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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.

Davy, which is regulated in Ireland by the Financial Regulator, is acting for China Real Estate Opportunities Limited and no-one else in connection with the proposals in this document and will not be responsible to anyone other than China Real Estate Opportunities Limited for providing the protections afforded to clients of Davy or for providing advice in relation to the proposals in this document or any other transaction or arrangement referred to in this document.



## **CHINA REAL ESTATE OPPORTUNITIES LIMITED**

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

**Approval of the waivers granted by the Panel on Takeovers and Mergers under  
Rule 9 of the City Code on Takeovers and Mergers**

**and**

**Change of name and proposed amendment to Articles of Association**

**and**

**Notice of Extraordinary General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from the Deputy Chairman which is set out on pages 1 to 7 of this document and which advises you to vote in favour of the resolutions to be proposed at an Extraordinary General Meeting to be held at 11 a.m. on 3 December 2008 at the Atlantic Hotel, Le Mont de la Pulente, St Brelade, Jersey. Notice of the meeting 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 Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 11 a.m. on 1 December 2008. 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.**

## CONTENTS

	<i>Page</i>
Part 1 – Letter from the Deputy Chairman	1
Part 2 – Information relating to the Concert Party	8
Part 3 – Additional Information	10
Part 4 – Financial Information relating to the Company	17
Part 5 – Definitions	18
Notice of Extraordinary General Meeting	

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	11 a.m. on 1 December 2008
Extraordinary General Meeting	11 a.m. on 3 December 2008

## PART 1

### LETTER FROM THE DEPUTY 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

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

Dear Shareholder,

**Approval of the waivers granted by the Panel on Takeovers and Mergers under Rule 9 of the  
City Code on Takeovers and Mergers**

**and**

**Change of name and proposed amendment to Articles of Association**

**and**

**Notice of Extraordinary General Meeting**

#### **Background**

Treasury Holdings and the other members of the Concert Party together hold approximately 46.83 per cent. of the Company's issued share capital. If any member of the Concert Party were to acquire further Shares, the Concert Party would, unless the Takeover Panel were to grant a waiver which was approved by Shareholders (excluding the Concert Party members), be obliged to make an offer for all Shares not held by the Concert Party.

In the period since the Company's most recent annual general meeting in May, 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 be a potential purchaser of its own shares.

At the Company's most recent annual general meeting, the Company was authorised to make market purchases of up to 7,596,360 Shares, with such authority expiring on 23 November 2009. 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 percentage interest in the Company's issued share capital increasing. As the Concert Party currently holds 46.83 per cent. of the Company's issued share capital, any such percentage 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 Takeover Panel has agreed to waive this obligation provided Independent Shareholders approve such waiver on a poll in a general meeting.

In order to continue to ensure that the Company has access to the services of the highest quality personnel in China, a market in which there is a short supply of well qualified personnel, the Remuneration Committee has determined the need to grant 500,000 Share Options to employees of THCL, the Company's investment manager. The Remuneration Committee has previously granted 32,000 Share Options on the basis that the exercise of such options was conditional on Takeover Panel and Independent Shareholder approval. Grantees of Share Options who are managers and employees of THCL are deemed to be members of the Concert Party. In order to avoid an obligation on the part of the Concert Party to make an offer for the Company at the time such Share Options are granted and/or

vest, the Company has obtained the consent of the Takeover Panel (given subject to Independent Shareholder approval) to waive the obligation to make such an offer in respect of the grant and subsequent exercise of 500,000 Share Options and the exercise of the 32,000 Share Options. One of the purposes of this document is to seek Independent Shareholder approval for such waiver.

As a result of recent changes to the legislation regarding Jersey incorporated companies, it is proposed that the name of the Company be changed to China Real Estate Opportunities plc and that any Shareholder meeting may be called on 14 rather than 21 clear days' notice.

**An Extraordinary General Meeting of the Company to consider passing the resolutions required to implement the above proposals has been convened for 11 a.m. on 3 December 2008.**

The Independent Directors, advised by Davy, recommend that Independent Shareholders vote in favour of Resolution 3 and Resolution 4 relating to the waivers of the obligation to make an offer for the Company upon (i) the grant and exercise of up to 532,000 Share Options and/or (ii) the implementation of the Share buy-back programme by the Company to buy-back up to 7,596,360 Shares. The Directors recommend that Shareholders vote in favour of the resolutions to change the Company's name and to amend the Articles. 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 6 of this document.

**Takeover Code**

The Takeover Code is issued and administered by the Takeover Panel and applies to the Company. The Takeover Code and the Takeover Panel operate principally to ensure fair and equal treatment of shareholders of publicly listed companies in relation to takeovers, and also provide an orderly framework within which takeovers are conducted.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all 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. of the voting rights of such company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 of the Takeover Code must be made in cash and at the highest price paid within the preceding 12 months for any shares in the Company by the person required to make the offer or any person acting in concert with him.

