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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
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
EVER JUMP INVESTMENTS LIMITED**

The Board announces that on 24 June 2017, the Company and the Seller (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser (an Independent Third Party) in relation to the Disposal of the Sale Shares and the Sale Debt of the Target Company, which directly holds the entire equity interest in the Project Company which holds Hongkou SOHO Project.

The Consideration for the Disposal was determined after arm's length negotiations between the parties to the Agreement based on the agreed value of Hongkou SOHO Project of RMB3,573 million, adjusted by the net working capital of the Target Group and the outstanding principal of the onshore bank loan of the Project Company immediately prior to the date of the Completion. The initial Consideration is RMB2,756,446,887.51 (equivalent to approximately HK\$3,142,349,451.76) (subject to adjustment).

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 24 June 2017, the Company and the Seller entered into the Agreement with the Purchaser in relation to the Disposal, the principal terms of which are set out below.

THE AGREEMENT

Date

24 June 2017

Parties

- (1) Key Position International Limited, a wholly-owned subsidiary of the Company (as Seller of the Sale Shares and co-assignor of the Sale Debt)
- (2) Company (as co-assignor of the Sale Debt and guarantor of the Seller)
- (3) Prosperity Vision (III) Pte Ltd (as Purchaser)

Assets to be disposed of

Pursuant to the Agreement, the Seller and the Company have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Sale Shares, representing the entire issued share capital of the Target Company, and/or (ii) the Sale Debt, representing all the outstanding shareholder's loans owing by the Target Company to the Company and the Seller as at Completion. As at the date hereof, the Sale Debt amounts to HK\$1,403,969,121.23.

The Target Company was incorporated in Hong Kong with limited liability holding the entire equity interest in the Project Company as at the date hereof.

The Project Company was incorporated in the PRC with limited liability and is principally engaged in the development and leasing of Hongkou SOHO Project as at the date hereof.

Hongkou SOHO Project is a commercial building situated at No. 575 Wu Song Road and No. 512 Zha Pu Road at Hongkou District in Shanghai, with a total gross floor area of approximately 90,512.2 sq.m., including office and retail leasable spaces of approximately 70,042 sq.m.

Consideration and payment terms

The Consideration for the Disposal is estimated to be RMB2,756,446,887.51 (equivalent to approximately HK\$3,142,349,451.76) (subject to adjustment), payable by the Purchaser in accordance with the following manner:

- (i) a deposit of US\$50 million (equivalent to approximately HK\$390 million) shall be paid to the Seller within 8 Business Days upon the signing of the Agreement; and
- (ii) the balance of the Consideration, after deducting the deposit paid and the provisional Seller's ad valorem stamp duty, shall be paid upon Completion.

The Consideration was determined after arm's length negotiations between the parties to the Agreement based on the assets price of Hongkou SOHO Project of RMB3,573 million as agreed between the parties with reference to the book value of Hongkou SOHO Project of RMB3,446 million as at 31 December 2016, adjusted by the net working capital of the Target Group and the outstanding principal of the onshore bank loan of the Project Company immediately prior to the date of the Completion. As at the date hereof, the outstanding principal of the onshore bank loan of the Project Company amounts to RMB1,350 million.

Adjustment to the Consideration

Pursuant to the Agreement, if the net working capital of the Target Group immediately prior to the date of the Completion, calculated based on the Completion Audit Report, is higher than that as shown in the pro-forma completion accounts of the Target Group, the Consideration shall be adjusted upward accordingly in which case the Purchaser shall pay a sum equivalent to the difference of the net working capital to the Seller within 10 Business Days after the issue of the Completion Audit Report.

In contrast, if the net working capital of the Target Group immediately prior to the date of the Completion, calculated based on the Completion Audit Report, is lower than that as shown in the pro-forma completion accounts of the Target Group, the Consideration shall be adjusted downward accordingly in which case the Seller shall pay a sum equivalent to the difference of the net working capital to the Purchaser within 10 Business Days after the issue of the Completion Audit Report.

Conditions precedents

The Disposal shall be conditional upon, among other things, fulfillment or waiver of all the following conditions precedent:

- (a) the release of the encumbrances created over the Sale Shares and completion of registration of the release;
- (b) termination of all the related party transactions of the Project Company and collection of all the accounts receivables from those related parties (other than the Sale Debt or otherwise with the prior written consent of the Purchaser);
- (c) other customary conditions precedent for this type of transaction (including but not limited to those relating to accuracy of warranties, performance of pre-completion undertakings and obligations, necessary approvals having been obtained, and no material adverse event).

As at the date of this announcement, none of the conditions precedent above have been fulfilled or waived.

Completion

Completion shall take place on the following Business Day when all the conditions precedent have been fulfilled or waived and within 20 Business Days after the signing of the Agreement (or such other date as agreed by the Seller and the Purchaser in writing).

At or prior to Completion, the Seller, the Company, the Purchaser and the Target Company shall execute a deed of assignment of the Sale Debt, and the Company shall execute a deed of undertaking and indemnity in favour of the Purchaser in respect of the PRC tax filing and payment obligations in relation to the Disposal.

