presentation – offsetting financial assets and financial liabilities	01 January 2014
IAS 36	Impairment of assets – recoverable amount disclosures for non-financial assets	01 January 2014
IAS 39	Financial instruments: recognition and measurement – novation of derivatives and continuation of hedge accounting	01 January 2014
IFRIC 21	Levies	01 January 2014
IFRS 10, IFRS 12 & IAS 27	Amendments in respect of Investment Entities	01 January 2014
Various	Annual improvements to IFRSs 2010 – 2012 cycle	01 July 2014
Various	Annual improvements to IFRSs 2011 – 2013 cycle	01 July 2014
IAS 19	Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)	01 July 2014

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

1. Significant accounting policies (continued)

Basis of accounting (continued)

Going concern

As part of their assessment of the going concern of the Group, the Directors have reviewed the comprehensive cash flow forecasts prepared by management which make assumptions based upon current and expected future market conditions, including predicted future sales of properties. It is the Directors' belief that, based upon those forecasts and their assessment of the Group's committed banking facilities, it is appropriate to prepare the financial statements of the Group on the going concern basis.

The Directors believe it is appropriate to prepare the financial statements of the Group on the going concern basis based upon existing cash resources, the forecasts described above, the extension of the life of the Company until the end of 2016 agreed at the EGM on 7 April 2014 and the Directors' assessment of the Group's committed banking facilities and expected continuing compliance with related covenants.

Seasonal and cyclical variations

The Group does not operate in an industry where significant or cyclical variations as a result of seasonal activity are experienced during the financial year.

2. Segment reporting

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

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

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

3. Investment property

	Unaudited 1 Jul 14 – 31 Dec 14 US$'000	Unaudited 1 Jul 13 – 31 Dec 13 US$'000	Audited 1 Jul 13 – 30 Jun 14 US$'000
At beginning of the period/year	**306,575**	266,498	266,498
Capital expenditure on property*	**70**	3,500	3,604
Proceeds from disposals	**-**	-	(64,651)
Fair value adjustment	**(12,579)**	62,527	83,645
Fair value gain on disposal of investment property	**-**	-	17,251
Exchange difference	**(143)**	83	228
Balance at end of the period/year	**293,923**	332,608	306,575

* Stamp duty expenditure relating to the purchase of *The Waterside* has been capitalised. See Note 14 for further information.

Valuation gains and losses from investment property are recognised in profit and loss for the period and are attributable to changes in unrealised gains or losses relating to investment property (completed and under construction) held at the end of the reporting period.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

3. Investment property (continued)

The valuation process is initiated by the Investment Adviser who appoints a suitably qualified valuer to conduct the valuation of the investment property. The results are overseen by the Investment Adviser. Once satisfied with the valuations based on their expectations, the Investment Adviser reports the results to the Board. The Board review the latest valuation based on their knowledge of the property market and compare these to previous valuations.

The Group's investment properties were revalued at 31 December 2014 by independent, professionally-qualified valuers: Savills (Macau) Limited. The valuation has been carried out in accordance with the current Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition, with the assumptions that:

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

The fair value of investment property is determined by Savills (Macau) Limited using recognised valuation techniques. The technique deployed was the income capitalisation method.

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

See Note 13 in relation to deferred tax liabilities on investment property.

Capital expenditure in the period relates to the fit out costs for *The Waterside*.

Rental income arising from *The Waterside* of US$2,453,000 (6 months ended 31 December 2013: US$2,459,000, 12 months ended 30 June 2014: US$4,957,000) was received during the period. Direct operating expenses of US$314,000 (6 months ended 31 December 2013: US$355,000, 12 months ended 30 June 2014: US$939,000) arising from *The Waterside* that generated rental income were incurred during the 6 month period. Direct operating expenses during the period arising from vacant units totalled US$46,000 (6 months ended 31 December 2013: US$17,000, 12 months ended 30 June 2014: US$58,000).