Under Rule 37 of the Takeover 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 Takeover Code. This means that a buy-back of Shares pursuant to the authority granted at the Company's most recent annual general meeting 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 Takeover 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 Takeover Code as a result of the implementation of the buy-back authority (up to a maximum of 7,596,360 Shares) for the Concert Party to make a general offer for the Shares which it does not already hold.

**Concert Party**

REO, Treasury Holdings, THCL, their respective directors (and certain relatives thereof) and the employees of Treasury Holdings and THCL are deemed to be acting in concert in relation to the Company for the purposes of the Takeover Code.

## **Share Buy-back**

In the period since the Company's most recent annual general meeting in May, 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 be a potential purchaser of its own shares.

This ability provides:

- a potential additional source of demand for the 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 purchased at a discount to net asset value per Share.

At the Company's most recent annual general meeting, the Company was authorised to make market purchases of up to 7,596,360 Shares, such authority expiring on 23 November 2009. 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 percentage interest in the Company's issued share capital increasing. As the Concert Party currently holds 46.83 per cent. of the Company's issued share capital, any such percentage 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 Takeover Panel has agreed to waive this obligation provided Independent Shareholders approve such waiver on a poll in a general meeting.

It should be noted that even if Resolution 3 is duly passed, the power to purchase 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 the time.

## **Share Options**

The Remuneration Committee has previously granted 32,000 Share Options on the basis that the exercise of such Share Options would be conditional upon both (i) the Takeover Panel waiving the obligation on the part of the Concert Party to make an offer for all of the Shares not held by the Concert Party upon such Share Options being exercised and (ii) Independent Shareholder approval for such waiver being obtained on a poll at a meeting of Shareholders. The Company has obtained the consent of the Takeover Panel to waive that obligation and such consent is conditional upon Independent Shareholders approving such waiver by passing Resolution 4 on a poll at the EGM.

The Remuneration Committee has determined the need to grant 500,000 Share Options in order to incentivise senior management and key employees of THCL, the Company's investment manager. Given the nature of the Company's business and the jurisdiction and assets in which it invests, the Company places particular reliance on the management and employees of its investment manager, THCL. The Independent Directors and the Remuneration Committee therefore believe that it is appropriate that the Company grant 500,000 Share Options to the management of THCL in addition to paying THCL a fee under the Investment Advisory Agreement. The Independent Directors and the Remuneration Committee believe that the grant of the Share Options will provide a competitive incentive and retention tool to the management and key employees of THCL in a manner which is cost effective in respect of both shareholder dilution and income statement expense. The Remuneration Committee has, subject to obtaining the consent of Independent Shareholders to the Waiver relating to the grant of the 500,000 Share Options, granted Richard David, the managing director of THCL, 300,000 Share Options exercisable five years from the date of grant. In addition, the Remuneration Committee has, subject to obtaining the consent of Independent Shareholders to the Waiver relating to the grant of the 500,000 Share Options, determined to grant other THCL employees a further 200,000 Share Options exercisable five years from the date of grant.

Most participants in the Share Option Scheme are deemed to be members of the Concert Party and consequently the receipt by them of Shares on vesting of Share Options could give rise to an obligation pursuant to Rule 9 of the Takeover Code to make a mandatory offer to acquire the Shares not owned by

the Concert Party. The Independent Directors consider that it would undermine the purpose for which the Share Options are granted to require such an offer to be made and accordingly are seeking a waiver of that obligation from Independent Shareholders in respect of the grant (and subsequent exercise) of the 532,000 Share Options.

### Interests of the Concert Party

As at the date of this document, the Concert Party members are in aggregate interested in 23,976,653 Shares, representing 46.83 per cent. of the Company's issued share capital.

#### (a) *Options*

On the basis of the Option Assumptions (including exercise in full by members of the Concert Party of the Existing Options and the 532,000 Share Options referred to above), the maximum shareholding of the Concert Party would be 26,074,453 Shares, representing 48.92 per cent. of the Company's issued share capital.

#### (b) *Buy-back*

If the Company used in full its Share buy-back authority to buy-back 7,596,360 Shares, the Concert Party would, on the basis of the Buy-back Assumptions, be interested in 23,976,653 Shares, representing 54.98 per cent. of the Company's reduced issued share capital. Were the Company to purchase 3,249,733 Shares, the Concert Party would, on the basis of the Buy-back Assumptions, be interested in over 50 per cent. of the Company's issued share capital.

#### (c) *Options and Buy-back*

On the basis of the Assumptions, the Concert Party would be interested in 26,074,453 Shares, representing 57.05 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 as at the date of this document and on the basis of the Assumptions are set out in the table below.

