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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)

**DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF SHANGHAI THE BUND 8-1 LAND**

PROPOSED ACQUISITION

The Board wishes to announce that on 29 December 2011, Shanghai Chang Ye, a wholly-owned subsidiary of the Company, as purchaser entered into the Equity Transfer and Loan Assignment Agreement with the Vendors for the acquisition of the entire equity interests in Zendai Wudaokou and Greentown Hesheng and all the rights and title to the Shareholders' Loans at an aggregate consideration of RMB 4 billion.

As at the date of this announcement, Zendai Wudaokou and Greentown Hesheng own 35% and 10% equity interest in Haizhimen, respectively. It is contemplated that before Completion, Zendai Wudaokou will be, directly and indirectly, interested in 40% equity interest in Haizhimen and upon Completion, Shanghai Chang Ye will indirectly own 50% equity interest in Haizhimen through Zendai Wudaokou and Greentown Hesheng. Upon Completion of the Project Company Transfer Agreement, Haizhimen will become the sole owner of the Project Company which owns the land use rights of the Bund 8-1 Land, and Shanghai Chang Ye will be indirectly interested in 50% equity interest in the Project Company and the Bund 8-1 Land.

The Bund 8-1 Land is located between Yuyuan Garden and the Shiliupu Expo water gate in Shanghai's Huangpu District, and is in close proximity to the Shanghai Bund transportation hub and the Bund 204 Land acquired by the Company in June 2010. Set on the bank of the Huangpu River, the Bund 8-1 Land is endowed with the Huangpu River waterfront scenery and faces Pudong's Global Financial Centre and Jinmao Tower across the river. The Bund 8-1 Land's superior geographic location, conveniently accessible and perfectly situated to benefit from the surrounding facilities and infrastructure boast the promising conditions of becoming the core of Shanghai's most affluent finance and commercial centre.

The Bund 8-1 Land has a site area of approximately 45,472 m² for mixed office, retail, financial, art and culture uses. The project has a total planned gross floor area of 422,825 m², with above ground gross floor area of approximately 271,529 m² (of which sellable gross floor area is 269,968 m², including 40,590 m² of retail space, 190,000 m² of office space, 30,000 m² of hotel space and 9,378 m² of art and culture space) and 151,296 m² of underground gross floor area (including 51,002 m² of underground retail space). The rights to the 30,000 m² of hotel space and 6,000 m² of underground auxiliary facilities have already been sold to a third party.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios exceed 5% but are less than 25%, the transactions contemplated under the Equity Transfer and Loan Assignment Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AND LOAN ASSIGNMENT AGREEMENT

The Board wishes to announce that on 29 December 2011, Shanghai Chang Ye, a wholly-owned subsidiary of the Company, as purchaser, entered into the Equity Transfer and Loan Assignment Agreement with the Vendors for the acquisition of the entire equity interests in Zendai Wudaokou and Greentown Hesheng and all the rights and title to the Shareholders' Loans. The principal terms of the Equity Transfer and Loan Assignment Agreement are as follows:

Date: 29 December 2011

Parties: (1) the Vendors
(2) Shanghai Chang Ye, as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Consideration and Payment: The aggregate Consideration for the Acquisition is RMB 4 billion, comprising:

(a) First installment – RMB 900,000,000 being the entire consideration for the acquisition of the entire equity interests in Greentown Hesheng and the partial consideration for the acquisition of the Zhejiang Jiahe Shareholders' Loan, and RMB 100,000,000 being the partial consideration for the acquisition of the entire equity interests in Zendai Wudaokou. The first installment shall be payable on the date of fulfilment of (i) the due execution of the Equity Transfer and Loan Assignment Agreement; (ii) the pledging of the equity interests in Zendai Wudaokou and Greentown Hesheng in favour of Shanghai Chang Ye; and (iii) the transfer of the certificate of incorporation and company seals of Zendai Wudaokou and Greentown Hesheng to Shanghai Chang Ye;