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

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

	Property information	Carrying amount / fair value as at: US$'000	Valuation technique	Input	Unobservable and observable inputs used in determination of fair values	Other key information
Name	*The Waterside*	31 Dec 2014 293,923	Term and Reversion Analysis	Term rent	HK$ 23.0 psf	Age of building
Type	Residential/ Completed apartments			Yield rent (exclusive of management fee and furniture)	2.0%	
Location	One Central Tower 6 Macau			Reversionary rent	HK$ 23.4 psf	Remaining useful life of building
				Reversionary yield (exclusive of management fee and furniture)	2.30%	
				Discount rate	2.00%	

Macau Property Opportunities Fund Limited

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

3. Investment property (continued)

The fair value of *The Waterside* is determined using the income capitalisation approach, more specifically a term and reversion analysis, where a property's fair value is estimated based on the rent receivable and normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. The difference between gross and net rental income includes the same expense categories as those for the discounted cash flow method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over and under-rent situations are separately capitalised (discounted).

If the estimated reversionary rent increased/decreased by 5%, (and all other assumptions remained the same) the fair value of *The Waterside* would increase by US$15 million (31 December 2013: US$13 million, 30 June 2014: US$15 million) or decrease by US$15 million (31 December 2013: US$13 million, 30 June 2014: US$16 million).

If the term and reversionary yields or discount rates increased/decreased by 5%, (and all other assumptions remained the same) the fair value of *The Waterside* would decrease by US$14 million (31 December 2013: US$14 million, 30 June 2014: US$15 million) or increase by US$15 million (31 December 2013: US$13 million, 30 June 2014: US$16 million).

The same valuation method was deployed in June 2014 and December 2014.

All properties are currently valued at their highest and best use. There is no extra evidence available to suggest that any property has an alternative use that would provide a greater fair value measurement.

The Company's investment property has been classified within Level 3 as they have unobservable inputs.

There have been no transfers between levels during the period or a change in valuation technique since the last period.

4. Deposits with lenders

Pledged bank balances represents deposits pledged to the Group's bankers to secure the banking facilities and interest rate swaps granted to the Group. Deposits have been pledged to secure long-term banking facilities and interest rate swaps and are, therefore, classified as non-current assets. There are no other significant terms and conditions associated with these pledged bank balances.

	Unaudited 31 Dec 14 US$'000	Unaudited 31 Dec 13 US$'000	Audited 30 Jun 14 US$'000
Pledged for loan covenants	**4,700**	1,850	1,272
Pledged for interest rate swaps	**1,096**	1,854	1,384
	5,796	3,704	2,656

5. Inventories

	Unaudited 1 Jul 14 – 31 Dec 14 US$'000	Unaudited 1 Jul 13 – 31 Dec 13 US$'000	Audited 1 Jul 13 – 30 Jun 14 US$'000
Cost			
Balance brought forward	**54,351**	64,768	64,768
Additions	**24,023**	4,046	4,520
Disposals	**-**	-	(14,977)
Exchange difference	**(26)**	20	40
Balance carried forward	**78,348**	68,834	54,351

Additions include capital expenditure, development costs and capitalisation of financing costs. Interest costs of US$193,000 (6 months ended 31 December 2013: US$247,000, 12 months ended 30 June 2014: US$374,000) relating to *The Fountainside* loan facility were capitalised during the period.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

5. Inventories (continued)

On 13 October 2014, the Group, entered into a promissory sales and purchase agreement to acquire a luxury private house located in Macau's exclusive neighbourhood of Penha Hill for a total acquisition cost of HK$182,320,000 (US$23,500,000) (inclusive of stamp duty and all other fees and expenses). The acquisition is complementary to the Group's portfolio given that the property adjoins the Group's existing property *The Green House*. At the time, a deposit of HK$79,000,000 (US$10,200,000) was paid and a further payment was made on 11 December 2014 of HK$63,200,000 (US$8,150,000). A final payment of HK$15,800,000 (US$2,040,000) was made when the Group took vacant possession of the property on 18 February 2015. This amount was paid before 31 December 2014 and held in escrow at the period end date.