	<i>Number of Shares held as at the date of this document</i>	<i>Percentage of issued share capital held as at the date of this document</i>	<i>Existing Options and 532,000 Share Options referred to in this document</i>	<i>Number of Shares held on basis of the Option Assumptions</i>	<i>Percentage of issued share capital held on basis of the Option Assumptions</i>	<i>Number of Shares held on the basis of the Buy-back Assumptions</i>	<i>Percentage of issued share capital held on the basis of the Buy-back Assumptions</i>	<i>Number of Shares held on the basis of the Assumptions</i>	<i>Percentage of issued share capital held on the basis of the Assumptions</i>
REO	8,387,941	16.38	—	8,387,941	15.74	8,387,941	19.24	8,387,941	18.35
<i>REO directors</i>									
Richard Barrett	3,491,080 <sup>1</sup>	6.82	535,000	4,026,080 <sup>1</sup>	7.55	3,491,080 <sup>1</sup>	8.01	4,026,080 <sup>1</sup>	8.81
Ray Horney	2,750,000	5.37	115,000	2,865,000	5.38	2,750,000	6.31	2,865,000	6.27
Guy Leech	388,343	0.76	10,000	398,343	0.75	388,343	0.89	398,343	0.87
Keith Jenkins	19,300	0.04	—	19,300	0.04	19,300	0.04	19,300	0.04
Garth Milne	173,137	0.34	—	173,137	0.32	173,137	0.40	173,137	0.38
Martin Richardson	60,000	0.12	—	60,000	0.11	60,000	0.14	60,000	0.13
Treasury Holdings	1,081,653	2.11	—	1,081,653	2.03	1,081,653	2.48	1,081,653	2.37
<i>Treasury Holdings directors<sup>2</sup></i>									
John Ronan	6,264,189 <sup>3</sup>	12.23	—	6,264,189 <sup>3</sup>	11.75	6,264,189 <sup>3</sup>	14.37	6,264,189 <sup>3</sup>	13.71
Kevin Kelly	311,119	0.61	—	311,119	0.58	311,119	0.71	311,119	0.68
Robert Tincknell	521,171	1.02	400,000	921,171	1.73	521,171	1.20	921,171	2.02
Paddy Teahon	198,000	0.39	35,000	233,000	0.44	198,000	0.45	233,000	0.51
Rory Williams	120,000	0.23	225,000	345,000	0.65	120,000	0.28	345,000	0.75
John Bruder	24,000	0.05	—	24,000	0.05	24,000	0.06	24,000	0.05
<i>Other THCL directors</i>									
Richard David	—	—	365,000	365,000	0.68	—	—	365,000	0.80
<i>Other Treasury Holdings and THCL employees<sup>4</sup></i>									
	186,720	0.36	412,800	599,520	1.12	186,720	0.43	599,520	1.31
<b>TOTAL</b>	<b>23,976,653</b>	<b>46.83</b>	<b>2,097,800</b>	<b>26,074,453</b>	<b>48.92</b>	<b>23,976,653</b>	<b>54.98</b>	<b>26,074,453</b>	<b>57.05</b>
<b>Shares in issue</b>	<b>51,203,038</b>			<b>53,300,838</b>		<b>43,606,678</b>		<b>45,704,478</b>	

#### Notes

- This does not include Shares in which Richard Barrett is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO but includes 12,891 Shares held by relatives. 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 Shares and Treasury Holdings holds some 1.1 million 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 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 Shares and Treasury Holdings holds some 1.1 million Shares.
4. No individual employee within this category is interested in five per cent. or more of the Company's share capital.

## **Waivers of the obligation to make a general offer under Rule 9 of the Takeover Code**

### **(a) *Share Buy-back***

The Concert Party's aggregate interest in Shares would increase as a result of the buy-back of Shares, unless the Concert Party participated in the buy-back. Any such increase in the aggregate interest of the Concert Party would, in the absence of the Takeover 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 Shares.

The Takeover Panel has agreed, subject to Resolution 3 being passed on a poll by Independent Shareholders, to waive the requirement for the Concert Party to make an offer to shareholders as would otherwise arise under Rule 9 of the Takeover Code as a result of the buy-back of up to 7,596,360 Shares. The members of the Concert Party will not be entitled to vote on Resolution 3.

### **(b) *Share Options***

The vesting of the 532,000 Share Options referred to above would increase the aggregate shareholding of the Concert Party in the Company and thereby trigger an obligation on the part of the Concert Party, under Rule 9 of the Takeover Code, to make a general offer to all Independent Shareholders to purchase their Shares.

The Takeover Panel has agreed, subject to Resolution 4 being passed on a poll by Independent Shareholders at the EGM, to waive the requirement for the Concert Party to make a general offer to the Independent Shareholders as would otherwise arise under Rule 9 of the Takeover Code as a result of the grant and/or vesting of the 532,000 Share Options. The members of the Concert Party will not be entitled to vote on Resolution 4.

Pursuant to its obligations under the Takeover Code, the Company will announce the grant of Share Options made from time to time together with their effect on the overall deemed control of the Concert Party.

## **Effect of Waivers**

By virtue of the Waivers granted by the Takeover Panel as described above, it is possible that the aggregate interests of the Concert Party in the 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 would be able to increase their aggregate interest in Shares without incurring an obligation to make an offer for the Company under Rule 9, although individual members of the Concert Party would not be able to increase their percentage through or between a Rule 9 threshold without Takeover Panel consent.

