

CHINA REAL ESTATE OPPORTUNITIES plc

**MEMORANDUM AND ARTICLES OF
ASSOCIATION**

COMPANIES (JERSEY) LAW 1991 (as amended)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

of

CHINA REAL ESTATE OPPORTUNITIES plc

- 1 The name of the Company is China Real Estate Opportunities plc.
- 2 The Company shall have unrestricted corporate capacity.
- 3 The Company is a public company.
- 4 The Company is a no par value company.
- 5 The liability of each Member arising from his holding of a Share is limited to the amount (if any) unpaid on it.
- 6 There is no limit on the number of shares of any class that the Company is authorised to issue.

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COMPANIES (JERSEY) LAW 1991 (as amended)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

CHINA REAL ESTATE OPPORTUNITIES plc

1 Definitions and Interpretations

1.1 In these Articles, unless the context otherwise requires, the following expressions shall have the following meanings:

“**£**” means the lawful currency of Great Britain;

“**address**” means, in relation to electronic communications, any number or address used for the purposes of such communications;

“**AIM Rules**” means the rules for AIM companies and their nominated advisers published by the London Stock Exchange plc governing admission to and the operation of AIM;

“**AIM**” means the AIM market operated by the London Stock Exchange plc;

“**alternate Director**” means any alternate Director of the Company appointed in accordance with these Articles;

“**Articles**” means these articles of association as amended from time to time;

“**Associated Entity**” means, in relation to a company, partnership or other entity (whether of independent legal status or otherwise) any company, partnership or entity (whether of independent legal status or otherwise) which is a subsidiary (whether direct or indirect) or holding company or under common control with the first company, partnership or other legal entity and includes all directors and officers of any such entities or any person (either individually or with Connected Persons) who is able to direct, control or influence any such entity and, in respect of the first entity, any director, officer, shareholder or person (either individually or with Connected Persons) who is able to direct, control or influence such entity;

“auditors” means the auditors for the time being of the Company or, in the case of joint auditors, any one of them;

“Board” means the board of Directors from time to time of the Company or the Directors present or deemed to be present at a duly convened meeting of the Directors at which a quorum is present;

“business day” means a day (not being a Saturday or Sunday) on which clearing banks are open for normal banking business in London and Jersey;

“certificated” means, in relation to a Share, a Share which is not in uncertificated form;

“clear days” means, in relation to a period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

“Company” means the company incorporated under the Law in respect of which these Articles have been registered;

“Concert Party” means persons or persons who, pursuant to an agreement or understanding (whether formal or informal) actively co-operate, through the acquisition by any of them of Shares or otherwise to obtain or consolidate control of or influence over the Company for any purpose connected with the holding of Shares;

“Connected Person” means a Concert Party, an Associated Entity and a Related Person;

“Director” means any director for the time being of the Company appointed in accordance with these Articles;

“electronic communication” has the same meaning as in the Electronic Communications (Jersey) Law 2000;

“Employee Share Scheme” means any employee and/or executive incentive plan or scheme established for the benefit of employees and/or executives and their relations (as determined in accordance with such plans or schemes) of the Company and/or any of its direct or indirect subsidiaries (whether or not such plan or scheme is open to all employees, executives or relations or not) and which is operated either by the Company or any of its direct or indirect subsidiaries or

by a third party on their behalf and under the terms of which employees and/or executives and their relations may acquire and/or benefit from shares or any interest therein, whether directly or pursuant to any option over shares granted to them or otherwise;

“entitled by transmission” means, in relation to a Share, entitled as a consequence of the death or bankruptcy of a Member, or as a result of another event giving rise to a transmission of entitlement by operation of law;

“equity security” has the meaning ascribed thereto in Section 94(2) of the Companies Act 1985 of the United Kingdom;

“ERISA” means the United States Employee Retirement Income Security Act of 1974, as amended;

“executed” includes, in relation to a document, execution under hand or under seal or by any other method permitted by law;

