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SOHO CHINA LIMITED

SOHO中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

EMPLOYEES' SHARE AWARD SCHEME

The Board is pleased to announce that it has adopted the Scheme on 23 December 2010 as an incentive to retain employees and to attract suitable talents for the continual operation and development of the Group. All employees (including without limitation any executive directors) of the Group will be entitled to participate in the Scheme. Pursuant to the Scheme Rules, existing Shares will be acquired by the independent Trustee from the market at the cost of the Company and will be held on trust for the Selected Employees until the end of each vesting period. Vested Shares will be transferred at no cost to the Selected Employees.

The number of Shares to be awarded under the Scheme throughout its duration is limited to five per cent. of the issued share capital of the Company as at the Adoption Date unless otherwise determined by the Board by written resolution.

ADOPTION OF THE SCHEME

On 23 December 2010, the Board has adopted the Scheme, pursuant to which existing Shares will be acquired by the independent Trustee from the market at the cost of the Company and will be held on trust for the Selected Employees until the end of each vesting period, in accordance with the Scheme Rules.

The Board will implement the Scheme in accordance with the Scheme Rules, including providing necessary funds to the Trustee for the purchase of Shares of up to five per cent. of the issued share capital of the Company as at the Adoption Date or up to such other maximum limit of Shares to be awarded under the Scheme as otherwise determined by the Board.

For the avoidance of doubt, no new Shares will be granted under the Scheme. No Shareholders' approval is required for the adoption or implementation of the Scheme.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules, and is a discretionary award scheme of the Company.

Pursuant to the Scheme, existing Shares will be purchased by the Trustee and will be held on trust for the relevant Selected Employees. Employees include any employees of any member of the Group and any Directors. Accordingly, if a Director is selected as a Selected Employee, the grant of Shares to the Director may constitute a connected transaction. However, in a case the grant of Shares to a Director forms part of the remuneration of the relevant Director under his service contract, such grant of Shares is exempt from all the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.31(6) of the Listing Rules. Pursuant to the Scheme Rules, any grant of Shares under the Scheme to any Director or any other connected person shall be recommended by the Remuneration Committee, and approved by the Board comprising disinterested directors at the relevant time at duly convened Board meetings in accordance with the articles of association of the Company and the Listing Rules. For the award of Shares to Selected Employees who are connected persons (excluding Directors whose service contracts include the award of Shares under the Scheme as part of their remuneration package thereunder), the Company will comply with the relevant provisions of the Listing Rules in relation to reporting, announcement and independent Shareholders' approval requirements.

SUMMARY OF THE SCHEME RULES

A summary of the Scheme Rules is set out below:

Purposes and Objectives

To recognise the contributions by certain employees of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules.

Duration

Unless early terminated by the Board, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date provided that no contribution to the trust fund will be made by the Company on or after the 10th anniversary date of the Adoption Date.

Maximum Limit

The Board shall not make any further award of Shares which will result in the number of Shares awarded by the Board under the Scheme to be in excess of five per cent. (i.e. 259,382,850 Shares) of the issued share capital of the Company as at the Adoption Date (i.e. 5,187,657,000 Shares) unless otherwise determined by the Board by written resolution. Returned Shares shall not be counted in calculating the 5% limit.

The maximum number of Shares which may be awarded to a Selected Employee under the Scheme in any 12-month period shall not exceed 0.5 per cent. (i.e. 25,938,285 Shares) of the issued share capital of the Company as at the Adoption Date.

Restrictions

No instructions shall be given and no payments to purchase Shares shall be made to the Trustee where any director of the Company is in possession of unpublished price sensitive information in relation to the Company until such price sensitive information has been published in accordance with the Listing Rules or where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. In particular, during the period preceding the publication of financial results in which the directors of the Company are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of the publication of the relevant financial results, no Award may be made.

Operation

The Administration Committee may, from time to time, at its absolute discretion select any employee (excluding any Excluded Employee) for participation in the Scheme as a Selected Employee.