## **Intentions of the Directors**

Notwithstanding any increase in the Concert Party's holding of 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 the business of the Company would continue 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 Shares that could give Shareholders the opportunity to realise a premium over the then prevailing market price of their Shares. The interests of the Concert Party may not be aligned with those of the Independent Shareholders and if the Concert Party takes action that is not in the best interests of Shareholders as a whole, it may impair the value of any investment in the Shares.

### **Change to Company name and Articles**

As a result of recent changes to the legislation regarding Jersey incorporated companies in relation to public companies' names and notice periods for calling annual and extraordinary general meetings where a special resolution is proposed, it is proposed that:

- (a) the name of the Company be changed to China Real Estate Opportunities plc; and
- (b) Article 16.1 be deleted and replaced with the following:

“An annual general meeting and any extraordinary general meeting shall (subject to the Law) be called by not less than 14 clear days' notice”.

### **Extraordinary General Meeting**

The purpose of the resolutions numbered 1 and 2 in the notice of EGM is to seek the approval of Shareholders to the change of name and the amendment to the Articles.

The purpose of Resolution 3 is to seek the approval of Independent Shareholders to the Waiver in respect of the Share buy-back of up to 7,596,360 Shares, which the Takeover Panel has agreed to give (subject to such approval), of the obligation that might otherwise arise under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the Shares not already owned by it as a result of the percentage interest of the Concert Party in the Company's issued share capital increasing by virtue of the buy-back of Shares.

The purpose of Resolution 4 is to seek the approval of Independent Shareholders to the Waiver in respect of the grant and vesting of the 532,000 Share Options, which the Takeover Panel has agreed to give (subject to such approval), of the obligation that might otherwise arise under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the Shares not already owned by it as a result of the vesting of the grant and subsequent vesting of the 532,000 Share Options.

### **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 Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to arrive by 11 a.m. on 1 December 2008. 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 Independent Directors, who have been so advised by Davy, consider the Waivers, the grant (and subsequent vesting) of the 532,000 Share Options to be fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole. In providing advice to the Independent Directors, Davy has relied upon the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of both Resolution 3 and Resolution 4 to be taken on a poll approving the Waivers, as they intend to do in respect of their own beneficial shareholdings amounting to 0.07 per cent. of the Company's issued share capital.

The Concert Party will not be voting its shareholding of 23,976,653 Shares, representing approximately 46.83 per cent. of the Company's current issued share capital, in relation to either Resolution 3 or Resolution 4. In addition, the Non Independent Directors (who are members of the Concert Party) have not participated in the Board's consideration of the Waivers.

The Directors consider the proposed change to the Company's name and the amendment to the Company's articles, as set out in resolutions numbered 1 and 2 in the notice of EGM, to be in the best interests of the Company. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of such resolutions as they intend to do in respect of their own beneficial holdings amounting to 32 per cent. of the Company's issued share capital.

Yours faithfully,

Stuart Leckie  
*Deputy Chairman*

## PART 2

### INFORMATION RELATING TO THE CONCERT PARTY

The Concert Party comprises REO, the directors of REO (and certain relatives thereof), Treasury Holdings, the directors of Treasury Holdings, THCL, the directors of THCL and employees of Treasury Holdings and THCL.

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 Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG, telephone number +44 (0) 1534 504000. 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 and on the Irish and Channel Islands Stock Exchanges. REO has appointed Treasury Holdings as its investment manager. REO's directors are listed on page 10 of this document. As at the date of this document, REO holds 16.38 per cent. and its directors hold 13.41 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 2007, can be found at [www.realestateopportunities.co.uk](http://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 2007, is set out below.

#### *Year ended 31 December*

	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>
Turnover	19,169	16,767
Profit/(Loss) before taxation	22,023	(23,800)
Total assets	1,965,223	1,342,710
Total liabilities	1,405,568	1,073,657
Equity shareholders' funds	559,655	269,053

Selected financial information on REO which has been extracted from the unaudited interim accounts of REO for the six month period to 30 June 2008, is set out below.

#### *Six months ended 30 June 2008*

	<i>30 June 2008</i>
	<i>£'000</i>
Property Income	14,765
Profit/(Loss) before taxation	(67,952)
Total assets	2,040,731
Total liabilities	1,648,475
Equity shareholders' funds	392,256

Full details of REO's audited accounts for the year ended 31 December 2007 can be found at <http://www.realestateopportunities.co.uk/Pics/2007R&A.pdf> (pages 33 – 69) and unaudited accounts for the six month period to 30 June 2008 can be found at <http://www.realestateopportunities.co.uk/Pics/2008Interim.pdf> (pages 9 – 29).

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 Barrett 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 Ronan 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 10 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 2.11 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 number +86 21 6282 5000. The directors of THCL are listed on page 10 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 Shares, as more fully described in paragraph 6.1 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 6.2 of part 3 of this document.