“ISA” means the International Standards on Auditing as in force and applied by the Company from time to time;

“Holder” means, in relation to Shares, the Member whose name is entered in the register of Members of the Company as the holder or, where the context permits, the members whose names are entered in the register of Members of the Company as the joint holders of those Shares;

“Law” means the Companies (Jersey) Law 1991 including any statutory modification or re-enactment thereof for the time being in force and subordinate legislation made thereunder;

“Member” means any holder of legal title to a Share and any other member of the Company;

“Memorandum” means the memorandum of association of the Company as amended from time to time;

“Non Qualified Holder” means any person, as determined by the Directors, to whom a sale or transfer of shares, or in relation to whom the direct or beneficial holding of shares in circumstances (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with any person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant): (a) would or could be in breach of the laws or requirements of

any jurisdiction or governmental or regulatory authority or (b) would or might result in the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage or (c) would be for or on behalf of a Plan Investor;

"Office" means the registered office for the time being of the Company;

"Ordinary Resolution" means a resolution of the Company either in general meeting passed by a simple majority of the votes cast at that meeting or in writing in accordance with Article 25;

"operator" means a person approved as an operator by the Jersey Financial Services Commission under the Uncertificated Securities Order;

"Ordinary Shares" means the ordinary shares of no par value in the capital of the Company designated as such and having the rights and being subject to the restrictions specified in these Articles;

"Plan Asset Regulations" means the plan asset regulations promulgated by the United States Department of Labor under ERISA at 29 C.F.R. Section 2510.3-101;

"Plan Investor" means (i) an employee benefit plan, plan or other retirement arrangement or account that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA") (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of Section 4975 of the US Internal Revenue Code of 1986, as amended (the "Code") (including an individual retirement account), (ii) an entity whose underlying assets include "plan assets" by reason of such employee benefit plan's, plan's, account's or arrangement's investment in the entity, (iii) any "benefit plan investor" as otherwise defined in regulations promulgated by the US Department of Labor under Section 3(42) of ERISA or (iv) an employee benefit plan, plan, account or other arrangement that is subject to provisions of applicable US federal, state, local or other US laws or regulations that are substantially similar to Section 406 of ERISA or Section 4975 of the Code;

"paid", "paid up" and "paid-up" mean paid or credited as paid;

"recognised financial institution" means a recognised clearing house acting in relation to a recognised investment exchange or a nominee of a recognised clearing house acting in that way

or of a recognised investment exchange which is designated for the purposes of section 185(4B) of the Companies Act 1985 of the United Kingdom;

“**register**” means the register of Members of the Company to be kept pursuant to article 41 of the Law and/or the register of Members maintained pursuant to the Uncertificated Securities Order and, where the context requires, any register maintained by the Company or the approved operator of persons holding any renounceable right of allotment of a Share and cognate expressions shall be construed accordingly;

“**Related Person**” means, in relation to an individual, his or her spouse, civil law partner, children, step children, parents, grandparents, brothers and sisters and trusts of which that individual or any other Related Person is a beneficiary;

“**Seal**” means the common seal of the Company or any official or securities seal that the Company may have or may be permitted to have under the Law;

“**Secretary**” means the secretary for the time being of the Company or any other person appointed to perform any of the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

“**Share**” means an equity security in the capital of the Company of any class;

“**Special Resolution**” means a special resolution as defined in article 90 of the Law;

“**Standard Table**” means the model articles of association of a company proposed by the Finance and Economics Committee of the States of Jersey pursuant to article 6 of the Law;

“**UKLA**” means the UK Listing Authority, a division of the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 of the United Kingdom or any successor enactment;

“**uncertificated proxy instruction**” means an instruction or notification sent by means of a relevant system and received by such participant in that system acting on behalf of the Company as the Board may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Board (subject always to the facilities and requirements of the relevant system concerned);

“Uncertificated Securities Order” means the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended from time to time, including any provisions of or under the Law which alter or replace such regulations;

“uncertificated” means, in relation to a Share, a Share title to which is recorded in the register as being held in uncertificated form and title to which, by virtue of the Uncertificated Securities Order, may be transferred by means of a relevant system; and

“US Code” means the United States Internal Revenue Code of 1986, as amended.