- (b) Second installment – RMB 700,000,000 being the remaining consideration for the acquisition of the entire equity interests in Zendai Wudaokou and the partial consideration for the acquisition of the Shanghai Zendai Land Shareholders’ Loan, and RMB 100,000,000 being the partial consideration for the acquisition of the Zhejiang Jiahe Shareholders’ Loan. The second installment shall be payable on or before 10 January 2012;
- (c) Third installment – RMB 40,000,000 being the remaining consideration for the acquisition of the Zhejiang Jiahe Shareholders’ Loan. The third installment shall be payable on the earlier of 1 March 2012 or the fifth Business Day after the fulfilment of (i) the shareholders of Shanghai Zendai Property having approved the Equity Transfer and Loan Assignment Agreement and the transactions contemplated thereunder in a general meeting of Shanghai Zendai Property; (ii) the business registration for the pledging of the equity interests in Zendai Wudaokou and Greentown Hesheng in favour of Shanghai Chang Ye or the transfer of such equity interests to Shanghai Chang Ye having been completed within five Business Days upon payment of the second installment; (iii) the completion of the due diligence conducted by Shanghai Chang Ye; (iv) the completion of the business registration for the transfer of the entire equity interests in Greentown Hesheng by Zhejiang Jiahe to Shanghai Chang Ye; (v) completion of the transfer of the entire equity interests in Greentown Hesheng by Zhejiang Jiahe to Shanghai Chang Ye having taking place; and (vi) the representations and warranties given by the Vendors under the Equity Transfer and Loan Assignment Agreement remain valid;
- (d) Fourth installment – RMB 978,440,000 which shall be payable by Shanghai Chang Ye to New China Trust (through Zendai Wudaokou) on or before 26 April 2012 and upon fulfilment of (i) all the conditions precedent under the Equity Transfer and Loan Assignment Agreement having been fulfilled or otherwise waived; (ii) the completion of the business registration for the transfer of the entire equity interests in Zendai Wudaokou by Shanghai Zendai Land to Shanghai Chang Ye; and (iii) the representations and warranties given by the Vendors under the Equity Transfer and Loan Assignment Agreement remain valid. The fourth installment represents the consideration for the transactions contemplated under the Transfer of Trust Units Agreement;

- (e) Fifth installment – RMB 1,081,560,000 being the partial consideration for the acquisition of the Shanghai Zendai Land Shareholders’ Loan. The fifth installment shall be payable on the earlier of 1 May 2012 or the fifth Business Day after the fulfilment of (i) the completion of the business registration for the transfer of the entire equity interests in Panshi by Panshi Investment to Zendai Wudaokou and the Completion of the Panshi Transfer Agreement having taking place; (ii) the completion of the transfer of the entire equity interests in Zendai Wudaokou by Shanghai Zendai Land to Shanghai Chang Ye having taking place; and (iii) the representations and warranties given by the Vendors under the Equity Transfer and Loan Assignment Agreement remain valid; and

- (f) Sixth installment – RMB 100,000,000 being the remaining consideration for the acquisition of the Shanghai Zendai Land Shareholders’ Loan. The sixth installment shall be payable on the fifth Business Day after the fulfilment of the Completion of the Project Company Transfer Agreement and (i) the completion of the transfer of the 5% equity interest in Haizhimen by Panshi to Shanghai Chang Ye’s designated associated company and Shanghai Chang Ye has through Zendai Wudaokou, transferred the entire equity interest in Panshi to an entity designated by the Vendors; or (ii) Shanghai Chang Ye has cooperated with Panshi and through Zendai Wudaokou, transferred the assets of Panshi (other than the 5% equity interest in Haizhimen) to an entity designated by the Vendors.

The Consideration was arrived at after arm’s length negotiation between Shanghai Chang Ye and the Vendors and was determined by reference to the recent market value of comparable land nearby the Bund 8-1 Land.