## PART 3

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The directors of each of REO, Treasury Holdings and THCL, whose names are set out on page 10 of this document, 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 Waivers, take no responsibility for the paragraph on page 5 entitled "Intentions of the Directors" or for the recommendation of the Independent Directors in relation to Resolution 3 or Resolution 4. 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:

Ray Horney	<i>Chairman</i>
Stuart Leckie	<i>Deputy Chairman</i>
Richard Barrett	<i>Non-Executive Director</i>
Ian Ling	<i>Non-Executive Director</i>
Richard Pirouet	<i>Non-Executive Director</i>
Robert Tincknell	<i>Non-Executive Director</i>
Rory Williams	<i>Non-Executive Director</i>

- 2.2 The directors of REO and their functions are:

Ray Horney	<i>Chairman</i>
Richard Barrett	<i>Non-Executive Director</i>
Keith Jenkins	<i>Non-Executive Director</i>
Philip Jenkinson	<i>Non-Executive Director</i>
Guy Leech	<i>Non-Executive Director</i>
Garth Milne	<i>Non-Executive Director</i>
Martin Richardson	<i>Non-Executive Director</i>

- 2.3 The directors of Treasury Holdings are John Ronan, Richard Barrett, John Bruder, Kevin Kelly, Guy Leech, Paddy Teahon, Robert Tincknell and Rory Williams.
- 2.4 The directors of THCL are Richard Barrett, Richard David, Robert Tincknell and 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 Shares (all of which are beneficial unless otherwise stated) were as set out below.

	<i>Number of Shares</i>	<i>Percentage of issued share capital</i>
Ray Horney	2,750,000 <sup>1</sup>	5.37
Stuart Leckie	—	—
Richard Barrett	12,960,674 <sup>2</sup>	25.31
Ian Ling	20,000	0.04
Richard Pirouet	13,220	0.03
Robert Tincknell	521,171	1.02
Rory Williams	120,000	0.23

Notes

1. This includes 950,000 Shares held by family trusts associated with Mr Horney.
2. This includes 8,387,941 Shares held by REO, 1,081,653 Shares held by Treasury Holdings, and 12,891 Shares held by Richard Barrett's family members.

- 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>REO</i>		<i>Treasury Holdings</i>	<i>THCL</i>
	<i>Number of Shares</i>	<i>CULS £1 units<sup>1</sup></i>		
Ray Horney	8,151,192 <sup>2</sup>	4,662,970	—	—
Stuart Leckie	—	—	—	—
Richard Barrett	221,781,040 <sup>3</sup>	13,553,790 <sup>3</sup>	101 <sup>4</sup>	—
Ian Ling	—	—	—	—
Richard Pirouet	25,000	—	—	—
Robert Tincknell	—	—	—	—
Rory Williams	—	—	—	—

Notes

1. 7.5 per cent. convertible unsecured loan stock in REO.
2. Of the ordinary shares in REO in which Mr. Horney is interested 304,782 are held in the name of Cheviot Capital (Nominees) Limited and 7,846,384 are held in the name of Barclays Wealth Trustees (Guernsey) Limited, acting as custodian for Orbis Trustees Limited. Orbis Trustees Limited acts 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, 3,758,168 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.
3. The interests of Mr. Barrett in the Shares of REO and the CULS are represented by the shareholding of Treasury Holdings or entities within the Treasury Holdings group. Mr. Barrett has a 50 per cent. beneficial interest in Treasury Holdings.
4. Mr. Barrett's interest is held through Treasury Group Holdings, 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 Share Options:

	<i>Number of Share 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	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 Shares held</i>	<i>Percentage of issued share capital</i>
John Ronan	15,733,783 <sup>1</sup>	30.72
REO	8,387,941	16.38
Invesco UK Limited	2,291,766	4.47
SG Securities	2,024,000	3.95
QVT Financial	2,177,216	4.25
Midas Capital Partners	1,685,000	3.29

Note

1. This includes 8,387,941 Shares held by REO and 1,081,653 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 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>
Robert Tincknell	13.11.07	Exercise of Share Options	200,000	0.85