1.2 In these Articles, save where the context otherwise requires:

- (a) the word “person” includes a natural person, a firm, a body corporate, an unincorporated association or an authority;
- (b) the singular includes the plural and vice versa;
- (c) where a word or phrase is given a particular meaning, other grammatical forms of that word or phrase have corresponding meanings;
- (d) a reference to an “Article” is a reference to an article of these Articles;
- (e) a reference to writing includes typewriting, printing, telegram, facsimile, electronic mail or other modes of representing or reproducing words in a visible form;
- (f) headings are inserted for convenience and do not affect the interpretation of these Articles;
- (g) save as aforesaid, and unless the context otherwise requires, words or expressions defined in the Law shall have the same meaning where used in these Articles but excluding any statutory modification thereof not in force when these Articles became binding on the Company;
- (h) the expressions **“register of Company Members”**, **“approved operator”**, **“operator’s instruction”**, **“issuer”**, and **“participating security”** have the meaning as in the Uncertificated Securities Order;

- (i) “**relevant system**” means a computer system which has the purposes described in article 2 of the Uncertificated Securities Order;
- (j) all references in the Articles to the giving of instructions by means of a relevant system shall be deemed to relate to a properly authenticated dematerialised instruction given in accordance with the Uncertificated Securities Order. Notwithstanding the other provisions of these Articles, the giving of such instructions shall be subject to:
 - (i) the facilities and requirements of the relevant system;
 - (ii) the Uncertificated Securities Order; and
 - (iii) the extent to which such instructions are permitted by or practicable under the rules and practices from time to time of the approved operator of the relevant system;
- (k) subject to the provisions of Article 1.2(g), references to any statutory provision or statute includes all amendments thereto and all subordinate legislation made thereunder.

1.3 The Standard Table prescribed pursuant to the Law shall not apply to the Company and is expressly excluded in its entirety.

SHARE CAPITAL AND SHARE CERTIFICATES

2 Share Capital

2.1 Subject to the Law (in particular articles 38 and 52 of the Law) the Directors are generally authorised to approve the allotment, grant of options over or otherwise dispose of Shares to such persons, at such times and on such terms as they think fit provided that any Share may be issued with such rights or restrictions as to issuance as the Company may by Ordinary Resolution determine.

2.2 Subject to the provisions of these Articles, the unissued Shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times and generally on such terms as they think fit. Subject to the

provisions of article 36 of the Law, no Shares may be issued by the Company at a discount.

- 2.3 Subject to the provisions of articles 38 and 55 of the Law, the Company may issue Shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or at the option of the Holder holding such redeemable Shares and on such terms and in such manner as may be determined by Ordinary Resolution.
- 2.4 The Company may exercise the powers of paying commissions conferred by the Law. Subject to the provisions of the Law, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid Shares or partly in one way and partly in the other.
- 2.5 The Board may at any time after the allotment of a Share but before a person has been entered in the register as the Holder of the Share recognise a renunciation of the Share by the allottee in favour of another person and may grant to an allottee a right to effect a renunciation on such terms and conditions as the Board thinks fit.
- 2.6 Save as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any Share upon any trust and (save as otherwise provided by these Articles or by law) the Company shall not be bound by or recognise (even when having notice thereof) any interest in any Share save an absolute right of the Holder of such Share to the entirety thereof.
- 2.7 The Company shall not be required to enter the names of more than four joint Holders in respect of any Share in the register of Members of the Company.