Under IFRS, inventories are valued at the lower of cost and net realisable value. The carrying amounts for inventories as at 31 December 2014 amounts to US$78,348,000 (31 December 2013: US$68,834,000, 30 June 2014: US$54,351,000). Net realisable value as at 31 December 2014 as determined by independent, professionally-qualified valuer, Savills (Macau) Limited, was US$251,102,000 (31 December 2013: US$232,385,000, 30 June 2014: US$226,966,000).

6. Interest rate swaps

During the period the Group paid net interest to the bank of US$523,000 (6 months to 31 December 2013: US$518,000, 12 months to 30 June 2014: US$1,031,000) as shown in financing expenses on the consolidated statement of comprehensive income.

The swaps are treated as financial liabilities at fair value through profit or loss with a net period end value of US$377,000 (31 December 2013: US$668,000, 30 June 2014: US$660,000). For the period ended, a fair value gain of US$283,000 (6 months ended 31 December 2013: US$87,000, 12 months ended 30 June 2014: US$95,000) arising from the interest rate swaps in aggregate has been recognised in the consolidated statement of comprehensive income.

All swaps held are categorised in level 2 of the fair value hierarchy. There were no transfers between levels 1, 2 and 3 or changes in valuation techniques during the period. The swaps have been valued on the basis of discounting future cash flows at prevailing interest rates.

There are no changes in the counterparty credit risk during the period.

Standard Chartered Bank

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

The total notional amount for the interest rate swaps is HK$500,000,000 (US$64,485,000) (31 December 2013: HK$500,000,000 (US$64,485,000), 30 June 2014: HK$500,000,000, (US$64,515,000)), being a notional amount of HK$100,000,000 for each swap. The tenor of each swap is five years, with the earliest maturity date being 6 August 2015 and the latest being 20 May 2016.

Under these swaps, the Group would receive quarterly interest at variable rates of three-month HIBOR and pay quarterly interest at fixed rates ranging from 1.395% to 2.09% per annum. The Group has placed HK$8,500,000 (US$1,096,000) (31 December 2013: HK$14,375,000 (US$1,854,000), 30 June 2014: HK$10,725,000, (US$1,384,000)) with Standard Chartered Bank as a pledged deposit to secure the interest rate swap facilities.

Hang Seng Bank

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

The notional amount for the interest rate swap is HK$250,000,000 (US$32,243,000) (31 December 2013: HK$250,000,000 (US$32,243,000), 30 June 2014: HK$250,000,000, (US$32,257,000)), the tenor of the swap is five years with maturity date of 19 March 2018. Under this swap, the Group receives quarterly interest at variable rates of three-month HIBOR and pays quarterly interest at fixed rate of 1% per annum.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

7. Interest-bearing loans

	Unaudited 31 Dec 14 US$'000	Unaudited 31 Dec 13 US$'000	Audited 30 Jun 14 US$'000
Bank loans - Secured			
- Current portion	**27,263**	5,933	-
- Non-current portion	**124,714**	119,863	128,952
	151,977	125,796	128,952

The Group has a term loan facility with Hang Seng Bank for *The Waterside* and the individual One Central Residences units. On 17 September 2013 the loan facility was renegotiated. The facility amount increased to HK$828 million (US$106.8 million). HK$750 million (US$96.7 million) of the facility, tranche 3, was drawndown and used to fully repay HK$157.7 million (US$20.3 million) of tranche 2 of the previous loan and repay HK$390.9 million (US$50.4 million) of tranche 1. Tranche 3 has a tenor of 7 years until 19 September 2020 and is subject to interest at 2.25% per annum over the one, two or three-month HIBOR rate; the choice of rate is at the Group's discretion. The principal is to be repaid in half–yearly instalments commencing two years after the drawdown date. The loan-to-value covenant is 60%. The facility is secured by means of a first registered legal mortgage over *The Waterside* and the individual residential units owned by the Group at One Central Residences as well as a pledge of all income from the units. The Group is the guarantor for the credit facility. In addition, the Group is required to maintain a cash reserve equal to six months' interest with the lender.

On 4 September 2014, a top up loan on the One Central facility of HK$100 million (US$13 million) with Hang Seng Bank was executed (tranche 4). The tenor of the loan is 6 years until 19 September 2020. Interest is charged at 2.35% per annum over the one, two or three month HIBOR rate, the choice of the rate is at the Group's discretion. In addition, early prepayment covenant for sales proceeds out of the individual One Central Residences units was removed, subject to maintaining a loan-to-value ratio of not more than 50% on the facility. As a result HK$132 million (US$17 million) of previously pledged cash was released to the Group.

As at 31 December 2014, tranche 1 has an outstanding balance of HK$79.4 million (US$10.2 million) (31 December 2013: HK$79.4 million (US$10.2 million), 30 June 2014: HK$79.4 million (US$10.2 million)). Tranche 3 has an outstanding balance of HK$750 million (US$96.7 million) (31 December 2013: HK$750 million (US$96.7 million), 30 June 2014: HK$750 million (US$96.7 million)). Tranche 4 has an outstanding balance of HK$100 million (US$ 13 million) (31 December 2013: HK$ Nil (US$ Nil), 30 June 2014: HK$ Nil (US$ Nil)). Interest is paid quarterly on this loan facility. As at 31 December 2014, the loan-to-value ratio for this facility was 38.38%.

The Group has a credit facility with Banco Weng Hang S.A. to finance *The Fountainside* redevelopment which was secured by a first legal mortgage over the property as well as a pledge of all income from *The Fountainside* units. The facility was renegotiated in July 2013 for up to HK$100 million (US$12.9 million) until 20 September 2015, with interest charged at 2.6% per annum over the three-month HIBOR rate. The bank has released HK$34.9 million (US$4.5 million) of the charged deposits to the Group to fund the development expenditures of *The Fountainside*. As at 31 December 2014, HK$100 million (US$12.9 million) (31 December 2013: HK$100 million (US$12.9 million), 30 June 2014: HK$100 million (US$12.9 million)) of the facility had been drawndown. The loan-to-value covenant is 60%. This facility is non-recourse to the Group. As at 31 December 2014, proceeds of US$1.8 million (31 December 2013: US$0.8 million, 30 June 2014: US$1.3 million) received from the pre-sale of *The Fountainside* units were pledged with the lender. Interest is paid monthly on this loan facility. As at 31 December 2014, the loan-to-value ratio for this facility was 16.56%.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

7. Interest-bearing loans (continued)

On 9 June 2014 the Group approved the repayment of the Wing Lung Bank loan facility for *The Green House* and arranged a new loan facility with Banco Tai Fung to finance this project. The term of the new loan is 3 years and the facility amount has been increased to HK$70 million. Interest is charged at 3.2% per annum over the six-month HIBOR rate and repayment is due in full at maturity. As at 31 December 2014, the facility had an outstanding balance of HK$70 million (US$9 million) (31 December 2013: HK$ Nil (US$ Nil), 30 June 2014: HK$70 million (US$9 million)). This facility is secured by a first legal mortgage over the property as well as a pledge of all income from the property. The Group is the guarantor for this term loan. Interest is paid monthly on this loan facility. As at 31 December 2014, the loan-to-value ratio for this facility was 42.94%.

On 11 December 2014 the Group arranged a new loan facility with Industrial and Commercial Bank of China (Macau) Limited to partially finance the purchase of *The Green House 2* located next to *The Green House* as discussed in Note 5. The term of the new loan is 3 years. Interest is charged at 3.2% per annum over the three-month HIBOR rate and repayment is due in full at maturity. As at 31 December 2014, the facility had an outstanding balance of HK$79 million (US$10.2 million) (31 December 2013: HK$ Nil (US$ Nil), 30 June 2014: HK$ Nil (US$ Nil)). This facility is secured by a first legal mortgage over the property as well as a pledge of all income from the property. The Group is the guarantor for this term loan. Interest is paid monthly on this loan facility. As at 31 December 2014, the loan-to-value ratio for this facility was 40.72%.

