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If you have sold or transferred all your shares in China Real Estate Opportunities Limited, you should send this document and the enclosed Form of Proxy to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINA REAL ESTATE OPPORTUNITIES LIMITED

(Incorporated in Jersey with limited liability under the Companies (Jersey) Law 1991 with registered number 95357)

Authority for the Company to purchase its own shares

and

Approval of the waiver by the

Panel on Takeovers and Mergers under

Rule 9 of the City Code on Takeovers and Mergers

This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out on pages 1 to 6 of this document and which advises you to vote in favour of the resolutions to grant the share buy-back authorities and to approve the waiver granted by the Panel on Takeovers and Mergers under Rule 9 of the City Code on Takeovers and Mergers.

Notice of an Extraordinary General Meeting of China Real Estate Opportunities Limited, to be held at 3.00 p.m. on 3 September 2007 at the Atlantic Hotel, Le Mont de la Pulente, St Brelade, Jersey JE3 8HE is set out at the end of this document. A Form of Proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham Road, Beckenham, Kent BR3 4BR as soon as possible and, in any event, so as to arrive no later than 3.00 p.m. on 1 September 2007. Completion and return of the Form of Proxy will not preclude Shareholders from attending, and voting in person, at the Extraordinary General Meeting, should they so wish.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	3.00 p.m. on 1 September 2007
Extraordinary General Meeting	3.00 p.m. on 3 September 2007

PART 1

LETTER FROM THE CHAIRMAN

*(Incorporated in Jersey under the Companies (Jersey) Law 1991,
as amended, with registered number 95357)*

Directors:

Raymond Yeoman Frederick Horney (*Chairman*)
Stuart Hamilton Leckie O.B.E. (*Deputy Chairman*)
Richard Joseph Barrett
Ian Kenneth Ling
Richard John Pirouet
Robert George Tincknell
Rory John Williams

Registered office:

Whiteley Chambers
Don Street
St Helier
Jersey
JE4 9WG

8 August 2007

To Shareholders and, for information only, to participants under the Share Option Scheme

Dear Shareholder,

**Authority for the Company to purchase its own shares
and
Approval of the waiver by the
Panel on Takeovers and Mergers under
Rule 9 of the City Code on Takeovers and Mergers**

Background

The purpose of this circular is to seek Shareholder approval to enable the Company to purchase its own shares in the market.

In the period since the Ordinary Shares were admitted to trading on AIM, market conditions for equities providing exposure to property markets both in the UK and elsewhere have deteriorated markedly. In the circumstances, the Board believes that it would be in the interests of Shareholders as a whole for the Company to have the flexibility to stand in the market place as a potential purchaser of its own shares.

This ability provides:

- a potential additional source of demand for the Company's shares;
- the prospect of higher liquidity; and
- the opportunity to enhance net asset value per share for the benefit of ongoing Shareholders as a result of shares being repurchased at a discount to net asset value per share.

An extraordinary general meeting of the Company has been convened for 3.00 p.m. on 3 September 2007 to enable Shareholders to vote on the proposal to authorise the Company to purchase its shares. The Directors, advised by Teather & Greenwood, recommend that Shareholders vote in favour of Resolution 1 and the Independent Directors, advised by Teather & Greenwood, recommend that Shareholders vote in favour Resolution 2. Notice of the EGM is set out at the end of this document and the action to be taken by Shareholders is set out on page 5 of this letter.

If the Resolutions are duly passed, the Directors intend to deploy the Company's power to purchase its own shares where they consider that doing so would be in the interests of Shareholders as a whole. For example, shares may be purchased by the Company where the price is at an attractive level or where stock becomes available and there is a shortage of demand from other sources. It should be noted, however, that the power to purchase the Company's shares will be exercised by the Board at its sole discretion and no commitment is made to purchase shares in any particular circumstances or at all. Shares will in any event only be purchased at a price which represents a discount to the fully diluted net asset value per share at that time.

City Code

Were the Company to exercise the buy-back authority to the exclusion of the Concert Party such that the Concert Party maintains its current shareholding, this would result in the Concert Party's interest in the Company's issued share capital increasing. As the Concert Party currently holds 44.45 per cent. of the Company's issued share capital, any increase in its interest would trigger an obligation on the part of the Concert Party to make an offer for the entire share capital of the Company. The Panel has agreed to waive this obligation provided Independent Shareholders approve such waiver on a poll in a general meeting.

Under Rule 9 of the City Code, any person who acquires an interest (as such term is defined in the City Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights in a company which is subject to the City Code is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Under Rule 37 of the City Code, any increase in the percentage holding of a shareholder which results from a company buying back its own shares will also be treated as an acquisition for the purposes of Rule 9 of the City Code. This means that a buy-back of Ordinary Shares pursuant to the authority being sought in Resolution 1 could, unless the Concert Party also participates in the buy-back so as to maintain its current percentage shareholding, result in the Concert Party being obliged to make an offer for the Company. As a result, your Board has consulted with the Panel which has agreed, subject to a vote of the Independent Shareholders taken on a poll, that it will waive any obligation that would otherwise arise under Rule 9 of the City Code as a result of the implementation of the buy-back authority for the Concert Party to make a general offer for the Ordinary Shares which it does not already hold.

Concert Party

REO, the directors of REO, Treasury Holdings, the directors of Treasury Holdings, Treasury Holdings China Limited, the directors of Treasury Holdings China Limited and employees of Treasury Holdings and Treasury Holdings China Limited are deemed to be acting in concert for the purposes of the City Code.

Maximum potential holding

As at the date of this document, the Concert Party members are in aggregate interested in 23,392,074 Ordinary Shares, representing 44.45 per cent. of the Company's issued share capital. Based on the assumptions set out below (the "Assumptions") the maximum shareholding of the Concert Party would be 30,684,854 Ordinary Shares, representing 58.99 per cent, of the Company's issued share capital.

(a) Options

Assuming (i) exercise in full by members of the Concert Party of all 2.03 million options granted to them (the "Options") and (ii) that no other person exercises any other share options, the Concert Party would be interested in 25,422,074 Ordinary Shares, representing 46.5 per cent. of the Company's issued share capital.

(b) Performance fees under Investment Advisory Agreement

Assuming pursuant to the Investment Advisory Agreement that (i) a maximum of 5.26 million Ordinary Shares are issued to THCL in 2008 in respect of the period from Admission to 31 December 2007 and (ii) that no Ordinary Shares have, as at the date upon which the shares are issued in 2008 to THCL pursuant to the Investment Advisory Agreement (the "Issue Date"), been issued, the Concert Party would be interested in 28,654,854 Ordinary Shares, representing 49.5 per cent. of the Company's issued share capital.

The combined effect of the exercise of the Options and such issue of 5.26 million Ordinary Shares, in each case on the basis of the assumptions referred to above, is that the Concert Party would be interested in 30,684,854 Ordinary Shares, representing 51.2 per cent. of the Company's enlarged issue share capital.

(c) *Buy-back*

The combined effect of the exercise of the Options, such issue of 5.26 million Ordinary Shares and the Company using in full its share buy-back authority to buy-back 7,894,171 Ordinary Shares on the assumption that the members of the Concert Party do not participate in the buy-back, in each case on the basis of the assumptions referred to above, is that the Concert Party would be interested in 30,688,398 Ordinary Shares, representing 58.99 per cent. of the Company's reduced issued share capital.

The interests of the individual members of the Concert Party in the Company's share capital, based on the above assumptions, are set out in the table below.

	<i>Number of Ordinary Shares held as at the date of this document</i>	<i>Percentage of issued ordinary share capital held as at the date of this document</i>	<i>Options</i>	<i>Number of Ordinary Shares held on basis of assumption at (a) above</i>	<i>Percentage of issued ordinary share capital held on basis of assumption at (a) above</i>	<i>Number of Ordinary Shares issued as set out at assumption (b) above</i>	<i>Number of Ordinary Shares held following buy-back on basis of assumptions above</i>	<i>Percentage of issued ordinary share capital held following buy-back on basis of assumptions above</i>
REO	8,387,941	15.94	—	8,387,941	15.35		8,387,941	16.12
<i>REO directors</i>								
Richard Barrett	3,478,189 ¹	6.60	535,000	4,013,189 ¹	7.34		4,013,189 ¹	7.71
Ray Horney	2,750,000	5.22	115,000	2,865,000	5.24		2,865,000	5.51
Guy Leech	313,343	0.60	85,000	398,343	0.73		398,343	0.77
Keith Jenkins	19,320	0.04	—	19,320	0.04		19,320	0.04
Garth Milne	173,130	0.33	—	173,130	0.32		173,130	0.33
David Moon	57,000	0.11	—	57,000	0.10		57,000	0.11
Martin Richardson	60,000	0.11	—	60,000	0.11		60,000	0.12
Treasury Holdings	661,000	1.26	—	661,000	1.21	5,262,780	5,923,780	11.39
<i>Treasury Holdings directors²</i>								
John Ronan	6,264,189 ³	11.90	—	6,264,189 ³	11.46		6,264,189 ³	12.04
Kevin Kelly	311,119	0.59	—	311,119	0.57		311,119	0.60
Rob Tincknell	321,171	0.61	600,000	921,171	1.69		921,171	1.77
Paddy Teahon	198,000	0.38	35,000	233,000	0.43		233,000	0.45
Rory Williams	120,000	0.23	225,000	345,000	0.63		345,000	0.66
John Bruder	24,000	0.05	—	24,000	0.04		24,000	0.05
<i>Other Treasury Holdings and THCL employees⁴</i>								
	253,672	0.48	435,000	688,672	1.26		688,672	1.32
TOTAL	23,392,074	44.45	2,030,000	25,422,074	46.52	5,262,780	30,684,854	58.99
Ordinary Shares in issue	52,627,807			54,657,807			52,026,416	

Notes

1. This does not include Ordinary Shares in which Richard Barrett is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO. Richard Barrett and John Ronan together wholly own Treasury Holdings. Treasury Holdings owns some 58.5 per cent. of the issued share capital of REO. As stated in the table above, REO holds some 8.4 million Ordinary Shares and Treasury Holdings holds some 0.6 million Ordinary Shares.
2. Richard Barrett and Guy Leech are also directors of Treasury Holdings but are not listed below as their interests are summarised above, being directors of REO.
3. This does not include Ordinary Shares in which John Ronan is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO. Richard Barrett and John Ronan together wholly own Treasury Holdings. Treasury Holdings owns some 58.5 per cent. of the issued share capital of REO. As stated in the table above, REO holds some 8.4 million Ordinary Shares and Treasury Holdings holds some 0.6 million Ordinary Shares.
4. No individual employee is interested in five per cent. or more of the Company's share capital.

Waivers of the obligation to make an offer for the Company under Rule 9 of the City Code

(a) *Share options*

It is expected that the Concert Party's aggregate interest in Ordinary Shares will increase over time as a result of the issue of Ordinary Shares pursuant to the exercise of options held from time to time by Concert Party members under the Share Option Scheme. Any such increase in the aggregate interest of the Concert Party would, in the absence of the Panel agreeing to a waiver of the obligation to make an offer for the Company, give rise to an obligation on the part of the Concert Party to make an offer for the Company.

The exercise of the 2.03 million Options granted to Concert Party members would, assuming that no other Ordinary Shares have been issued, increase the aggregate shareholding of the Concert Party in the Company to 46.52 per cent. and thereby trigger an obligation on the part of the Concert Party, under Rule 9 of the City Code, to make an offer to all shareholders to purchase their Ordinary Shares.

The Panel agreed, in July 2007, to waive the requirement for the Concert Party to make an offer to shareholders as would otherwise arise under Rule 9 of the City Code as a result of the exercise of the Options.

Following exercise of the Options the Concert Party members will in aggregate hold more than 30 per cent. but not more than 50 per cent. of the voting share capital of the Company and for so long as they continue to be treated as acting in concert, any further increase by the Concert Party of its percentage interest in the Company would be subject to Panel consent.

(b) *Performance fees under Investment Advisory Agreement*

It is also expected that the Concert Party's aggregate interest in Ordinary Shares will increase over time as a result of the issue of Ordinary Shares to THCL pursuant to the terms of the Investment Advisory Agreement. Any such increase in the aggregate interest of the Concert Party would, in the absence of the Panel agreeing to a waiver of the obligation to make an offer for the Company, give rise to an obligation on the part of the Concert Party to make an offer to all remaining Shareholders to purchase their Ordinary Shares.

The Panel agreed, in July 2007, to waive the requirement for the Concert Party to make an offer to shareholders as would otherwise arise under Rule 9 of the City Code as a result of the issue to THCL of up to 5.26 million Ordinary Shares (representing up to 10 per cent. of the Company's issued share capital) pursuant to the terms of the Investment Advisory Agreement in respect of the period from Admission to 31 December 2007. The Board has undertaken to cap the number of Ordinary Shares which may be issued under the Investment Advisory Agreement in respect of any calculation period at 10 per cent. of the issued share capital at the time of issue of the Ordinary Shares. The Board will seek independent shareholder approval at annual general meetings, on an ongoing basis, for the cap on the number of Ordinary Shares issued under the Investment Advisory Agreement.

The issue of 5.26 million Ordinary Shares (being the maximum number of shares in respect of which the Panel has granted a waiver) to THCL pursuant to the terms of the Investment Advisory Agreement as described above would increase the aggregate interest of the Concert Party (assuming no other Ordinary Shares are issued to or acquired by the Concert Party members) to 28.65 million Ordinary Shares, representing 49.5 per cent. of the Company's issued share capital.

(c) *Share buy-back*

It is also expected that the Concert Party's aggregate interest in Ordinary Shares will increase over time as a result of the buy-back of Ordinary Shares. Any such increase in the aggregate interest of the Concert Party would, in the absence of the Panel agreeing to a waiver of the obligation to make an offer for the Company, give rise to an obligation on the part of the Concert Party to make an offer to all remaining Shareholders to purchase their Ordinary Shares.

The Panel has agreed, subject to a vote of the Independent Shareholders taken on a poll, to waive the requirement for the Concert Party to make an offer to shareholders as would otherwise arise under Rule 9 of the City Code as a result of the buy-back of up to 7,894,171 million Ordinary Shares.

The buy-back of 7,894,171 million Ordinary Shares (being the maximum number of shares in respect of which the Panel has granted a waiver) would itself increase the aggregate interest of the Concert Party (assuming no Ordinary Shares are acquired from the Concert Party members) to 52.29 per cent. of the Company's reduced issued share capital.

The combined effect of the exercise of all of the Options, the issue of 5.26 million Ordinary Shares under the Investment Advisory Agreement and the buy-back of 7,894,171 million Ordinary Shares, in each case on the basis of the assumptions referred to above, is that the Concert Party would be interested in 30.68 million Ordinary Shares, representing 58.99 per cent. of the Company's issued share capital.

Effect of Panel waivers

By virtue of the waivers granted by the Panel in July 2007 as described above and the Waiver, it is possible that the aggregate interest of the Concert Party members in the Ordinary Shares may increase to above 50 per cent. without the Concert Party being obliged to make an offer for the

Company. Were the aggregate interest of the Concert Party so to increase, members of the Concert Party may accordingly increase their aggregate interest in Ordinary Shares without incurring an obligation to make an offer for the Company under Rule 9, although individual members of the Concert Party will not be able to increase their percentage interest through or between a Rule 9 threshold without Panel consent.

Intentions of the Directors

The Directors anticipate that they will continue to seek authority from Independent Shareholders on an annual basis to effect purchases of Ordinary Shares and will continue to seek approval from Independent Shareholders as to the waiver by the Panel of any Rule 9 obligation which would otherwise arise.

In addition, under the current circumstances and notwithstanding any increase in the Concert Party's holding of Ordinary Shares, the Directors confirm that they intend to continue to conduct the business of the Company in the same manner as it is currently conducted and there are no plans to introduce any substantial change in the business of the Group.

Intentions of the members of the Concert Party

The members of the Concert Party are not intending to seek any changes to the Board and have confirmed that it would be their intention that, following any increase in their proportionate shareholding as a result of the exercise by the Company of the buy-back authority, the business of the Company would be continued in substantially the same manner as at present, with no major changes.

Influence and control of the Concert Party

The Concert Party will possess sufficient voting power to have a significant influence on matters requiring shareholder approval including amendments to the Articles, approval of substantial acquisitions or disposals, share buy-backs or other purchases of Ordinary Shares that could give shareholders the opportunity to realise a premium over the then prevailing market price for their Ordinary Shares. The interests of the Concert Party may not be aligned with those of other holders of Ordinary Shares and if it takes action that is not in the best interests of Shareholders as a whole, it may impair the value of any investment in the Ordinary Shares.

Extraordinary General Meeting

Resolution 1 is a special resolution that authorises the Company to purchase up to 7,894,171 Ordinary Shares, being approximately 15 per cent. of the Company's current issued share capital, subject to the limitation in paragraph (b) of the resolution as to the maximum price that may be paid. Any shares purchased by the Company under this authority will be cancelled. All purchases by the Company, including acquisition terms, will be publicly announced by the Company not later than 24 hours after the date of acquisition. The Company is not committing itself to make market purchases of its Ordinary Shares pursuant to the authority proposed to be granted.

Resolution 2 is an ordinary resolution to be voted on a poll to approve the waiver by the Panel of any requirement under Rule 9 of the City Code for the Concert Party to make a general offer to Shareholders where such requirement would otherwise arise as the result of the Company making any market purchases pursuant to the authority granted in Resolution 1 to the exclusion of the Concert Party. Members of the Concert Party will not be entitled to vote on Resolution 2.

Action to be taken

Whether or not you intend to be present at the EGM, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's registrars as soon as possible and in any event so as to arrive by 3.00 p.m. on 1 September 2007. Completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

Recommendations

The Directors, who have been so advised by Teather & Greenwood, consider the share buy-back programme to be in the best interests of the Company and Shareholders as a whole. In providing advice to the Directors, Teather & Greenwood have relied upon the Directors' commercial assessments.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1 approving the share buy-back programme at the EGM, as they intend to do in respect of their own beneficial shareholdings.

The Independent Directors, who have been so advised by Teather & Greenwood, consider the Waiver to be in the best interests of the Company and the Independent Shareholders as a whole. In providing advice to the Independent Directors, Teather & Greenwood have relied upon the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of Resolution 2 to be taken on a poll approving the Waiver at the EGM, as they intend to do in respect of their own beneficial shareholdings.

The Concert Party will not be voting its shareholding of 23,392,074 Ordinary Shares, representing approximately 44.45 per cent. of the Company's current issued share capital, in relation to Resolution 2. In addition, the Non Independent Directors (who are members of the Concert Party) have not participated in the Board's consideration of the Waiver.

Yours faithfully,

Stuart Leckie
Deputy Chairman

PART 2

INFORMATION RELATING TO THE CONCERT PARTY

The Concert Party comprises REO, the directors of REO, Treasury Holdings, the directors of Treasury Holdings, Treasury Holdings China Limited, the directors of Treasury Holdings China Limited and employees of Treasury Holdings and Treasury Holdings China Limited.

REO is a Jersey incorporated public company. It operates under the Companies (Jersey) Law 1991 and the regulations made thereunder. Its registered office and principal place of business is at 32 Commercial Street, St. Helier, Jersey JE4 0QH (telephone number +44 (0)1534 833000). Its principal business activity is that of a property company investing mainly in the Irish property market but also in the UK and overseas. Its shares are admitted to the Official List of the UK Listing Authority and to trading on London Stock Exchange plc. REO has appointed Treasury Holdings as its investment manager. REO's directors are listed on page 8 of this document. As at the date of this document, REO holds 15.94 per cent. and its directors hold 13.02 per cent. of the Company's issued share capital respectively. Further information relating to REO, including copies of its audited accounts for the two years ended 31 December 2006, can be found at www.realestateopportunities.co.uk.

Selected financial information on REO, which has been extracted from the audited accounts of REO for the year ended 31 December 2006, is set out below.

<i>Year ended 31 December</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Turnover	16,767	17,058
Loss before taxation	(23,800)	(19,349)
Total assets	1,342,710	801,915
Total liabilities	1,073,657	617,462
Equity shareholders' funds	269,053	184,453

Treasury Holdings is a private unlimited company, incorporated in Ireland, which is controlled as to 50 per cent. by each of Richard Barrett and John Ronan. Richard is a Barrister of the King's Inn Dublin and a non-executive director of REO. He is managing director of Treasury Holdings. John Ronan has been involved in the Irish property market for over 30 years. He trained as a Chartered Accountant with PricewaterhouseCoopers before he founded Treasury Holdings together with Richard Barrett in 1993. John is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Marketing Institute of Ireland. The directors of Treasury Holdings are listed on page 8 of this document. As at the date of this document, Treasury Holdings holds 58.5 per cent. of the issued ordinary share capital of REO and is the investment adviser for all of REO's property assets. As at the date of this document, Treasury Holdings holds 1.26 per cent. of the Company's issued share capital. The Treasury Holdings group owns or manages a significant number of investment properties in Ireland and the UK including the Spencer Dock project of approximately 52 acres in Dublin's North Docklands and the Battersea Power Station site comprising 38 acres in Central London. In aggregate, the Treasury Holdings group currently controls a property portfolio valued in excess of £2.1 billion.

THCL is a wholly owned subsidiary of Treasury Holdings. THCL is a private limited company incorporated in Ireland under the Companies Act 1963 on 23 July 2003 with registered number 367273. Its registered address is at Connaught House, 1 Burlington Road, Dublin 4. Its principal place of business is at the Treasury Building, 1568 Huashan Road, Shanghai 200052, Telephone +86 21 6282 5000. The directors of THCL are listed on page 9 of this document. THCL is the investment manager of the Group's real estate assets in China. Under the Investment Advisory Agreement, THCL is entitled to performance fees, to annual fees equal to 1 per cent. of the value of the Group's property portfolio and, at the discretion of the Independent Directors, development and project management fees. Performance fees may be paid in part by the issue of Ordinary Shares, as more fully described in paragraph 6 of part 3 of this document. In addition, Treasury Shanghai, a wholly owned subsidiary of Treasury Holdings, has been appointed property manager of the Group's assets, and details of the property management agreement are summarised in paragraph 6 of part 3 of this document.

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PART 3

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The directors of each of REO, Treasury Holdings and THCL, whose names are set out on pages 8 and 9, accept responsibility for the information contained in this document relating to the Concert Party. To the best of the knowledge and belief of the directors of each of REO, Treasury Holdings and THCL (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Directors accept responsibility for the information contained in this document other than that described in paragraph 1.1 above, save that the Non Independent Directors, who have not participated in the Board's consideration of the Waiver, take no responsibility for the paragraph on page 5 entitled "Intentions of the Directors" or for the Board's recommendation in relation to Resolution 2. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Directors and their functions are:

Raymond Yeoman Frederick Horney	Chairman
Stuart Hamilton Leckie O.B.E.	Deputy Chairman
Richard Joseph Barrett	Non-Executive Director
Ian Kenneth Ling	Non-Executive Director
Richard John Pirouet	Non-Executive Director
Robert George Tincknell	Non-Executive Director
Rory John Williams	Non-Executive Director

- 2.2 The directors of REO and their functions are:

Ray Horney	Chairman
Richard Barrett	Non-Executive Director
Guy Leech	Non-Executive Director
Keith Jenkins	Non-Executive Director
Philip Jenkinson	Non-Executive Director
Garth Milne	Non-Executive Director
David Moon	Non-Executive Director
Martin Richardson	Non-Executive Director

- 2.3 The directors of Treasury Holdings are:

John Ronan
Richard Barrett
John Bruder
Kevin Kelly
Guy Leech
Paddy Teahon
Robert Tincknell
Rory Williams

2.4 The directors of THCL are:

Richard Barrett
Robert Tincknell
Rory Williams

3. Interests and dealings of Directors, Concert Party members and others

3.1 As at the close of business on the Latest Practicable Date, the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them in Ordinary Shares (all of which are beneficial unless otherwise stated) were as set out below.

<i>Director</i>	<i>Number of Ordinary Shares held</i>	<i>Percentage of issued ordinary share capital</i>
Ray Horney	2,750,000 ¹	5.2
Stuart Leckie	—	—
Richard Barrett	12,527,130 ²	23.8
Ian Ling	20,000	—
Richard Pirouet	13,220	—
Robert Tincknell	321,250	0.6
Rory Williams	120,000	0.2

Notes

1. This includes 750,000 Ordinary Shares held by family trusts associated with Mr Horney.
2. This includes 8,388,941 Ordinary Shares held by REO and 661,000 Ordinary Shares held by Treasury Holdings.

3.2 As at the close of business on the Latest Practicable Date, the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them in the shares of REO, Treasury Holdings and THCL were as set out below.

	<i>Number of ordinary shares</i>	<i>REO Number of ZDP shares¹</i>	<i>CULS £1 units²</i>	<i>Treasury Holdings</i>	<i>THCL</i>
Ray Horney	8,151,192 ³	—	4,162,970	—	—
Stuart Leckie	—	—	—	—	—
Richard Barrett	147,935,591 ⁴	—	9,328,790 ⁴	101 ⁵	—
Ian Ling	—	—	—	—	—
Richard Pirouet	—	—	—	—	—
Robert Tincknell	—	—	—	—	—
Rory Williams	—	—	—	—	—

Notes

1. Zero dividend preference shares of 1p each in the capital of REO.
2. 7.5 per cent. convertible unsecured loan stock in REO.
3. Of the ordinary shares in REO in which Mr. Horney is interested, 8,151,166 are held in the name of Cheviot Capital (Nominees) Limited acting as custodian for Orbis Trustees Limited. Orbis Trustees Limited act as Trustee of certain trusts under which Mr. Horney and/or members of his family are beneficiaries. As at the Latest Practicable Date Mr. Horney jointly with INVESCO Asset Management Limited held a further 26 ordinary shares in REO as nominees for REO. Of Mr. Horney's interest in the CULS, 3,258,168 units are held in certain trusts under which Mr. Horney and/or members of his family are beneficiaries and 904,800 units are held in the name of Cheviot Capital (Nominees) Limited. As at the Latest Practicable Date Mr. Horney jointly with INVESCO Asset Management Limited held a further 2 CULS units as nominees for REO.
4. The interests of Mr. Barrett in the ordinary shares of REO and the CULS are represented by the shareholding of Treasury Holdings in which Mr. Barrett has a 50 per cent. beneficial interest. Additionally, the interests of Mr. Barrett in the ordinary shares of REO are represented by the shareholdings of Brossbar Limited, M1 Development Company Limited and Made-in-Europe Products Limited. Treasury Holdings also indirectly owns 50 per cent. of Havenview Investments Limited. The other half is held indirectly by REO.
5. Mr. Barrett's interest is held in Treasury Holdings Group, the immediate holding Company of Treasury Holdings.

- 3.3 As at the close of business on the Latest Practicable Date, the Directors had the following interests in options over Ordinary Shares pursuant to the terms of the Share Option Scheme:

	<i>Number of options</i>	<i>Exercise price (£)</i>	<i>Exercisable from</i>
Ray Horney	75,000	0.85	01.02.08
	40,000	7.56	11.07.09
Stuart Leckie	40,000	7.56	11.07.09
Richard Barrett	535,000	0.85	01.02.08
Ian Ling	15,000	7.56	11.07.09
Richard Pirouet	15,000	7.56	11.07.09
Robert Tincknell	200,000	0.85	01.02.08
	400,000	7.56	11.07.09
Rory Williams	75,000	0.85	01.02.08
	150,000	7.56	11.07.09

- 3.4 So far as the Company is aware, as at the Latest Practicable Date, the following persons (other than the Directors) held, directly or indirectly, interests in three per cent. or more of the issued share capital of the Company:

<i>Shareholder</i>	<i>Number of Ordinary Shares held</i>	<i>Percentage of issued ordinary share capital</i>
John Ronan	15,315,111 ¹	29.1
REO	8,388,941	15.9
Invesco UK Limited	2,863,391	5.4
SG Securities	2,314,000	4.4
QVT Financial	2,000,000	3.8

Note

1. This includes 8,388,941 Ordinary Shares held by REO and 661,000 Ordinary Shares held by Treasury Holdings and the interests of various entities of which Mr Ronan is the controlling shareholder.

- 3.5 The following dealings for value in Ordinary Shares by the Directors have taken place during the 12 months preceding the date of this document:

<i>Name</i>	<i>Date</i>	<i>Type</i>	<i>Quantity</i>	<i>Price (£)</i>
Ray Horney	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	2,400,000 ¹	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	350,000 ²	£7.56
Richard Barrett	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	3,214,000 ³	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	265,170 ³	£7.56
Ian Ling	11 July 2007	Subscription for shares pursuant to the Placing	20,000	£7.56
Richard Pirouet	11 July 2007	Subscription for shares pursuant to the Placing	13,220	£7.56
Robert Tincknell	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	300,000	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	21,250	£7.56
Rory Williams	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	120,000	Nil

Notes

1. This includes 600,000 Ordinary Shares held by family trusts associated with Mr Horney.
2. This includes 150,000 Ordinary Shares held by family trusts associated with Mr Horney.
3. This does not include Ordinary Shares in which Richard Barrett is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO. Richard Barrett and John Ronan together wholly own Treasury Holdings. Treasury Holdings owns some 58.5 per cent. of the issued share capital of REO.

3.6 The interests, rights to subscribe and short positions of the Concert Party members, their immediate families and persons connected with them in Ordinary Shares (all of which are beneficial unless otherwise stated) as at the close of business on the Latest Practicable Date, were, and will be, on the basis of the Assumptions, as set out below.

	<i>Number of Ordinary Shares held as at the date of this document</i>	<i>Percentage of issued ordinary share capital held as at the date of this document</i>	<i>Options</i>	<i>Number of Ordinary Shares held on basis of assumption at (a) above</i>	<i>Percentage of issued ordinary share capital held on basis of assumption at (a) above</i>	<i>Number of Ordinary Shares issued as set out at assumption (b) above</i>	<i>Number of Ordinary Shares held following buy-back on basis of assumptions above</i>	<i>Percentage of issued ordinary share capital held following buy-back on basis of assumptions above</i>
REO	8,387,941	15.94	—	8,387,941	15.35		8,387,941	16.12
<i>REO directors</i>								
Richard Barrett	3,478,189 ¹	6.60	535,000	4,013,189 ¹	7.34		4,013,189 ¹	7.71
Ray Horney	2,750,000	5.22	115,000	2,865,000	5.24		2,865,000	5.51
Guy Leech	313,343	0.60	85,000	398,343	0.73		398,343	0.77
Keith Jenkins	19,320	0.04	—	19,320	0.04		19,320	0.04
Garth Milne	173,130	0.33	—	173,130	0.32		173,130	0.33
David Moon	57,000	0.11	—	57,000	0.10		57,000	0.11
Martin Richardson	60,000	0.11	—	60,000	0.11		60,000	0.12
Treasury Holdings	661,000	1.26	—	661,000	1.21	5,262,780	5,923,780	11.39
<i>Treasury Holdings directors²</i>								
John Ronan	6,264,189 ³	11.90	—	6,264,189 ³	11.46		6,264,189 ³	12.04
Kevin Kelly	311,119	0.59	—	311,119	0.57		311,119	0.60
Rob Tincknell	321,171	0.61	600,000	921,171	1.69		921,171	1.77
Paddy Teahon	198,000	0.38	35,000	233,000	0.43		233,000	0.45
Rory Williams	120,000	0.23	225,000	345,000	0.63		345,000	0.66
John Bruder	24,000	0.05	—	24,000	0.04		24,000	0.05
Other Treasury Holdings and THCL employees ⁴	253,672	0.48	435,000	688,672	1.26		688,672	1.32
TOTAL	23,392,074	44.45	2,030,000	25,422,074	46.52	5,262,780	30,684,854	58.99
Ordinary Shares in issue	52,627,807			54,657,807			52,026,416	

Notes

1. This does not include Ordinary Shares in which Richard Barrett is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO. Richard Barrett and John Ronan together wholly own Treasury Holdings. Treasury Holdings owns some 58.5 per cent. of the issued share capital of REO. As stated in the table above, REO holds some 8.4 million Ordinary Shares and Treasury Holdings holds some 0.6 million Ordinary Shares.
2. Richard Barrett and Guy Leech are also directors of Treasury Holdings but are not listed below as their interests are summarised above, being directors of REO.
3. This does not include Ordinary Shares in which John Ronan is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO. Richard Barrett and John Ronan together wholly own Treasury Holdings. Treasury Holdings owns some 58.5 per cent. of the issued share capital of REO. As stated in the table above, REO holds some 8.4 million Ordinary Shares and Treasury Holdings holds some 0.6 million Ordinary Shares.
4. No individual employee is interested in five per cent. or more of the Company's share capital.

3.7 The following dealings for value in Ordinary Shares by the Concert Party members (other than the Directors whose dealings are summarised at paragraph 3.5 above) have taken place during the 12 months preceding the date of this document.

<i>Name</i>	<i>Date</i>	<i>Type</i>	<i>Quantity</i>	<i>Price (£)</i>
REO	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	4,801,000	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	3,587,941	£7.56
<i>REO directors</i>				
Guy Leech	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	300,000	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	13,390	£7.56
Keith Jenkins	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	18,000	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	1,320	£7.56
Garth Milne	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	107,000	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	66,130	£7.56
David Moon	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	57,000	Nil
Martin Richardson	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	60,000	Nil
Treasury Holdings	11 July 2007	Subscription for shares pursuant to the Placing	661,000	£7.56
<i>Treasury Holdings directors¹</i>				
John Ronan	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	6,000,000 ²	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	265,170	£7.56
Kevin Kelly	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	300,000	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	11,160	£7.56
Paddy Teahon	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	198,000	Nil

<i>Name</i>	<i>Date</i>	<i>Type</i>	<i>Quantity</i>	<i>Price (£)</i>
John Bruder	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	24,000	Nil
Other Treasury Holdings and THCL employees	20 June 2007	Distribution of Ordinary Shares by liquidator of CREO S.A.	62,366	Nil
	11 July 2007	Subscription for shares pursuant to the Placing	191,720	£7.56

Notes

1. Richard Barrett and Guy Leech are also directors of Treasury Holdings but are not listed below as their dealings are summarised above, being directors of REO.
 2. This does not include Ordinary Shares in which John Ronan is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO. Richard Barrett and John Ronan together wholly own Treasury Holdings. Treasury Holdings owns some 58.5 per cent. of the issued share capital of REO.
- 3.8 Neither the Company nor any of its subsidiaries has a pension fund or employee benefit trust.
- 3.9 As at the close of business on the Latest Practicable Date:
- (a) having made due and careful enquiries, the Company is not aware of any of its associates (as such term is defined in the City Code) or connected advisers of such associates having any interests, rights to subscribe or short positions in Ordinary Shares;
 - (b) save as disclosed above, no members of the directors of the Concert Party, their immediate families or persons connected with them had any interests, rights to subscribe or short positions in Ordinary Shares;
 - (c) save as disclosed above, none of the Directors, their immediate families or persons connected with them had any interests, rights to subscribe or short positions in Ordinary Shares;
 - (d) save as disclosed above, neither the Company nor any of its Directors was interested in, directly or indirectly in any shares in REO, Treasury Holdings or THCL;
 - (e) no connected adviser (as defined in the City Code) to the Company nor any person acting in concert with the Company, nor any person controlling, controlled by or under the same control as any such adviser, nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt principal traders or exempt fund managers) connected with the Company, had any interests, rights to subscribe or short positions in Ordinary Shares;
 - (f) neither the Company, nor any person acting in concert with the Company had borrowed or lent any Ordinary Shares; and
 - (g) neither the Concert Party nor any person acting in concert with the Concert Party had borrowed or lent any Ordinary Shares.

4. Arrangements in connection with the proposals

None of the members of the Concert Party has entered into any agreement, arrangement or understanding with any of the Directors which has any connection with or dependence upon the proposals set out in this document. In addition, the Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in this document between the Concert Party and any person interested or recently interested in Ordinary Shares, or any other recent director of the Company.

5. Directors' letters of appointment

Each of the Directors has a letter of appointment with the Company setting out the terms of his appointment. The letters of appointment are for an initial term of one year commencing on 6 July 2007 but may be terminated at any time on three months' notice. There are no service contracts in existence between the Company and any of the Directors, nor are any proposed. There were no previous letters of appointment. The annual fee payable to the Chairman pursuant to the terms of his letter is £50,000 per annum and to each of the other Directors is £30,000 per annum. Messrs Barrett, Tincknell and Williams have agreed to waive their fees for so long as they are employed by the Treasury Holdings group.

6. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (a) in the two years immediately preceding the date of this document and are, or may be, material or (b) contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

6.1 *Investment Advisory Agreement*

The Company and THCL have entered into an investment advisory agreement dated 25 June 2007 pursuant to which THCL is responsible for the provision of investment advisory services for the Company's property assets and, at the discretion of the Company, development management and project management services. The agreement is for an initial period of three years from Admission and will continue thereafter until terminated by the Company on 12 months' written notice provided that the agreement may be terminated by either party on shorter notice in the event of, *inter alia*, breach of contract an advisory fee equal to one per cent. per annum of the value of the Group's or insolvency. Under the agreement THCL is entitled to receive:

- (a) an advisory fee equal to one per cent. per annum of the value of the Group's property portfolio (which shall include assets where the Group has entered into forward purchase agreements but not completed the acquisition where THCL is overseeing the development of such asset save to the extent it is being paid a development management fee for so doing) less the fee payable under the Property Management Agreement (or any replacement agreement);
- (b) if the Company elects to use THCL's development management services, a development management fee of 1.5 per cent. based on the completed value of the relevant development;
- (c) if the Company elects to use THCL's project management services, a project management fee of 1.5 per cent. of the increase in value of the relevant property (or relevant part thereof) in respect of which THCL provides project management services; and
- (d) a performance fee payable if, in the relevant calculation period, the net asset value per Ordinary Share (in each case calculated by the Company's auditors) increases by more than eight per cent. per annum. The performance fee will be:
 - (i) an amount equal to the weighted average number of Ordinary Shares for the period in question multiplied by 20 per cent. of such increase in net asset value between eight per cent. per annum and 20 per cent. per annum; plus
 - (ii) an amount equal to the weighted average number of Ordinary Shares for the period in question multiplied by 25 per cent. of such increase in net asset value over 20 per cent. per annum.

A performance fee will be payable only if and to the extent that the net asset value per Ordinary Share (in each case calculated by the Company's auditors) exceeds both the net asset value per Ordinary Share at the commencement of the relevant calculation period and the highest net asset value per Ordinary Share by reference to which a performance fee has previously been paid.

The performance fee will be paid either in cash or by the issue of Ordinary Shares at an issue price equivalent to the net asset value per share at the end of the last business day of the relevant calculation period. Half of the performance fee (or such greater proportion as THCL may elect)

will be payable by the issue of Ordinary Shares provided that Ordinary Shares will not be issued (and the balance of the performance fee shall be payable in cash) to the extent that the issue of Ordinary Shares would oblige THCL (either alone or with its concert parties) to make a mandatory offer for the Company. THCL has the right to require the performance fee to be satisfied by the issue of Ordinary Shares notwithstanding that any such issue of Ordinary Shares may require such a mandatory offer to be made.

Although THCL may perform similar services to one or more third parties, it is obliged to give the Company a right of first refusal in respect of all real estate investment opportunities that meet the Company's investment objectives and strategy.

THCL has the right to require the performance fee to be satisfied by the issue of Ordinary Shares.

6.2 ***Property Management Agreement***

The Company has entered into a property management agreement with Treasury Shanghai dated 25 June 2007 pursuant to which Treasury Shanghai has been appointed to be responsible for the provision of property management services for the Company's property assets. The agreement is for an initial period of three years and automatically renewable for periods of 12 months unless the Company terminates on six months' notice. Each party may terminate earlier in the event of, *inter alia*, breach of contract or insolvency. Treasury Shanghai is entitled to receive a property management fee equal to 110 per cent. per annum of the expenses it incurs in providing the property management services during each period of 12 months in respect of which the fee is paid including in particular but without limitation:

- (a) staff costs;
- (b) rents and other property costs for its offices;
- (c) payments to third party suppliers;
- (d) payments for supply of goods and services,

subject to the fee not exceeding one per cent. per annum of the value of the Group's property portfolio including assets which the Group has contracted to acquire where Treasury Shanghai is overseeing the development of such assets prior to completion. Treasury Shanghai may also recover reasonable fees and expenses payable to professional advisers and other third parties including sub-contractors provided that there is no double counting under the Property Management Fee. An indemnity is also given by the Company in favour of Treasury Shanghai in respect of costs incurred in relation to any legal action conducted on behalf of the Company.

7. **Significant changes**

Save for the Placing and the completion of the City Centre and Central Plaza acquisitions, there has been no significant change in the financial or trading position of the Group since 31 May 2007, being the date to which the accountant's report (as set out in the Admission Document and set out in Part 4 of this document) was prepared.

8. **General**

- 8.1 Teather & Greenwood has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they appear.
- 8.2 The Waiver will be invalidated if any member of the Concert Party acquires any additional interest in Ordinary Shares in the period between the posting of this document and the EGM. The Concert Party has no intention of acquiring any such interest during this period.
- 8.3 Any Ordinary Shares purchased under the share buy-back authority will be cancelled. There are no other arrangements for the Ordinary Shares acquired under the proposed transaction.

9. Share price

The closing mid market quotation for an Ordinary Share as derived from the Daily Official List on 31 July 2007 was 707.5p and on the Latest Practicable Date was 705.0p.

10. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the offices of Ashurst, Broadwalk House, 5 Appold Street, London EC2A 2HA from the date of this document up to the time of the EGM, and for the duration of the meeting:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of REO;
- (c) the consent letter from Teather & Greenwood;
- (d) the letters of appointment of the Company directors;
- (e) the audited accounts of REO for the two years ended 31 December 2006;
- (f) the material contracts summarised at paragraph 6 above; and
- (g) the rules of the Share Option Scheme.

8 August 2007

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PART 4

FINANCIAL INFORMATION RELATING TO THE COMPANY

The financial information set out below for the Group has been extracted without adjustment from the Admission Document.

1. Consolidated income statement

For the period ended 31 May 2007

	<i>Note</i>	<i>6 months to 31 May 2007 £'000</i>
Operating expenses		(2,400)
Investment income	4.4	114
Loss before taxation		(2,286)
Taxation	4.5	(67)
Loss for the period	4.11	(2,353)
Basic loss per ordinary share	4.3	£(0.14)

The Group had no recognised income or expense in the financial period other than those dealt with in the income statement.

2. Consolidated balance sheet

As at 31 May 2007

	<i>Note</i>	<i>31 May 2007 £'000</i>
Current assets		
Cash and cash equivalents		7,380
Trade and other receivables	4.8	23,416
Total current assets		30,796
Total assets		30,796
Equity		
Issued capital	4.9	10,954
Share premium	4.9	1,249
Share option reserve	4.10	1,987
Retained loss	4.11	(2,353)
Total equity attributable to equity shareholders		11,837
Total current liabilities		
Trade and other payables	4.12	18,959
Total equity and liabilities		30,796

3. Consolidated cash flow statement

For the period ended 31 May 2007

	<i>6 months to 31 May 2007 £'000</i>		
Operating activities			
Net loss			(2,353)
Add non cash charges			743
Increase in trade and other payables			348
Cash flows from operating activities			<u>(1,262)</u>
			<i>6 months to 31 May 2007 £'000</i>
Investing activities			
Refundable deposits paid			<u>(20,036)</u>
Cashflows from investing activities			<u>(20,036)</u>
			<i>6 months to 31 May 2007 £'000</i>
Financing activities			
Proceeds from issue of share capital			(20,036)
Loan from Real Estate Opportunities Limited			<u>(20,036)</u>
Cashflows from financing activities			<u>28,678</u>
Net increase in cash and cash equivalents			<u>7,380</u>
Cash and cash equivalents			
	<i>At 5 December 2007 £'000</i>	<i>Cashflow £'000</i>	<i>At 31 May 2007 £'000</i>
Cash and cash equivalents	—	7,380	7,380
Bank overdrafts	—	—	—
	<u>—</u>	<u>7,380</u>	<u>7,380</u>

4. Notes

Forming part of the financial information

4.1 ***Incorporation of the Company and transfer agreement***

The Company was incorporated on 5 December 2006 as China Real Estate Opportunities Jersey Limited. On 25 January 2007, the Company changed its name to China Real Estate Opportunities Limited. On 19 January 2007, the cash balance of China Real Estate Opportunities S.A. was used to subscribe for 18,399,998 ordinary shares. All assets and liabilities of China Real Estate Opportunities S.A. were also transferred to and assumed by the Company.