3.6 The interests, rights to subscribe and short positions of the Concert Party members, their immediate families and persons connected with them in 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 Shares held as at the date of this document</i>	<i>Percentage of issued share capital held as at the date of this document</i>	<i>Existing Options and Share Options referred to in this document</i>	<i>Number of Shares held on basis of the Option Assumptions</i>	<i>Percentage of issued share capital held on basis of the Option Assumptions</i>	<i>Number of Shares held on the basis of the Buy-back Assumptions</i>	<i>Percentage of issued share capital held on the basis of the Buy-back Assumptions</i>	<i>Number of Shares held on the basis of the Assumptions</i>	<i>Percentage of issued share capital held on the basis of the Assumptions</i>
REO	8,387,941	16.38	—	8,387,941	15.74	8,387,941	19.24	8,387,941	18.35
<i>REO directors</i>									
Richard Barrett	3,491,080 <sup>1</sup>	6.82	535,000	4,026,080 <sup>1</sup>	7.55	3,491,080 <sup>1</sup>	8.01	4,026,080 <sup>1</sup>	8.81
Ray Horney	2,750,000	5.37	115,000	2,865,000	5.38	2,750,000	6.31	2,865,000	6.27
Guy Leech	388,343	0.76	10,000	398,343	0.75	388,343	0.89	398,343	0.87
Keith Jenkins	19,300	0.04	—	19,300	0.04	19,300	0.04	19,300	0.04
Garth Milne	173,137	0.34	—	173,137	0.32	173,137	0.40	173,137	0.38
Martin Richardson	60,000	0.12	—	60,000	0.11	60,000	0.14	60,000	0.13
Treasury Holdings	1,081,653	2.11	—	1,081,653	2.03	1,081,653	2.48	1,081,653	2.37
<i>Treasury Holdings directors<sup>2</sup></i>									
John Ronan	6,264,189 <sup>3</sup>	12.23	—	6,264,189 <sup>3</sup>	11.75	6,264,189 <sup>3</sup>	14.37	6,264,189 <sup>3</sup>	13.71
Kevin Kelly	311,119	0.61	—	311,119	0.58	311,119	0.71	311,119	0.68
Robert Tincknell	521,171	1.02	400,000	921,171	1.73	521,171	1.20	921,171	2.02
Paddy Teahon	198,000	0.39	35,000	233,000	0.44	198,000	0.45	233,000	0.51
Rory Williams	120,000	0.23	225,000	345,000	0.65	120,000	0.28	345,000	0.75
John Bruder	24,000	0.05	—	24,000	0.05	24,000	0.06	24,000	0.05
<i>Other THCL directors</i>									
Richard David	—	—	365,000	365,000	0.68	—	—	365,000	0.80
<i>Other Treasury Holdings and THCL employees<sup>4</sup></i>									
	186,720	0.36	412,800	599,520	1.12	186,720	0.43	599,520	1.31
<b>TOTAL</b>	<b>23,976,653</b>	<b>46.83</b>	<b>2,097,800</b>	<b>26,074,453</b>	<b>48.92</b>	<b>23,976,653</b>	<b>54.98</b>	<b>26,074,453</b>	<b>57.05</b>
<b>Shares in issue</b>	<b>51,203,038</b>			<b>53,300,838</b>		<b>43,606,678</b>		<b>45,704,478</b>	

Notes

1. This does not include Shares in which Richard Barrett is interested by virtue of his shareholding in Treasury Holdings and his indirect shareholding in REO but includes 12,891 Shares held by relatives. Richard Barrett and John Ronan together wholly own Treasury Holdings. Treasury Holdings owns some 58.5 percent. of the issued share capital of REO. As stated in the table above, REO holds some 8.4 million Shares and Treasury Holdings holds some 1.1 million 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 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 Shares and Treasury Holdings holds some 1.1 million Shares.
4. No individual employee within this category is interested in five per cent. or more of the Company's share capital.

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

<i>Name</i>	<i>Date</i>	<i>Type</i>	<i>Quantity</i>	<i>Price (£)</i>
Guy Leech	28.03.08	Exercise of Share Options	75,000	0.85
Robert Tincknell	12.11.07	Exercise of Share Options	200,000	0.85
Treasury Holdings	09.07.08	Issue of shares in respect of performance fee under Investment Advisory Agreement	420,653	8.37
Other Treasury Holdings and THCL employees	28.03.08	Exercise of Share Options	10,000	0.85
	01.05.08	Sale of Shares	5,000	7.40
	02.04.08	Exercise of Share Options	1,200	0.85
	19.09.08	Exercise of Share Options	20,000	0.85

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 Takeover Code) or connected advisers of such associates having any interests, rights to subscribe or short positions in Shares;
- (b) save as disclosed above, no members of the Concert Party, their immediate families or persons connected with them had any interests, rights to subscribe or short positions in 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 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 Takeover 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 Shares;
- (f) neither the Company, nor any person acting in concert with the Company had borrowed or lent any Shares; and
- (g) neither the Concert Party nor any person acting in concert with the Concert Party had borrowed or lent any 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 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 and continuing thereafter 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 in the two years immediately preceding the date of this document and are, or may be, material or contain provisions under which a member of the Group has an 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 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. 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 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 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 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 Share (in each case calculated by the Company's auditors) exceeds both the net asset value per Share at the commencement of the relevant calculation period and the highest net asset value per 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 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 Shares provided that Shares will not be issued (and the balance of the performance fee shall be payable in cash) to the extent that the issue of 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 Shares notwithstanding that any such issue of 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 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**

There has been no significant change in the financial or trading position of the Group since 31 December 2007, being the date to and as at which the Company's last audited accounts were prepared as referred to in Part 4 of this document.

## 8. **General**

- 8.1 Davy 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 Waivers will be invalidated if any member of the Concert Party acquires any additional interest in 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.