Conditions precedent:

Completion is subject to the fulfilment or waiver (where applicable as provided below) of the following conditions:

- (a) Shanghai Chang Ye having completed its due diligence review on Zendai Wudaokou, Greentown Hesheng, Panshi, Haizhimen and the Project Company and having confirmed that there is no material discrepancy as disclosed by the Vendors;

- (b) Greentown Hesheng having completed the Greentown Spinoff and having confirmed that Greentown Hesheng shall not bear any obligation and liability of any assets in relation to the Greentown Spinoff;

- (c) Zendai Wudaokou having completed the Zendai Wudaokou Spinoff and having confirmed that Zendai Wudaokou shall not bear any obligation and liability of any assets in relation to the Zendai Wudaokou Spinoff;
- (d) the Completion of the Panshi Transfer Agreement having taken place;
- (e) the Completion of the Transfer of Trust Units Agreement having taken place;
- (f) the obtaining by the Vendors and Shanghai Chang Ye of the approval of the Equity Transfer and Loan Assignment Agreement and the transactions contemplated thereunder from their respective shareholders and/or board of directors;
- (g) the obtaining by Shanghai Zendai Property of the approval of the Equity Transfer and Loan Assignment Agreement and the transactions contemplated thereunder at the general meeting of Shanghai Zendai Property; and
- (h) there is no reasonably foreseeable obstacle on the fulfilment of the conditions precedent under the Project Company Transfer Agreement in accordance with the timeframe as set out therein.

Condition (g) cannot be waived by Shanghai Chang Ye. Shanghai Chang Ye may, at its absolute discretion in writing, waive all the other conditions.

Completion: Completion shall take place within 15 Business Days after the fulfilment or waiver (as the case may be) of the above conditions precedent.

INFORMATION ON THE COMPANY AND SHANGHAI CHANG YE

The Company

The Company is a company incorporated in the Cayman Islands with limited liability. Its shares are listed on the Stock Exchange. The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are development, operation and sale of commercial properties in central Beijing and Shanghai.

Shanghai Chang Ye

Shanghai Chang Ye is a company established in Shanghai, the PRC with limited liability and is a wholly-owned subsidiary of the Company. The principal business activity of Shanghai Chang Ye is investment management.

INFORMATION ON THE VENDORS, ZENDAI WUDAOKOU, GREENTOWN HESHENG, HAIZHIMEN AND THE PROJECT COMPANY

The Directors are informed that Shanghai Zendai Land is a company established in Shanghai, the PRC with limited liability and principally engaged in property development in the PRC while Zhejiang Jiahe is a company established in Hangzhou, the PRC with limited liability and principally engaged in real estate development and investment management.

As at the date of this announcement, Zendai Wudaokou is a wholly-owned subsidiary of Shanghai Zendai Land and Greentown Hesheng is a wholly-owned subsidiary of Zhejiang Jiahe.

The audited net profit (both before and after taxation and extraordinary items) of Zendai Wudaokou for the financial year ended 31 December 2009 were approximately RMB 359.9 million and RMB 292.3 million, respectively; and for the financial year ended 31 December 2010 were approximately RMB777.6 million and RMB672.5 million, respectively.

The audited net loss (both before and after taxation and extraordinary items) of Greentown Hesheng for the two financial years ended 31 December 2009 and 2010 were approximately RMB 0.2 million and RMB 1 million, respectively.

The net asset values of Zendai Wudaokou and Greentown Hesheng as at 31 December 2010 were approximately RMB 1,784 million and RMB 13.8 million, respectively.

As at the date of this announcement, Haizhimen is owned as to 35%, 5%, 10% and 50% by Zendai Wudaokou, Panshi, Greentown Hesheng and Zhejiang Fosun, respectively.

It is contemplated that the Completion of the Panshi Transfer Agreement and the Completion of the Transfer of Trust Units Agreement will take place before Completion, and as a result, Zendai Wudaokou will be, directly and indirectly, interested in 40% equity interest in Haizhimen.

The Project Company is a company established in the PRC with limited liability which owns the land use rights of the Bund 8-1 Land and is a wholly-owned subsidiary of Shanghai Zendai Land. Shanghai Zendai Land and Haizhimen have entered into the Project Company Transfer Agreement pursuant to which the Project Company will become a wholly-owned subsidiary of Haizhimen upon Completion of the Project Company Transfer Agreement.