4.2 ***Statement of accounting policies***

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

(a) *Statement of compliance*

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB). The financial information also complies with IFRS as endorsed by the European Commission.

(b) *Basis of preparation*

The preparation of this financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on management's best judgement as to what is reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(c) *Consolidation*

The consolidated financial information comprises the financial information of the Company and its subsidiary undertakings (subsidiaries) prepared to 31 May 2007.

(d) *Foreign currencies*

Transactions in foreign currencies are translated to pound sterling at the spot foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(e) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(f) *Income tax*

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date.

(g) *Share-based payments*

The Company issued equity-settled share-based payments to certain directors of the Company and others involved in day to day activities of the Company. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the

equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black Scholes pricing method. The expected life used has been adjusted, based on management's best estimate, for effects of behavioural considerations.

(h) *Earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting profit or loss attributable to ordinary equity shareholders, and the weighted average number of shares outstanding, for the effects of all potentially dilutive ordinary shares.

4.3 *Earnings per share*

The calculation of the basic earnings per share at 31 May 2007 was based on the loss attributable to ordinary shareholders of £2,353,000 and a weighted average number of ordinary shares outstanding during the period ended 31 May 2007 of 16,232,331 calculated as follows:

	<i>6 months to 31 May 2007</i>
	£
Attributable loss	(2,353,000)
Weighted average number of shares	<u>16,232,331</u>
Loss per share	<u>£(0.14)</u>
Weighted average number of shares	
2 ordinary shares issued on 7 December 2006	2
18,399,998 ordinary shares issued on 19 January 2007	<u>16,232,329</u>
	<u>16,232,331</u>

Diluted earnings per share is not presented as the potential ordinary shares are anti – dilutive.

4.4 *Investment income*

	<i>6 months to 31 May 2007</i>
	£'000
Deposit interest receivable	<u>114</u>

4.5 *Taxation*

Luxembourg wealth tax	<u>67</u>
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No income tax arises due to losses incurred.

4.6 *Employees and remuneration*

The Company did not employ any persons during the period. No fees were drawn by the directors during the financial year.

4.7 *Financial assets*

The Company has the following subsidiaries.

<i>Name and registered office</i>	<i>Details of investments</i>	<i>Proportion held by Company</i>	<i>Principal activity</i>
CREO (Pudong) Limited Whiteley Chambers, Don St, St Helier, Jersey JE 4 9WG	2 ordinary shares of no par value each	100%	Property development and investment
CREO (Shanghai Central Plaza) Limited Whiteley Chambers, Don St, St Helier, Jersey JE 4 9WG	2 ordinary shares of no par value each	100%	Property development and investment
CREO (Shanghai City Centre) Limited Whiteley Chambers, Don St, St Helier, Jersey JE 4 9WG	2 ordinary shares of no par value each	100%	Property development and investment
CREO Xidan (No.1) Limited Whiteley Chambers, Don St, St Helier, Jersey JE 4 9WG	2 ordinary shares of no par value each	100%	Property development and investment

4.8 *Trade receivables*

31 May 2007
£'000

Refundable deposits

23,416

Pursuant to the terms of escrow agreements and pre-sale contracts in respect of the projects set out below, the Company has deposited £21,074,000 into escrow accounts opened by escrow agents for the benefit of the Company and the vendors. These pre-sale contracts are conditional and as at the balance sheet date the relevant conditions had not been satisfied.

31 May 2007
£'000

Xidan contract

3,381

City Centre and Central Plaza contracts

17,693

21,074

In addition, a further £2,243,000 has been lent to a subsidiary of Treasury Holdings which is refundable when this subsidiary is acquired by the Company which is expected to take place within one year.

4.9 *Equity – share capital and share premium*

(i) *Share capital*

Authorised:

There is no limit on the number of ordinary shares of any class that the Company is authorised to issue

31 May 2007
£'000

Allotted and called up:

18,400,000 ordinary shares of no par value

10,954

The Company was incorporated on 6 December 2006 with two ordinary shares of €1.25 each. On 19 January 2007, 18,399,998 shares were issued at €0.875 per share to China Real Estate Opportunities S.A., a company registered in Luxembourg.

(ii) *Share premium*

As part of the liquidation of CREO S.A. net assets of £1,249,000 were transferred to the Company for nil consideration. This is reflected in the share premium account as at 31 May 2007.

4.10 *Share option reserve*

Share options were granted over 1,100,000 ordinary shares in China Real Estate Opportunities S.A.

The options, exercisable at €1.25 per share (being the price at which ordinary shares were issued when China Real Estate Opportunities S.A. was launched in December, 2005), were granted to the directors of China Real Estate Opportunities S.A. and others involved in the day to day activities of China Real Estate Opportunities S.A.

On 2 February 2007, the option holders in China Real Estate Opportunities S.A. surrendered their options conditional on the option holders being granted at a future date the same number of options, on identical terms in China Real Estate Opportunities Limited. On 25 April 2007 the Company granted share options on the same terms and conditions.

The fair value of the options granted on 25 April 2007 was calculated having regard to the fair value of the options estimated at 31 December 2006 in China Real Estate Opportunities S.A. using a Black Scholes option pricing model as, in the opinion of the directors, the charge arising thereon is not materially different.

The assumptions used to value the options of China Real Estate Opportunities S.A. are as follows:

Strike price	£0.85
Expected volatility	100%
Expected life	6 years
Risk free rate	3.49%

The number of options granted to directors of the Company as at 31 May 2007 was as follows:

	<i>Number of share options</i>
Richard Barrett	535,000
Raymond Horney	75,000
Robert Tincknell	200,000
Rory Williams	75,000

The share option reserve represents the directors' best estimate of the fair value of the share options conditionally granted as at 31 May 2007.

4.11 *Reconciliation of movements in shareholders' funds*

	<i>31 May 2007</i>
	<i>£'000</i>
Total recognised losses for the period	(2,353)
Opening shareholders' funds – equity	—
Share premium	1,249
Share option reserve	1,987
Share capital issued during the period	10,954
Closing shareholders' funds – equity	13,086
	<i>31 May 2007</i>
	<i>£'000</i>
Loss for the financial period	(2,353)
Profit and loss account at beginning of period	—
Profit and loss account at end of period	(2,353)

4.12 *Trade and other payables*

	<i>31 May 2007</i> £'000
Loan from Real Estate Opportunities Limited	17,724
Accrued expenses	1,091
Wealth tax	144
	<hr/> <u>18,959</u> <hr/>

The Company has entered into a loan agreement with Real Estate Opportunities Limited (“REO”) pursuant to which REO has agreed to lend the Sterling equivalent of US\$35 million to enable the Company to make refundable deposits on certain investment and development projects being undertaken by the Group. The loan is repayable on demand with interest payable at 3 month LIBOR plus a margin of 2 per cent.

