

China's New Measures to Support Macau

Wen Jiabao, Premier of the State Council of the PRC, has disclosed to Edmund Ho, Chief Executive of Macau, that the Central Government will introduce nine measures to support Macau in six areas, namely finance, infrastructure, economic integration with Guangdong, SME, services industry and safety supply of daily necessities.

Francis Tam, Secretary for Economy and Finance of Macau, believes these measures will assist Macau significantly and better equip the region in confronting the impacts of the global financial turmoil as well as facilitating its sustainable development in the future.

The nine measures introduced by the Central Government are summarized below;

1. Expand the scope of Renminbi businesses in Macau
2. Launch the construction work of the Hong Kong-Zhuhai-Macau Bridge by the end of 2009
3. Carry out a study on infrastructure and transport network connecting Macau
4. Implement a development plan for the Pearl River Delta Region, facilitating economic integration of Macau into the region
5. Encourage Macau's participation in the development of Hengqin Island
6. Adopt direct and effective measures to support Macau funded SMEs
7. Facilitate Macau businesses' participation in China's services industry
8. Safeguard the supply and safety of food and necessities to Macau
9. Review a reclamation project along Macau's coastline

Chinese President Hu Jintao has also pledged full support for Macau, saying "The Central Government will continue to fully support the Macau SAR to overcome difficulties and realize moderately diversified economic development". Hu said Macau has achieved remarkable progress in the region's development over the past nine years.

Macau Property Sector News

Encouraging future developments in Nam Van Lake Area – Macau Property Management, a Japan based foreign investment fund, announced that a 54-floor luxury residential building with 256 units will be constructed on a site next to Nam Van Peninsula, facing Nam Van Lake in Macau.

Foundation work on the site was completed in 2006 and has been left idle since. The announcement by Macau Property Management acts as a vote of confidence for the Nam Van Lake area in Macau. The development is scheduled for completion in 2009.

Shun Tak bets on Macau tourism market – Pansy Ho, managing director of Shun Tak Holdings, has unveiled her preliminary plans to develop a five-star hotel on the Cotai Strip. "The hotel will be completed in 2013. It will be named Jumeirah Macau Hotel and will be managed by Dubai-based Jumeirah Group" according to Ms Ho. Shun Tak plans to fully finance the project, which "represents a vote of confidence in Macau's future".

Gabriel Chan, a gaming-sector analyst with Credit Suisse in Hong Kong, said Ms. Ho's announcement was designed to outlive the current market pessimism, calling the hotel an early bet that positive sentiment will eventually return. "The question is really when China's government will relax travel restrictions," Mr. Chan said. Further commenting on Ms. Ho's announcement, David Green, director of the gaming practice at PricewaterhouseCoopers, said "the message right now is that if you have access to capital, it's a good time to invest. It is an especially good time to be negotiating construction contracts and land premiums."

SJM Holdings to proceed with projects based on its solid balance sheet position – Gaming magnate Stanley Ho claims the prudent steady growth strategy adopted by SJM has left them well placed to weather the storm of the credit crisis. Recently, SJM marked the formal opening of the 430-room hotel tower attached to its HK\$7 billion Grand Lisboa, which was opened in February 2008. SJM plans to operate a franchise casino at the Arc in the first half of 2009. The Arc is a hotel and residential project being jointly developed by Mr Ho's wife, Angela Leung On-kei, and GEM-listed International Entertainment, controlled by the family of New World Development Chairman Cheng Yutung. In addition, SJM also plans to launch Oceanus, a HK\$1.1 billion owned-and-operated casino to be refitted in the former New Yaohan department store opposite the ferry pier with 300 mass market gaming tables by the end of 2009.

Emperor plans to spend HK\$48 million for property upgrade – Emperor International Holdings said it plans to spend up to HK\$48 million to upgrade its investment properties in Hong Kong and Macau, despite the gloomy rental market. Executive director of the company, Donald Cheung, said expenditures for property refurbishment in a Macau project will be about HK\$8 million and the company has stopped acquiring old flats for redevelopment since September this year. Emperor is bullish on the rental market believing leases which are due to expire this year will be renewed 10% higher than before.

Meanwhile, Emperor Entertainment Hotel's managing director, Vanessa Fan, expects a grey outlook for Macau's gaming industry in the short term because of keen competition among operators and the tourist restrictions. Nonetheless, she believes the industry will reach an equilibrium in the long term, as further tightening policies by the Chinese authorities are unlikely.

To read previous editions of Macau Monthly Monitor, please go to: www.spg.co.im (Latest News, Miscellaneous) Speymill Macau Property Company plc was established to invest primarily in high quality residential properties in Macau. The Company will also pursue selective commercial investments to capture expected ancillary Macau service sector growth. The Company listed on AIM on 17 November 2006 raising US\$80m and raised a further US\$70m in May 2007. The Company's objective is to provide shareholders with an attractive overall return to be achieved primarily through long-term capital growth. The Manager is Speymill Property Group Limited, the Investment Adviser is Speymill Property Group (Far East) Limited and the Property Adviser is Avila Capital Limited. The Manager, Investment Adviser and Property Adviser are responsible for identifying investment opportunities. The Manager is a wholly owned subsidiary of Speymill Group Plc (AIM: SYG). The Investment Adviser is a wholly owned subsidiary of the Manager.

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Macau Business Sector News

Galaxy offers to buy back bonds at discount to slash its debt load – Macau casino developer Galaxy Entertainment Group has offered to buy back up to US\$350 million in bonds at hefty discounts to their face value in an attempt to slash its debt load and ease liquidity concerns after last month's delay of the planned opening of its 2,200-room Cotai resort. Galaxy aims to capitalise on a slump in regional high-yield bond prices by offering beleaguered holders of its notes a maximum US\$180 million to redeem up to US\$350 million in debt. However, analysts believe Galaxy still plans an additional HK\$7.8 billion in capital expenditure to finish the Cotai project and full acceptance of the bond buy-back would leave it with only about HK\$3 billion of cash in hand.