The Board shall, based on the recommendation of the Remuneration Committee, determine and approve a maximum amount to be set aside from the Company's fund for the purchase of Awarded Shares under the Scheme after having regard to the Scheme Rules. Pursuant to the Scheme Rules, the Administration Committee shall select the Selected Employee(s) and determine the Reference Awarded Sum for the purchase of Shares to be awarded, provided that the making of an award of Awarded Shares to any connected person or any members of the Administration Committee shall be recommended by the Remuneration Committee and approved by the Board comprising disinterested directors at the relevant time at duly convened Board meetings in accordance with the articles of association of the Company and the Listing Rules. For the award of Shares to Selected Employees who are connected persons (excluding Directors whose service contracts include the award of Shares under the Scheme as part of their remuneration package thereunder), the Company will comply with the relevant provisions of the Listing Rules in relation to reporting, announcement and independent Shareholders' approval requirements. The Administration Committee shall cause to be paid to the Trustee the purchase price and the related expenses from the Company's resources. The Trustee shall purchase from the market the maximum number of board lots of Shares and shall hold such Shares until they are vested in in accordance with the Scheme Rules.

The Trustee shall purchase/subscribe for further Shares for the Selected Employees to be funded by the proceeds of the sale of any non-cash distributions. When the Selected Employee has satisfied all vesting conditions specified by the Board and/or Administration Committee at the time of making the award and become entitled to the Shares forming the subject of the award, the Trustee shall transfer the relevant vested Shares (Awarded Shares, related scrip distribution and further Shares acquired or subscribed out of the income derived therefrom) to that employee at no cost.

Vesting and Lapse

Awarded Shares and the related income derived therefrom are subject to a vesting scale of (i) 33.3% on the first anniversary date of the Reference Date; (ii) 33.3% on the second anniversary date of the Reference Date; and (iii) 33.4% on the third anniversary date of the Reference Date. Vesting of the Shares will be conditional on the Selected Employee remaining an employee of the Group until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee, unless otherwise determined by the Board.

An award shall automatically lapse forthwith when a Selected Employee ceases to be an employee of the Group, or the Subsidiary employing the Selected Employee ceases to be a Subsidiary, or an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), save that (a) in the case when a Selected Employee dies or retires at his normal retirement date or an earlier retirement date (by agreement with the Company or the Subsidiary) at any time prior to a vesting date, all the Awarded Shares and the related income shall be deemed to be vested on the day immediately prior to his/her death or retirement; or (b) in the event that a Selected Employee shall cease to be an Employee, the Board may determine that the Awarded Shares shall be vested to the Selected Employee prior to the cessation of employment of such Selected Employee. If no transfer of the vested interests to the legal representative(s) of the Selected Employee is made within the earlier of (i) six months after the death of the Selected Employee or (ii) the expiry of the Trust Period, such vested interests shall be forfeited and cease to be transferable and shall be held as Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Employee is found to be an Excluded Employee or (ii) a Selected Employee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares and the related income within the stipulated period, the relevant part of an award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares and related income shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the Scheme.

If there occurs an event of change in control (as specified in The Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise (“**Change in Control Event**”) at any time during the Trust Period, any Awarded Shares and related income to which the Selected Employee is entitled, but not vested in, during the year when the Change in Control Event occurs shall immediately vest in the Selected Employee on the date when the Change in Control Event becomes or is declared unconditional and such date shall be deemed the vesting date. Any Awarded Shares and related income to which the Selected Employee is entitled, but not vested in, in the subsequent year(s) following the year when the Change in Control Event occurs shall lapse forthwith.

Where the Awarded Shares do not vest in accordance with the Scheme Rules, the Trustee shall hold such Shares and the related income for the benefit of one or more employees of the Group as it determines in its absolute discretion, after having taken into account the recommendations of the Board.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, and further Shares acquired out of the income derived therefrom).