On 29 May 2007 the Company drew down US\$15,000,000 (£7.6 million) and on 31 May 2007 drew down US\$20,000,000 (£10.1 million).

4.13 *Commitments*

(i) *Capital commitments*

The Company has entered into pre contracts to acquire properties with an acquisition cost of £416.6 million. The Company is currently putting in place financing arrangements to fund these purchases subject to completion of the purchase contracts.

(ii) *Listing of the Company's shares*

It is the Company's intention to admit the Company's shares to trading on AIM in July 2007. It is anticipated that the Company will issue 32.1 million new ordinary shares with an issue price of £7.56 per share. The expected costs associated with listing and payable by the Company are £8.7 million. No provision has been reflected in the balance sheet at 31 May 2007 in respect of this expenditure.

4.14 *Post balance sheet events*

On 8 June 2007, a loan of US\$12.2 million (£6.2 million) was made to a subsidiary of Treasury Holdings for the purposes of placing a deposit on a property in China being purchased by CREO.

On 5 June 2007, 987,000 share options were granted conditional on Admission exercisable at the Placing Price, to certain Directors and others involved in the day to day activities of the Company.

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PART 5

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Admission Document”	the document dated 10 July 2007 relating to the Placing and admission to trading on AIM, a copy of which was posted to Shareholders on or around 10 July 2007;
“AIM”	the AIM Market of the London Stock Exchange;
“Assumptions”	<p>the assumptions relating to the buy-back and the aggregate interest of the Concert Party in the Company’s issued share capital, being that:</p> <ul style="list-style-type: none">(a) the Concert Party does not participate in the buy-back;(b) the Concert Party does not sell Ordinary Shares after the date of this document;(c) the Concert Party members exercise the Options in full;(d) 5,262,781 Ordinary Shares are issued to THCL pursuant to the terms of the Investment Advisory Agreement in respect of the period from 12 July 2007 to 31 December 2007;(e) no other person converts any convertible security or exercises any options or any other rights to subscribe for Ordinary Shares; and(f) the Company uses in full the authority being sought under Resolution 1 to make buy-backs of 7,894,171 Ordinary Shares;
“Board” or “Directors”	the directors of the Company;
“City Code”	The City Code on Takeovers and Mergers;
“Company”	China Real Estate Opportunities Limited, a company incorporated in Jersey with registered number 95357 and whose registered office is at Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG;
“Concert Party”	REO, the directors of REO, Treasury Holdings, the directors of Treasury Holdings, THCL, the directors of THCL and employees of Treasury Holdings and THCL, being the persons deemed to be acting in concert for the purposes of the City Code;
“CREO SA”	China Real Estate Opportunities S.A. (in voluntary liquidation);
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 3.00 p.m. on 3 September 2007 at the Atlantic Hotel, Le Mont de la Pulente, St Brelade, Jersey JE3 8HE, or any adjournment thereof;

“Form of Proxy”	the form of proxy for use by Shareholders in connection with the EGM;
“Group”	the Company and its subsidiaries;
“Independent Directors”	Stuart Leckie, Ian Ling and Richard Pirouet;
“Independent Shareholders”	the Shareholders who are not members of the Concert Party;
“Investment Advisory Agreement”	the agreement summarised at paragraph 6.1 of part 3 of this document;
“Latest Practicable Date”	6 August 2007, being the latest practicable date prior to the publication of this document;
“Non Independent Directors”	the Directors other than the Independent Directors;
“Options”	the options granted to members of the Concert Party in respect of 2,030,000 Ordinary Shares;
“Ordinary Shares”	ordinary shares in the capital of the Company;
“Panel”	the Panel on Takeovers and Mergers;
“Placing”	the placing, completed on 11 July 2007, of 34,227,807 Ordinary Shares at a price of £7.56 per share;
“REO”	Real Estate Opportunities Limited, a company incorporated in Jersey with registered number 79679 and whose registered office is at 32 Commercial Street, St Helier, Jersey JE4 0QH;
“Resolutions”	the resolutions to be proposed at the EGM;
“Shareholder”	a holder of Ordinary Shares;
“Share Option Scheme”	the China Real Estate Opportunities Limited 2007 Unapproved Company Share Option Plan adopted on 9 February 2007;
“Teather & Greenwood”	Teather & Greenwood Limited;
“THCL”	Treasury Holdings China Limited, a wholly owned subsidiary of Treasury Holdings;
“Treasury Holdings”	Treasury Holdings, an unlimited company incorporated in Ireland;
“Treasury Shanghai”	Treasury (Shanghai) Real Estate Consulting Co. Ltd; and
“Waiver”	the waiver by the Panel of the obligation which would otherwise arise under Rule 9 of the City Code requiring the Concert Party to make an offer for the issued share capital of the Company as a result of its holding of shares increasing by virtue of the buy-back of shares pursuant to the authority granted at the EGM in circumstances where the Concert Party members do not participate in the share buy-back programme so as to maintain their current shareholding level.

CHINA REAL ESTATE OPPORTUNITIES LIMITED
(Incorporated in Jersey with registered number 95357)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of China Real Estate Opportunities Limited (the “**Company**”) will be held at the Atlantic Hotel, Le Mont de la Pulente, St. Brelade, Jersey JE3 8HE on 3 September at 3.00 p.m. for the purpose of considering and, if thought fit, passing the resolutions set out below. Resolution 1 will be proposed as a special resolution and Resolution 2 will be proposed as an ordinary resolution taken on a poll.

THAT:

1. the Company be and is hereby generally and unconditionally authorised to make market purchases of ordinary shares in the capital of the Company (“**ordinary shares**”) provided that:
 - (a) the maximum number of ordinary shares that may be purchased is 7,894,171;
 - (b) the maximum price that may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle-market prices shown in the quotation for an ordinary share as derived from the London Stock Exchange for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;
 - (c) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution unless previously renewed, varied or revoked by the Company in general meeting; and
 - (d) the Company may enter into a contract to purchase its ordinary shares under this authority prior to its expiry, which contract will or may be executed wholly or partly after such expiry, and may purchase its ordinary shares in pursuance of any such contract; and
2. the waiver granted by the Panel on Takeovers and Mergers of the obligation which may otherwise arise, pursuant to Rule 9 of the City Code on Takeovers and Mergers, for the Concert Party (as defined in the circular to shareholders of the Company dated 8 August 2007) to make a general offer to the shareholders of the Company for all the issued ordinary shares in the capital of the Company as a result of any market purchases of ordinary shares by the Company pursuant to the authority granted by Resolution 1 above be and is hereby approved.

Registered office:

Whiteley Chambers
Don Street
St Helier
Jersey
JE4 9WG

By order of the Board

Ogier Fund Administration (Jersey) Limited
Secretary

8 August 2007

Note:

1. Only holders of ordinary shares are entitled to attend and vote at the extraordinary general meeting. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him/her.
2. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice and instructions for completion are shown on the form. Forms of proxy need to be deposited with the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the start of the extraordinary general meeting. Completion and return of a form of proxy does not preclude a member from attending and voting in person at the extraordinary general meeting, should he or she so wish.