## 9. **Share price**

The closing mid market quotation for a Share as derived from the Daily Official List on the Latest Practicable Date was 196.25 p. The mid market quotation for a Share as derived from the Daily Official List on the first day of the previous six months was as follows:

<i>Date</i>	<i>Price (pence)</i>
3 November 2008	165.0
1 October 2008	595.0
1 September 2008	645.0
1 August 2008	653.5
1 July 2008	686.5
2 June 2008	723.5
1 May 2008	746.0

## **10. Documents incorporated by reference**

10.1 The following documents have been incorporated by reference into this document:

- (a) the Company's full audited accounts for the period 5 December 2006 to 31 December 2007, which may be found on the Company's website at [http://www.china-reo.com/CREO\\_AnnualRport2007.pdf](http://www.china-reo.com/CREO_AnnualRport2007.pdf), pages 29 – 66 (see Part 4 below for summary information);
- (b) The Company's full interim unaudited accounts for the six month period to 30 June 2008, which may be found on the Company's website at [http://www.china-reo.com/images/14712\\_CREO\\_Interim08.pdf](http://www.china-reo.com/images/14712_CREO_Interim08.pdf), pages 7 – 21 (see Part 4 below for summary information);
- (c) REO's full audited accounts for the two years ended 31 December 2007, which may be found at <http://www.realestateopportunities.co.uk/Pics/2007R&A.pdf>, pages 33 – 69; and
- (d) REO's full interim unaudited accounts for the six month period to 30 June 2008 which may be found at <http://www.realestateopportunities.co.uk/Pics/2008Interim.pdf>, pages 9 – 29.

10.2 Shareholders should note that hard copies of the documents set out in paragraph 10.1 above will not be sent to Shareholders unless they request them. Shareholders may request to receive hard copies of the documentation set out in paragraph 10.1 above by contacting Maria McDermott, Ogier Fund Administration (Jersey) Limited, Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG, telephone number: + 44 1534 504000.

## **11. 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 LLP, 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 EGM:

- (a) the memorandum and articles of association of the Company together with a print of the articles incorporating the amendment to the articles to be proposed at the EGM;
- (b) the memorandum and articles of association of REO;
- (c) the consent letter from Davy referred to at paragraph 8.1 above;
- (d) the letters of appointment of the Directors;
- (e) the audited accounts of the Company for the period 6 December 2006 to 31 December 2007;
- (f) the unaudited interim accounts of the Company for the six month period to 30 June 2008;
- (g) the audited accounts of REO for the two years ended 31 December 2007;
- (h) the material contracts summarised at paragraph 6 above; and
- (i) the rules of the Share Option Scheme.

**10 November 2008**

## PART 4

### FINANCIAL INFORMATION RELATING TO THE COMPANY

Selected financial information on the Company, extracted from the audited accounts of the Company for the year ended 31 December 2007, is set out below. The Company's full audited accounts for the period 5 December 2006 to 31 December 2007 may be found on the Company's website at [http://www.china-reo.com/CREO\\_AnnualRport2007.pdf](http://www.china-reo.com/CREO_AnnualRport2007.pdf) (pages 29 – 66).

*Period 5 December 2006 to 31 December 2007*

	<i>£'000</i>
Gross rental income	9,210
Profit/(Loss) before taxation	60,297
Total assets	717,843
Total liabilities	386,534
Equity shareholders' funds	331,309

Selected financial information on the Company, extracted from the unaudited interim accounts of the Company for the six month period to 30 June 2008, is set out below. The Company's full unaudited interim accounts for the six month period to 30 June 2008 may be found on the Company's website at [http://www.china-reo.com/images/14712\\_CREO\\_Interim08.pdf](http://www.china-reo.com/images/14712_CREO_Interim08.pdf) (pages 7 – 21).

*Six month period to 30 June 2008*

	<i>£'000</i>
Gross rental income	11,977
Profit/(Loss) before taxation	4,067
Total assets	814,072
Total liabilities	429,244
Equity shareholders' funds	384,828

## PART 5

### DEFINITIONS

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

<b>“AIM”</b>	the AIM Market of the London Stock Exchange;
<b>“Assumptions”</b>	the assumptions relating to the aggregate interest of the Concert Party in the Company’s issued share capital, being the Buy-back Assumptions and the Option Assumptions;
<b>“Board” or “Directors”</b>	the directors of the Company;
<b>“Buy-back Assumptions”</b>	the assumptions relating to the aggregate interest of the Concert Party in the Company’s reduced issued share capital, being that:  (a) no member of the Concert Party sells any Shares after the date of this document; and  (b) the Company buys back all 7,596,360 Shares and that the Concert Party members do not participate in the Share buy-back;
<b>“Company”</b>	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;
<b>“Concert Party”</b>	REO, the directors of REO (and certain relatives thereof), 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 in relation to the Company for the purposes of the Takeover Code;
<b>“Davy”</b>	J & E Davy of Davy House, 49 Dawson Street, Dublin 2, Ireland;
<b>“Existing Options”</b>	the 1,565,800 outstanding Share Options unconditionally granted to members of the Concert Party as at the date of this document, but excluding for the avoidance of doubt the Existing Conditional Options;
<b>“Extraordinary General Meeting” or “EGM”</b>	the extraordinary general meeting of the Company to be held at 11 a.m. on 3 December 2008 at the Atlantic Hotel, Le Mont de la Pulente, St Brelade, Jersey, or any adjournment thereof;
<b>“Form of Proxy”</b>	the form of proxy for use by Shareholders in connection with the EGM;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Independent Directors”</b>	Stuart Leckie, Ian Ling and Richard Pirouet;
<b>“Independent Shareholders”</b>	Shareholders who are not members of the Concert Party;
<b>“Investment Advisory Agreement”</b>	the agreement summarised at paragraph 6.1 of Part 3 of this document;
<b>“Latest Practicable Date”</b>	7 November 2008, being the latest practicable date prior to the publication of this document;
<b>“Non Independent Directors”</b>	the Directors other than the Independent Directors;