Tiger Woods' former coach plans to create golf destination in Macau for everyone from the Far East – Gilbert Humphrey, one of the world's best known golf instructors, will invest HK\$200 million to establish Macau's first golf school at the Orient Golf Club in Cotai. Harrah's Entertainment acquired 708,200 square metres of land last year for MOP \$4.64 billion (US\$595 million) with the aim of developing it into an integrated golf resort. The future golf resort will include a 22-station golf practice facility with quality accommodation services.

Companies with Macau Property Business Exposure

Company	Ticker	Price as at 29/12/08	Change since 17/11/06	Market Cap in US\$ (\$million)
Speymill Macau Property Co plc ⁽¹⁾	MCAU:LN	US\$0.24	-79%	US\$28.04
Macau Property Opportunities Fund Ltd	MPO:LN	£0.56	-44%	US\$182.08
Wynn Resorts Ltd	WYNN:US	US\$41.90	-50%	US\$4,693.33
Las Vegas Sands Corp	LVS:US	US\$5.89	-94%	US\$3,164.66
Melco PBL Entertainment (Macau) Ltd. ⁽²⁾	MPEL:US	US\$3.10	-84%	US\$1,364.56
Polytec Asset Holding Ltd	208:HK	HK\$0.53	-79%	US\$303.56
Shun Tak Holding Ltd	242:HK	HK\$2.18	-82%	US\$634.84
eSun Holdings Ltd	571:HK	HK\$1.16	-86%	US\$185.71
Galaxy Entertainment Group Ltd	27:HK	HK\$1.09	-87%	US\$553.87
SJM Holdings Ltd ⁽³⁾	880:HK	HK\$1.65	-46%	US\$1,064.50

Note:

(1) Speymill Macau Property Co plc listed on 17/12/2006 with IPO Price at US\$1 per share.

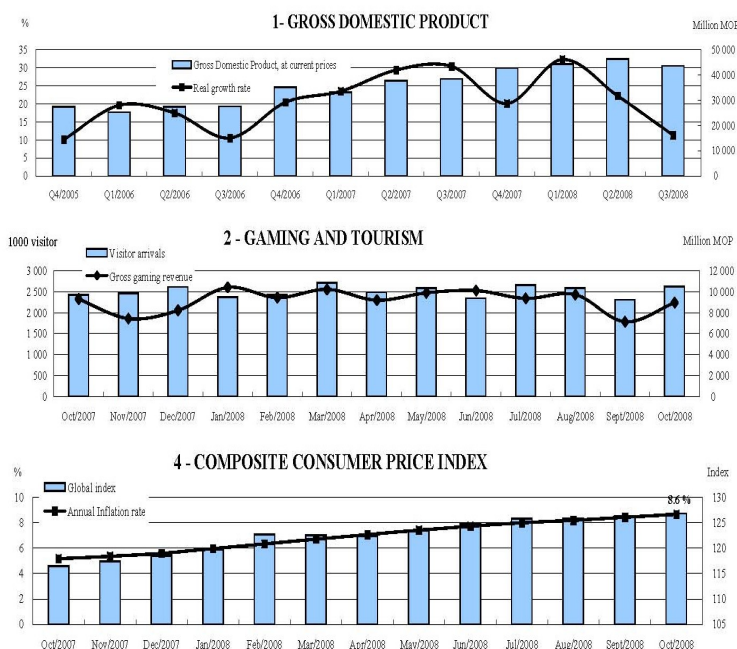
(2) The company listed on 18/12/2006

(3) The company listed on 16/07/2008

(4) Exchange Rate: US\$/HK\$ 0.1290 (as at 29.12.2008)
US\$/GBP 1.4551 (as at 29.12.2008)

Source: <http://www.bloomberg.com>

Principle Economic Data



Selected Principal Economic Indicators	Unit	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3
GDP real growth rate	% (Q/Q-4)	30.4	20.1	32.3	22.2	11.3
Gaming Revenue	MOP\$ ('000)	20,535	24,942	30,085	29,179	26,204
Gaming Revenue	% (Q/Q-4)	45.0	45.7	61.8	47.6	27.6
Composite CPI (2005=100)	% (Q/Q-4)	6.1	6.7	9.1	8.9	9.0
Visitor Arrivals	% (Q/Q-4)	25.3	22.9	17.8	18.3	10.3
Visitor Arrivals	('000)	685	750	751	742	756
Retail Sales	% (Q/Q-4)	36.6	40.3	46.4	41.2	31.4
Retail Sales	MOP\$ ('000)	3,614	4,198	4,549	4,625	4,749
Population Growth	% (Q/Q-4)	5.0	4.8	4.3	5.0	4.9
Estimates of Resident Population	('000)	531	538	543	552	557
Unemployment Rate	%	3.1	2.9	2.9	2.8	3.1
GFA commence to construct	('000 sqm)	33	538	104	24	377
GFA completed	('000 sqm)	1,026	593	892	31	236
Units Sold		5,875	7,034	6,518	7,339	4,229
Average transaction price per sqm	MOP\$ ('000)	35,535	40,192	38,155	35,526	31,961
External Trade Balance	MOP\$	-6,043	-6,134	-6,386	-6,535	-6,938
Newly incorporated companies		875	753	732	825	638
		2007	2008	2009	2010	2011
Population Growth Estimates	%	4.6	4.6	4.6	4.6	4.6

Source: The Census and Statistics Services DSEC

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