Termination

The Scheme shall terminate on the earlier of:

- (a) the 10th anniversary date of the Adoption Date; or
- (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or
- (c) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of the Selected Employees.

Upon termination, all Awarded Shares and the related income derived therefrom shall become vested in the Selected Employees so referable on such date of termination, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Employees (or their legal personal representative(s), where applicable) within the stipulated period. Net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale.

DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context requires otherwise:

“Administration Committee”	a board committee established by the Board with its members appointed by the Board from time to time for the purpose of administering the operation of the Scheme, initially comprises the executive directors of the Company and the director of the human resources department of the Company
“Adoption Date”	23 December 2010, being the date on which the Scheme was adopted by the Board
“Awarded Shares”	in respect of a Selected Employee, such number of Shares purchased with the Reference Awarded Sum and allocated by the Trustee from the total number of Shares purchased out of cash paid by the Company by way of settlement pursuant to the Scheme Rules, which shall include Returned Shares
“Board”	the board of directors of the Company, such committee or sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme
“Company”	SOHO China Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, the Shares of which are listed on The Stock Exchange of Hong Kong Limited
“connected person”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Excluded Employee”	any employee (including without limitation any executive director) of the Company or of any Subsidiary who is resident in a place where the settlement of the amount caused to be paid by the Board to the Trustee for the purchase of Awarded Shares and the award of Awarded Shares and/or the award of the Returned Shares and/or the vesting or transfer of Shares pursuant to the terms of the Scheme Rules is not permitted under the laws and regulations of such place or where in the view of the Administration Committee or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such employee

“Group”	the Company and its Subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Reference Awarded Sum”	in respect of a Selected Employee, such amount, as determined by the Administration Committee from time to time pursuant to the Scheme Rules, for the purchase of Awarded Shares
“Reference Date”	the date of final approval by the Administration Committee of the total amount of Reference Awarded Sums for the purchase of Shares to be awarded to the Selected Employees in a single occasion pursuant to the Scheme or the date of an award by the Trustee pursuant to the Trust Deed
“Remuneration Committee”	the remuneration committee of the Board established in September 2007
“Returned Shares”	such Awarded Shares and related income which are not vested in and/or forfeited in accordance with the terms of the Scheme Rules
“Scheme”	the Employees’ Share Award Scheme adopted by the Board whereby awards of Shares may be made to employees of the Company or its Subsidiaries (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Scheme Rules”	the rules relating to the Scheme adopted by the Board
“Selected Employee(s)”	employee(s) of the Group selected by the Administration Committee and employee(s) of the Group selected by the Trustee after having taken into consideration recommendations of the Administration Committee, for participation in the Scheme pursuant to the Scheme Rules
“Share(s)”	ordinary share(s) of HK\$0.02 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of Share(s) of the Company

“Subsidiary(ies)”	subsidiary(ies) of the Company from time to time within the meaning given under section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), whether incorporated in Hong Kong or elsewhere
“Trust”	the trust named SOHO China Limited – Employees’ Share Award Scheme constituted by the Trust Deed
“Trust Deed”	the trust deed dated 23 December 2010 entered into between the Company as settlor and the Trustee as trustee, which deed establishes the Scheme
“Trust Period”	the period beginning with the Adoption Date and ending upon the occurrence of the following, namely: <ul style="list-style-type: none"> (a) 23 December 2020, being the expiry date of the period of 10 years beginning with the Adoption Date; or (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or (c) the date as may be informed by the Company that the Scheme shall be terminated
“Trustee”	Infiniti Trust (Hong Kong) Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed (which is independent and not connected with the Company)

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Beijing, the People’s Republic of China, 28 December 2010

As at the date of this announcement, the Board comprises Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Yan Yan and Ms. Tong Ching Mau, being the executive Directors, and Dr. Ramin Khadem, Mr. Cha Mou Zing, Victor and Mr. Yi Xiqun, being the independent non-executive Directors.