3 Special Rights Attaching to Classes of Shares

3.1 Whenever the capital of the Company is divided into different classes of Shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the Shares of that class) be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up:

- (a) when the Company is a par value company, with the consent in writing of the Holders of two thirds in nominal value of the issued Shares of that class; or

- (b) when the Company is a no par value company, with the consent in writing of the Holders of two thirds in number of the issued shares of that class; or
- (c) with the sanction of a Special Resolution passed at a separate meeting of the Holders of the issued Shares of that class.

3.2 The provisions of these Articles relating to general meetings or to the proceedings thereat shall apply, mutatis mutandis, to each separate meeting held in respect of different classes of Shares pursuant to this Article save that:

- (a) when the Company is a par value company the quorum shall be at least two persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of that class; and
- (b) when the Company is a no par value Company, the quorum shall be at least two persons holding or representing by proxy not less than one-third in number of the issued shares of that class,

but provided that if, at any adjourned meeting of such Holders, a quorum as defined above is not present, those Holders who are present shall be a quorum.

3.3 Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority for the payment of a dividend or in respect of capital or howsoever or which confer on the holders voting rights more favourable than those conferred by such first mentioned shares but shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking pari passu in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Law and these Articles.

4 Uncertificated Shares

- 4.1 Subject to the Law and to the Uncertificated Securities Order, the Board has the power to resolve that a class of Shares shall become a participating security and/or that a class of Shares shall cease to be a participating security.
- 4.2 Uncertificated Shares of a class are not to be regarded as forming a separate class from certificated Shares of that class.
- 4.3 A Member may, in accordance with the Uncertificated Securities Order, change a Share of a class which is a participating security from a certificated Share to an uncertificated Share and from an uncertificated Share to a certificated Share and the Company or a Director may exercise a power of attorney, herewith granted by the relevant Member, to do all such acts and to execute all such documents and agreements on behalf of such Member in order to change an uncertificated Share into a certificated Share.
- 4.4 The Company may give notice to a Member requiring the Member to change uncertificated Shares to certificated Shares by the time stated in the notice. The notice may also state that the Member may not change certificated Shares to uncertificated Shares. If the Member does not comply with the notice, the Board may authorise a person to change the uncertificated Shares to certificated Shares in the name and on behalf of the Member.
- 4.5 While a class of Shares is a participating security, the Articles only apply to an uncertificated Share of that class to the extent that they are consistent with:
- (a) the holding of Shares of that class in uncertificated form;
 - (b) the transfer of title to Shares of that class by means of a relevant system; and
 - (c) the Uncertificated Securities Order.

5 Share Certificates

- 5.1 Every Holder, upon becoming a Holder, shall be entitled without payment to one certificate for all the Shares of each class held by him (and, upon transferring a part of his holding of Shares of any class, to a certificate for the balance of such holding) or several

certificates each for one or more of his Shares upon payment, for every certificate after the first, of such reasonable sum as the Directors may determine.

- 5.2 Every certificate shall either be sealed with the Seal or signed by two Directors or a Director and the Secretary, or by such persons as the Directors shall authorise from time to time, and shall specify the number, class and distinguishing numbers (if any) of the Shares to which it relates and the amount or respective amounts paid up thereon and shall otherwise comply with the requirements of the UKLA. The Company shall not be bound to issue more than one certificate for Shares held jointly by several persons and delivery of a certificate to one joint Holder shall be deemed delivery to all of them.

6 Replacement of Certificates

- 6.1 Where a Holder holds two or more certificates for Shares of one class, the Company in the manner prescribed by the Directors, may at his request, on surrender of the original certificates and without charge, cancel the certificates and issue a single replacement certificate for certificated Shares of that class.
- 6.2 At the request of a Holder, the Company in the manner prescribed by the Directors, may cancel a certificate and issue two or more in its place (representing certificated Shares in such proportions as the Holder may specify), on surrender of the original certificate and on payment of such reasonable sum as the Directors may decide.
- 6.3 If a Share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence in the manner as the Directors may determine, but otherwise free of charge and (in the case of defacement or wearing out) on delivery up of the old certificate.