Bank loan interest paid during the period was US$1,872,000 (6 months period ended 31 December 2013: US$1,563,000, 12 months period ended 30 June 2014: US$3,148,000), including US$193,000 (31 December 2013: US$247,000, 30 June 2014: US$374,000), capitalised during the period (see Note 5).

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

The estimated fair value of fixed interest bearing loans is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity. As at 31 December 2014, the fair value of the financial liabilities was US$176,000 higher than the carrying value of the financial liabilities (31 December 2013: US$159,000 lower than the carrying value of the financial liabilities, 30 June 2014 US$27,000 higher than the carrying value of the financial liabilities).

The Group's Interest-bearing loans have been classified within Level 2 as they have observable inputs from similar loans. There have been no transfers between levels during the period or a change in valuation technique since last period.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

8. Basic and diluted earnings

Earnings per share is based upon the following data:

	Unaudited 6 months 1 Jul 14 – 31 Dec 14	Unaudited 6 months 1 Jul 13 – 31 Dec 13 (Restated)	Audited 12 months 1 Jul 13 – 30 Jun 14
(Loss)/profit for the period/year (US$'000)	**(16,675)**	24,374	65,075
Weighted average number of Ordinary Shares ('000)	**79,571**	88,473	85,525
Basic and diluted earnings per share (US$)	**(0.2096)**	0.2755	0.7609

The earnings per share (EPS) is based on the profit/(loss) for the period/year and on the weighted average number of shares in issue for the period/year.

9. Net asset value reconciliation

	Unaudited 6 months 1 Jul 14 – 31 Dec 14 $'000	Unaudited 6 months 1 Jul 13 – 31 Dec 13 $'000 (Restated)	Audited 12 months 1 Jul 13 – 30 Jun 14 $'000
Net assets attributable to ordinary shareholders	**194,270**	219,067	222,854
Uplift of inventories held at cost to market value	**175,290**	163,550	174,909
Adjusted Net Asset Value	**369,560**	382,617	397,763
Number of Ordinary Shares Outstanding ('000)	**78,484**	83,500	81,415
NAV per share (IFRS) (US$)	**2.48**	2.62	2.74
Adjusted NAV per share (US$)	**4.71**	4.58	4.89
Adjusted NAV per share (£)*	**3.02**	2.77	2.86

* US$:GBP rates as at relevant period end

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

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

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

There are no potentially dilutive instruments in issue.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

10. Cash flows from operating activities

	Unaudited 6 months 1 Jul 14 – 31 Dec 14 US$'000	Unaudited 6 months 1 Jul 13 – 31 Dec 13 US$'000	Audited 12 months 1 Jul 13 – 30 Jun 14 US$'000
Cash flows from operating activities			
(Loss)/profit for the period/year before tax	**(18,184)**	36,409	73,317
Adjustments for:			
Net gain on valuation of interest rate swap	**(283)**	(87)	(95)
Net loss/(gain) from fair value adjustment on investment property	**12,579**	(62,527)	(83,645)
Fair value gain on disposal of investment property	**-**	-	(17,251)
Net finance costs	**2,445**	2,233	4,342
Operating cash flows before movements in working capital	**(3,443)**	(23,972)	(23,332)
Effect of foreign exchange rate changes	**(97)**	395	371
Movement in receivables	**114**	(19)	21
Movement in payables	**(23,621)**	21,246	16,382
Movement in inventories	**(24,023)**	(4,066)	10,417
Net change in working capital	**(47,530)**	17,161	26,820
Net cash (used in)/generated from operating activities	**(51,070)**	(6,416)	3,859

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

11. Related party transactions

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

	Unaudited 6 months 1 Jul 14 – 31 Dec 14 US$'000	Unaudited 6 months 1 Jul 13 – 31 Dec 13 US$'000	Audited 12 months 1 Jul 13 – 30 Jun 14 US$'000
Directors' fees	**118**	122	247

Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Group and received management fees during the period as detailed in the Interim Condensed Consolidated Statement of Comprehensive Income. Management fees are paid quarterly in advance and amounted to US$4,195,000 (6 months to 31 December 2013: US$3,614,000, 12 months to 30 June 2014: US$8,080,000) at a fee of 2.0% per annum of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. Thomas Ashworth received no Directors' fees from the Group.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

11. Related party transactions (continued)

Performance fee of US$ Nil was accrued at period end (6 months to 31 December 2013 US$19,870,000, 12 months to 30 June 2014 US$23,964,000). Performance fee of US$23,964,000 was paid during the period (6 months to 31 December 2013 US$10,943,000, 12 months to 30 June 2014 US$10,943,000). No performance fee was accrued in the current period as the previous high watermark had not been surpassed.

Thomas Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Macanese, Hong Kong and British Virgin Islands SPVs and received fees during the period of US$49,000 of which US$ Nil was outstanding at the period end (6 months to 31 December 2013: US$50,000 of which US$ Nil was outstanding, 12 months to 30 June 2014: US$101,000 of which US$ Nil was outstanding).

The Group has a Development Management Services Agreement with a development management company named Headland Developments Limited ("Headland"). Headland is part-owned by Thomas Ashworth and therefore constitutes a related party of the Group. During the period, Development Management Services fees of HK$ Nil (US$ Nil) (6 months to 31 December 2013: HK$1,681,000 (US$217,000), 12 months to 30 June 2014: HK$2,169,000 (US$280,000)) were capitalised in investment property and HK$807,000 (US$104,000) (6 months to 31 December 2013: HK$2,188,000 (US$282,000), 12 months to 30 June 2014: HK$3,600,000 (US$465,000)) were capitalised in inventories. As at 31 December 2014 US$10,000 (31 December 2013: US$159,000, 30 June 2014: US$29,000) was outstanding.

All intercompany loans and related interest are eliminated on consolidation.

12. Ordinary Share repurchases

During the period, under the authority first granted in the Extraordinary General Meeting of 28 June 2010, and renewed at each Annual General Meeting since then, the Company repurchased 2,931,036 Ordinary Shares or 2.79% (3.60% since 1 July 2014) of the originally issued shares, at an average share price of 245.38p. All shares bought back under the buy-back programme were cancelled.

The following table summarises all shares repurchased by the Company during the 6 months ended 31 December 2014:

	Number of shares	Repurchase Price per Share *
Total shares repurchased/average price at beginning of period	23,585,000	151.54
26 August 2014	555,000	250.00
28 August 2014	1,030,000	250.00
05 September 2014	450,000	250.00
18 September 2014	396,036	236.50
26 September 2014	137,500	230.09
01 October 2014	362,500	234.97
Total shares repurchased/average price in the current period	2,931,036	245.38
Total/Average price at period end	26,516,036	161.91

* Price in pence Sterling

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

13. Taxation provision

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

As at period-end, the following amounts are the outstanding tax provisions.

	Unaudited 31 Dec 14 US$'000	Unaudited 31 Dec 13 US$'000	Audited 30 Jun 14 US$'000
People's Republic of China tax authorities provision	**2,324**	-	2,323
Deferred taxation	**23,317**	30,954	24,838
	25,641	30,954	27,161

People's republic of China tax authorities provision

As at 31 December 2014 due to the disposal of the APAC Logistics Centre and Cove Residences in Zhuhai, China, the Group is in the process of submitting a tax return to the People's Republic of China tax authorities. The provision has arisen due to the profit on the disposal. The Group has received taxation advice as to the potential charge that may be imposed by the People's Republic of China tax authorities. As the outcome is uncertain as to the charge, the Group has taken the approach of taking the mean of the highest and lowest potential charge estimated. The provision relating to the estimated tax is expected to be settled within one to two years. The Group is unlikely to be reimbursed for this provision.