INFORMATION ON THE BUND 8-1 LAND

The Bund 8-1 Land is located between Yuyuan Garden and the Shiliupu Expo water gate in Shanghai's Huangpu District, and is in close proximity to the Shanghai Bund transportation hub and the Bund 204 Land acquired by the Company in June 2010. Set on the bank of the Huangpu River, the Bund 8-1 Land is endowed with the Huangpu River waterfront scenery and faces Pudong's Global Financial Centre and Jinmao Tower across the river. The Bund 8-1 Land's superior geographic location, conveniently accessible and perfectly situated to benefit from the surrounding facilities and infrastructure boast the promising conditions of becoming the core of Shanghai's most affluent finance and commercial centre.

The Bund 8-1 Land has a site area of approximately 45,472 m² for mixed office, retail, financial, art and culture uses. The project has a total planned gross floor area of 422,825 m², with above ground gross floor area of approximately 271,529 m² (of which sellable gross floor area is 269,968 m², including 40,590 m² of retail space, 190,000 m² of office space, 30,000 m² of hotel space and 9,378 m² of art and culture space) and 151,296 m² of underground gross floor area (including 51,002 m² of underground retail space). The rights to the 30,000 m² of hotel space and 6,000 m² of underground auxiliary facilities have already been sold to a third party.

REASONS FOR ENTERING INTO THE EQUITY TRANSFER AND LOAN ASSIGNMENT AGREEMENT

The Acquisition is in line with the Group's core strategy of acquiring commercial property projects located at prime locations along major transportation networks in Beijing and Shanghai. This is the tenth project of the Group in Shanghai and is another acquisition made by the Group for projects in the Bund after the Group's acquisition of the Bund 204 Land in 2010. The Board believes that the Acquisition will further strengthen the Group's business in Shanghai which will lead to the success of the Group's unique business model in Shanghai.

The Directors believe that the terms of the Equity Transfer and Loan Assignment Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios exceed 5% but are less than 25%, the transactions contemplated under the Equity Transfer and Loan Assignment Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interests in Zendai Wudaokou and Greentown Hesheng and the assignment of all the rights and title to the Shareholders' Loans
“Board”	the board of Directors
“Bund 204 Land”	a plot of land of an area of approximately 22,462 m ² located at No. 204, the Bund, Huangpu District, Shanghai, the PRC
“Bund 8-1 Land”	外灘國際金融中心8-1地塊, a parcel of land located in 黃浦區小東門街道574、578地塊 (Lots 574 and 578 of Xiaodongmen Jiedao, Huangpu District, Shanghai, the PRC) with a site area of 45,472 m ² for mixed office, retail, financial, art and culture uses

“Business Day”	a day on which banks are generally open for business in the PRC
“Company”	SOHO China Limited (SOHO中國有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“Completion”	completion of the Equity Transfer and Loan Assignment Agreement
“Completion of the Panshi Transfer Agreement”	completion of the transactions contemplated under the equity transfer and loan assignment agreement dated 29 December 2011 entered into between Panshi Investment and Zendai Wudaokou in relation to, among other things, the acquisition of the entire equity interest in Panshi from Panshi Investment by Zendai Wudaokou and the assignment of shareholders’ loan owed by Panshi to Panshi Investment from Panshi to Zendai Wudaokou
“Completion of the Project Company Transfer Agreement”	completion of the transactions contemplated under the Project Company Transfer Agreement whereby Haizhimen will acquire the entire equity interest in the Project Company and the completion of the relevant business registration in relation to the transfer of equity interest in the Project Company by Shanghai Zendai Land to Haizhimen
“Completion of the Transfer of Trust Units Agreement”	completion of the transactions contemplated under the Transfer of Trust Units Agreement
“Consideration”	the total consideration for the Acquisition payable by Shanghai Chang Ye to the Vendors, as more particularly set out in the section headed “The Equity Transfer and Loan Assignment Agreement” in this announcement
“Director(s)”	the director(s) of the Company
“Equity Transfer and Loan Assignment Agreement”	the equity transfer and loan assignment agreement dated 29 December 2011 entered into between the Vendors and Shanghai Chang Ye, in relation to, among other things, the Acquisition
“Greentown Holdings”	Greentown China Holdings Limited (綠城中國控股有限公司*) (stock code: 3900), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange

“Greentown Hesheng”	杭州綠城合升投資公司 (Hangzhou Greentown Hesheng Investment Company*), a company established in Hangzhou, the PRC with limited liability and is a wholly-owned subsidiary of Zhejiang Jiahe
“Greentown Spinoff”	the disposal of all the assets held by Greentown Hesheng, other than its 10% equity interest in Haizhimen and the shareholders’ loan in an amount of RMB824,670,000 owed by Haizhimen to Greentown Hesheng
“Group”	collectively, the Company and its subsidiaries
“Haizhimen”	上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment Management Co. Ltd.*), a company established in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“m ² ”	square metre(s)
“New China Trust”	新華信託股份有限公司 (New China Trust Co., Ltd.*), a company established in the PRC with limited liability
“Panshi”	上海磐石投資管理有限公司 (Shanghai Panshi Investment Management Co., Ltd.*), a company established in the PRC with limited liability
“Panshi Investment”	磐石投資有限公司 (Panshi Investment Co., Ltd.*), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project Company”	上海證大外灘國際金融服務中心置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Zendai Land as at the date of this announcement and will become a wholly-owned subsidiary of Haizhimen upon Completion of the Project Company Transfer Agreement. It owns the land use rights to the Bund 8-1 Land as at the date of this announcement

“Project Company Transfer Agreement”	the equity transfer and loan assignment agreement dated 28 October 2011 entered into between Haizhimen and Shanghai Zendai Land in relation to, among other things, the acquisition of the entire equity interest in the Project Company by Haizhimen from Shanghai Zendai Land and the assignment of shareholders’ loan in an amount of RMB 9,570,000,000 from Shanghai Zendai Land to Haizhimen
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Chang Ye”	上海長燁投資管理有限公司 (Shanghai Chang Ye Investment Management Co., Ltd.*), a company established in Shanghai, the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Shanghai Zendai Land”	上海証大置業有限公司 (Shanghai Zendai Land Company Limited*), a company established in Shanghai, the PRC with limited liability and is a wholly-owned subsidiary of Shanghai Zendai Property
“Shanghai Zendai Property”	Shanghai Zendai Property Limited (stock code: 755), an exempt company incorporated in Bermuda whose shares are listed on the Stock Exchange
“Shanghai Zendai Land Shareholders’ Loan”	the shareholders’ loan in an amount of RMB 128,013,000 owed by Zendai Wudaokou to Shanghai Zendai Land and/or its related parties
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Loans”	collectively, the Shanghai Zendai Land Shareholders’ Loan and the Zhejiang Jiahe Shareholders’ Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transfer of Trust Units Agreement”	the transfer of trust units agreement dated 28 December 2011 entered into between New China Trust and Zendai Wudaokou in relation to the release of the pledge of 10% equity interest in Haizhimen by New China Trust to Zendai Wudaokou
“Vendors”	collectively, Shanghai Zendai Land and Zhejiang Jiahe

“Zendai Wudaokou”	上海証大五道口房地產開發有限公司 (Shanghai Zendai Wudaokou Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Shanghai Zendai Property
“Zendai Wudaokou Spinoff”	the disposal of all the assets held by Zendai Wudaokou, other than its equity interest in Haizhimen and the shareholders’ loan in an amount of RMB 824,670,000 owed by Haizhimen to Greentown Hesheng
“Zhejiang Fosun”	Zhejiang Fosun Commerce Development Limited (浙江復星商業發展有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Fosun International Limited (復星國際有限公司) (stock code: 656), a company incorporated in Hong Kong whose shares are listed on the Stock Exchange
“Zhejiang Jiahe”	浙江嘉和實業有限公司 (Zhejiang Jiahe Industrial Co. Ltd.*), a company established in Hangzhou, the PRC with limited liability and is a wholly-owned subsidiary of Greentown Holdings
“Zhejiang Jiahe Shareholders’ Loan”	the shareholders’ loan in an amount of RMB 909,670,000 owed by Greentown Hesheng to Zhejiang Jiahe
“%”	per cent.

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

* For identification purpose only

Beijing, the PRC, 29 December 2011

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.