LIEN AND CALLS ON SHARES

7 Lien

- 7.1 The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all moneys (whether presently payable or not) payable at a fixed time or called by the Company in accordance with these Articles in respect of that Share. The Directors

may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall only extend to any amount payable in respect of it.

- 7.2 Any Holder who has failed to pay any sum due in respect of an amount unpaid on his Shares in accordance with Article 7 or forfeited a Share in accordance with Article 9.8 hereby irrevocably appoints from the date of such failure to pay when due, the Company (acting by any one Director or his/her alternate) as such Holder's agent to execute, on behalf, all such agreements, instruments, transfer forms or other documents which the Company (acting by any one Director or his/her alternate) deems in his or her sole discretion necessary or ancillary to any transfer of the relevant Shares pursuant to Article 7.3 or forfeiture pursuant to Article 9.8.
- 7.3 Without prejudice to the provisions of these Articles providing for the forfeiture or surrender of Shares, the Company is hereby granted a power of sale and may sell in such manner as the Directors may determine any Shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after notice has been given to the Holder of such Shares after the due date for payment in accordance with Article 9.1 or any such period of notice as is provided under the terms of the relevant allotment or, where required by law, to the person entitled to it, demanding payment and stating that, if the notice is not complied with, the Shares may be sold.
- 7.4 A person any of whose Shares have been sold pursuant to Article 7 shall cease to be a Holder in respect of them and shall deliver to the Company for cancellation the certificate for the Shares sold but shall remain, subject to Article 7.5, liable to the Company for all moneys which, at the date of sale, were presently payable by him to the Company in respect of those Shares with interest at the Barclays Bank plc base rate plus two per cent. on a per annum basis such an amount of interest as the Directors may determine from the date of sale until payment provided that the Directors may in their sole discretion waive payment wholly or in part of the amount subject to the lien and/or any accrued but unpaid interest thereon.
- 7.5 The net proceeds of the sale after payment of all costs incurred in relation thereto shall be applied in payment of so much of the sum for which all liens exist on such Shares

(irrespective of whether the sums in respect of the lien are presently payable at the date of sale or not) and any other sum owed by the relevant Holder to the Company and any residue shall (upon delivery to the Company for cancellation of the certificate or certificates for the Shares sold) be paid to the Holder entitled to the Shares subject to the lien immediately before the date of the sale.

8 ERISA and Non-Qualified Holder Limitations

8.1 No Plan Investor may acquire Shares.

8.2 If the Directors have served a notice upon a Non-Qualified Holder pursuant to Article 11.10(c), from the date of such notice until registration of such a transfer or a transfer arranged by the Directors as referred to below, such Shares will not confer any right on the holder to receive notice of or to attend and vote at general meetings of the Company and of any class of shareholders and such Shares shall not be voted in respect of any matter. If such Non-Qualified Holder has not sold his Shares to a person qualified to own such Shares within the required period in compliance with such notice the Company shall arrange for the sale and transfer of such Shares to any other person not being a Non-Qualified Holder. Such Shares shall be sold by the Company as soon as reasonably practicable through the facilities of AIM or, if the Shares are no longer listed on AIM or in the opinion of an internationally recognised investment bank a sale conducted in such manner would be adverse to the interests of the Holders as a whole, in such other manner as may be recommended by an internationally recognised investment bank. The Company shall receive the proceeds of such sale on behalf of the relevant Non-Qualified Holder. The net proceeds of such sale shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate. For the purposes of this Article 8:

- (a) the Company (through an authorised signatory of the Company) shall be deemed to be the duly appointed agent of the relevant Non-Qualified Holder with full power to execute (through an authorised signatory of the Company), complete and deliver in the name and on behalf of the relevant Non-Qualified Holder all stock transfer forms and all other documents necessary to give effect to the transfer of his Shares to the relevant transferee; and