Deferred taxation and prior period adjustments

In its July 2014 meeting, the IFRS Interpretations Committee (the "IFRS Committee") discussed IAS 12 Income Taxes ('IAS 12') — recognition of deferred tax for a single asset in a corporate wrapper (i.e. 'single asset' entity). The IFRS Committee noted that the current IAS 12 requires the parent entity to recognise deferred tax in its consolidated financial statements on both the asset within, and the shares of, the single asset entity, if:

- tax law attributes separate tax bases to the asset inside and to the shares;
- in the case of deferred tax assets, the related deductible temporary differences can be utilised under IAS 12; and
- no specific exemptions in IAS 12 apply.

Conversely, while there is currently diversity in practice, when determining the expected manner of recovery of the asset held by a single asset entity for the purposes of IAS 12, it was confirmed that the parent entity should have regard to the asset itself.

Accordingly, the Group has recognised the deferred tax liability for the taxable temporary difference relating to the investment property carried at fair value in its 31 December 2014 interim financial statements and adjusted the 31 December 2013 comparatives, in line with the prior period adjustment made in its 30 June 2014 financial statements. Without this change the net assets would be US$23,317,000 higher (6 months to 31 December 2013: US$30,954,000 higher, 12 months to 30 June 2014: US$24,838,000 higher).

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6 month period from 1 July 2014 to 31 December 2014

13. Taxation provision (continued)

The provision for deferred tax has had the following impact on the comparative interim financial statements:

Interim Condensed Consolidated Statement of Financial Position 31 December 2013	Balance as previously reported US$ '000	Adjustment US$ '000	Balance as restated US$ '000
Liabilities			
Taxation provision	-	30,954	30,954
Current liabilities	46,495	(1,345)*	45,150
Non-current liabilities	119,863	32,299	152,162
Total liabilities	166,358	30,954	197,312
Equity			
Retained earnings**	127,155	(30,954)	96,201
Total Equity	250,021	(30,954)	219,067
IFRS NAV PER SHARE (US$)	2.99	(0.37)	2.62
ADJUSTED NAV PER SHARE (US$)	4.95	(0.37)	4.58
Interim Condensed Consolidated Statement of Comprehensive Income 31 December 2013			
Taxation	-	12,035	12,035
Profit for the period after tax	36,409	(12,035)	24,374
Total comprehensive income for the period	36,747	(12,035)	24,712
Basic and dilute profit per Ordinary Share (US$)	0.4115	(0.1360)	0.2755

* Included within the adjustment above is a change in classification relating to the provision for tax detailed in note 14 below from current liabilities at 31 December 2013 to non-current liabilities in the current period comparatives.

** Retained earnings as at 1 July 2013 was also reduced by $18,919k as explained in Note 9 to the consolidated financial statements for the year ended 30 June 2014.

14. Provision

	Unaudited 31 Dec 14 US$'000	Unaudited 31 Dec 13 US$'000	Audited 30 Jun 14 US$'000
Macau tax authorities provision	**1,343**	1,345	1,343
	1,343	1,345	1,343

As at 31 December 2014 and following initial correspondence with the Macau tax authorities, a provision as above was made for potential additional stamp duty and related costs due in relation to *The Waterside*. The Group anticipates that this provision will be paid to the Macau tax authorities in the next year. The Group is unlikely to be reimbursed for this provision.

15. Subsequent events

On 19 February 2015, the Land, Public Works and Transport Bureau of Macau granted the Company an occupancy permit for *The Fountainside*. Following receipt of the permit, the handover of units sold commenced, and will result in positive net cash flow of HK$47.6 million (US$6.1 million) after repayment of a construction loan facility amounting to HK$100.0 million (US$13.0 million).

Other than the above, there are no significant events occurring after the reporting date of the Interim Report for the period ended 31 December 2014.

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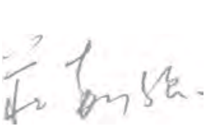

This Interim Report features the work of Penang-based artist, Ch'ng Kiah Kiean.