<b>“Option Assumptions”</b>	the assumptions relating to the aggregate interest of the Concert Party in the Company’s issued share capital, being that: <ul style="list-style-type: none"> <li>(a) no member of the Concert Party sells any Shares after the date of this document;</li> <li>(b) the Concert Party members exercise the Existing Options in full;</li> <li>(c) the 532,000 Share Options referred to in this document are exercised by the Concert Party members in full; and</li> <li>(d) no other person converts any convertible security or exercises any options or any other rights to subscribe for Shares;</li> </ul>
<b>“Property Management Agreement”</b>	the agreement summarised at paragraph 6.2 of Part 3 of this document;
<b>“Remuneration Committee”</b>	the remuneration committee of the Company;
<b>“REO”</b>	Real Estate Opportunities Limited, a company incorporated in Jersey with registered number 79679 and whose registered office is at Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG;
<b>“Resolution 3”</b>	the third resolution to be proposed at the EGM, as set out in the notice at the end of this document;
<b>“Resolution 4”</b>	the fourth resolution to be proposed at the EGM, as set out in the notice at the end of this document;
<b>“Shareholder”</b>	a holder of Shares;
<b>“Share Options”</b>	options over Shares granted pursuant to the rules of the Share Option Scheme;
<b>“Share Option Scheme”</b>	The China Real Estate Opportunities Limited 2007 Unapproved Company Share Option Plan adopted on 9 February 2007;
<b>“Shares”</b>	shares in the capital of the Company;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers;
<b>“Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“THCL”</b>	Treasury Holdings China Limited, a wholly owned subsidiary of Treasury Holdings;
<b>“Treasury Holdings”</b>	Treasury Holdings, an unlimited company incorporated in Ireland; and
<b>“Waivers”</b>	the waivers by the Takeover Panel of the obligation which would otherwise arise under Rule 9 of the City Code requiring the Concert Party to make an offer for all of the issued share capital of the Company as a result of (i) its percentage holding of Shares increasing by virtue of the buy-back of Shares (not exceeding 7,596,360 in number) pursuant to the authority granted at the Company’s annual general meeting held on 23 May 2008, in circumstances where the Concert Party members do not participate in the Share buy-back programme so as to maintain their current percentage interest in the Company’s issued share capital; and (ii) the grant (and subsequent vesting) of any of the 532,000 Share Options referred to in this document.

# 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, on 3 December 2008 at 11 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out below. Resolutions 1 and 2 will be proposed as special resolutions and resolutions 3 and 4 will be proposed as ordinary resolutions taken on a poll.

THAT:

### SPECIAL RESOLUTIONS

1. The name of the Company be changed to “China Real Estate Opportunities plc”.
2. Article 16.1 of the Company’s existing articles of association be deleted and replaced with the following:

“An annual general meeting and any extraordinary general meeting shall (subject to the Law) be called by not less than 14 clear days’ notice.”

### ORDINARY RESOLUTIONS

3. 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 10 November 2008 (the “**Circular**”)) 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 the purchase by the Company of up to 7,596,360 ordinary shares in the Company pursuant to the authority granted at the Company’s annual general meeting on 23 May 2008, as more fully described in the Circular, be and is hereby approved.
4. 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 10 November 2008 (the “**Circular**”)) 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 the grant (and subsequent vesting) of up to 532,000 Share Options, as more fully described in the Circular, 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*

10 November 2008

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 Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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.

3. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and Article 40 of the Companies (Uncertificated Securities)(Jersey) Order 1999, specifies that only those members registered in the register of members as at 6 p.m. on 1 December 2008 (or in the event that the Extraordinary General Meeting is adjourned, on the register of members 48 hours before the time of any adjourned Extraordinary General Meeting) shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the ordinary shares registered in their name at that time. Changes to the entries on the register of members after 6 p.m. on 1 December (or in the event that the Extraordinary General Meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned Extraordinary General Meeting) shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.
4. The lodging of a completed form of proxy does not preclude a member from attending the Extraordinary General Meeting and voting in person.