After Completion, the Group will cease to hold any equity interest in the Target Group and each of the Target Company and the Project Company will cease to be a subsidiary of the Company. Accordingly, their accounts will not be consolidated into the accounts of the Group after Completion.

Guarantee provided by the Company

The Company has guaranteed to the Purchaser the due performance by the Seller of its obligations in connection with the Disposal and the PRC tax filing and payment obligations arising from the Disposal in accordance with the terms and conditions under the Agreement.

Guarantee to be provided by the controlling shareholders of the Purchaser

The Seller has agreed with the Purchaser to assist (but not an obligation) the Project Company in obtaining, as borrower, a new loan facility from a PRC bank to repay, together with the Project Company's internal resources, the Project Company's existing onshore bank loan prior to Completion. In return, the Purchaser shall procure its controlling shareholders to execute individually an irrevocable joint and several guarantee in respect of the Purchaser's obligations in connection therewith, including but not limited to indemnifying the Seller in respect of the Project Company's liability for any breach and claims raised by the lender of the existing onshore bank loan due to the re-financing of the Project Company.

FINANCIAL INFORMATION OF THE TARGET GROUP

According to the audited accounts of the Group, the total cost of Hongkou SOHO Project as at 31 December 2016 was approximately RMB2,337 million, and the book value of Hongkou SOHO Project as at 31 December 2016, being the appraised value as at 31 December 2016, was approximately RMB3,446 million.

For the years ended 31 December 2015 and 2016, the Project Company recorded revenue (i.e. rental income) of RMB5,450,181 and RMB79,333,892 respectively.

FINANCIAL EFFECT OF THE DISPOSAL

The agreed value of Hongkou SOHO Project under the Agreement is approximately 53% higher than its total cost as at 31 December 2016. As Hongkou SOHO Project was revalued, based on the book value of Hongkou SOHO Project as at 31 December 2016 and the assets price of Hongkou SOHO Project as agreed under the Agreement, it is expected that the Company will book a gross profit of approximately RMB127 million from the Disposal. It is intended that the net proceeds from the Disposal will be used by the Group as its general working capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

In view of the recent property market in the PRC, the Directors consider that the Disposal represents a good opportunity for the Group to realise the gain on its investment in Hongkou SOHO Project at a fair value with reference to the expected cash flow and profit to be generated therefrom. Given that the leaseable area of Hongkou SOHO Project only accounts for approximately 6% of the total leaseable area of all the investment properties held by the Group, the Board considers that the Disposal will not have a material adverse impact on the Group's total rental income.

The terms of the Agreement have been determined after arm's length negotiations between the parties thereto. In view of the above, the Directors are of the view that the Agreement was entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY, THE SELLER AND THE PURCHASER

The Company is principally engaged in investment in real estate development, property leasing and property management.

The Seller is a wholly-owned subsidiary of the Company incorporated in British Virgin Islands with limited liability, holding the investment interest in Hongkou SOHO Project as at the date hereof.

The Purchaser is an investment holding company incorporated in Singapore with limited liability. As at the date hereof, it is principally engaged in real estate acquisition and management. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Agreement”	the sale and purchase agreement dated 24 June 2017 between the Purchaser, the Seller (as seller of the Sale Shares and co-assignor of the Sale Debt) and the Company (as co-assignor of the Sale Debt and guarantor of the Seller) in respect of the Disposal
“Board”	the board of the Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday in the PRC and any date on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which the banks in the PRC, Singapore and the USA are open for business
“Company”	SOHO China Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 410)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Debt under the Agreement
“Completion Audit Report”	the audit report of the Target Group to be prepared by an audit firm jointly appointed by the Purchaser and the Seller showing the change in the net working capital of the Target Group for the period from 1 April 2017 to the date immediately prior to Completion

“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Disposal payable by the Purchaser to the Seller pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares and the Sale Debt by the Seller and/or the Company to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hongkou SOHO Project”	the Hongkou SOHO project of the Company situated at Hongkou District in Shanghai
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Project Company”	Shanghai Xusheng Property Co., Ltd.* (上海旭升置業有限公司), an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability, holding the entire ownership and interest in Hongkou SOHO Project
“Purchaser”	Prosperity Vision (III) Pte Ltd, a company incorporated in Singapore with limited liability and an Independent Third Party as at the date hereof
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Debt”	the non-interest bearing shareholder’s loans owing to the Company and the Seller by the Target Company
“Sale Shares”	the entire issued share capital of the Target Company
“Seller”	Key Position International Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Share(s)”	ordinary share(s) of nominal value of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ever Jump Investments Limited, a company incorporated in Hong Kong with limited liability, holding the entire equity interest in the Project Company
“Target Group”	the Target Company and the Project Company
“US\$”	United States dollars, the lawful currency of the USA
“USA”	United States of America
“%”	per cent.

In this announcement, amounts denominated in RMB and US\$ are converted into HK\$ at the rates of RMB1.00 = HK\$1.14 and US\$1.00 = HK\$7.80 respectively. Such conversion rates are for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

* *The English name is a translation of its Chinese name and is included for identification purposes only.*

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 24 June 2017

As at the date of this announcement, the executive Directors are Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Yan Yan and Ms. Tong Ching Mau; and the independent non-executive Directors are Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua.