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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 CAR PARKING SPACES

The Board announces that on 30 September 2019, the Company and the Sellers (being six wholly-owned subsidiaries of the Company) entered into the Agreement with the Purchaser (an Independent Third Party) in relation to the Disposal of the Car Parking Spaces at the initial Consideration of approximately RMB761 million (equivalent to approximately HK\$829.49 million) (net of value-added tax and subject to adjustment).

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but all of them are 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 30 September 2019, the Company and the Sellers entered into the Agreement with the Purchaser in relation to the Disposal of the Car Parking Spaces, the principal terms of which are set out below.

THE AGREEMENT

Date

30 September 2019

Parties

- (1) Company (as guarantor)
- (2) Beijing Bluewater, Beijing Kaiheng, Beijing Panshi, Beijing Redstone, Beijing SOHO and Beijing Suotu, all being wholly-owned subsidiaries of the Company (as Sellers)
- (3) Huibo Car Park Investment (Guangzhou) Co., Ltd.* (慧泊停車場投資(廣州)有限責任公司) (as Purchaser)

Assets to be disposed of

Pursuant to the Agreement, the Sellers have agreed to sell and the Purchaser has agreed to purchase the Car Parking Spaces, including the corresponding land use rights, the property ownership rights and all other rights and benefits in connection therewith.

The Car Parking Spaces consist of a total of 2,583 underground car parking spaces situated at the Projects (i.e. Jianwai SOHO (East), Sanlitun SOHO, SOHO Shangdu, Chaowai SOHO, SOHO Nexus Center, Galaxy SOHO, Chaoyangmen SOHO, Danling SOHO and Zhongguancun SOHO) which are registered under the name of, and owned by, the Sellers, not yet sold to any third party or retained by the Sellers.

Consideration and payment terms

The initial Consideration for the Disposal is approximately RMB761 million (equivalent to approximately HK\$829.49 million) (net of value-added tax and subject to adjustment), payable by the Purchaser to the Sellers in accordance with the following manners:

- (a) 20% of the initial Consideration shall be paid within 15 Business Days upon the signing and effective date of the Agreement and the Entrusted Management Agreement;
- (b) 30% of the initial Consideration shall be paid within 5 Business Days upon fulfillment of the following conditions:
 - (i) return of the Earnest Money (including the accrued interests) to We Park;
 - (ii) the Car Parking Spaces are not subject to any encumbrance, and the sale and purchase of the Car Parking Spaces can be proceeded with online signing process (網簽手續);
 - (iii) receipt by the Purchaser from the Sellers the relevant invoice(s) for the value-added tax in respect of the first instalment of the Consideration;
 - (iv) the Purchaser has become the owner of certain property at each of the Projects;
 - (v) completion of the online signing process (網簽手續) in relation to the sale and purchase of the relevant lot/batch of the Car Parking Spaces; and
 - (vi) receipt by the Purchaser from the Sellers the relevant invoice(s) for the value-added tax in respect of the second instalment of the Consideration;
- (c) 45% of the initial Consideration shall be paid within 10 Business Days upon receipt by the Purchaser from the Sellers the relevant invoice(s) for the value-added tax in respect of the third instalment of the Consideration and prior to submission of the documents in relation to the sale and transfer of the relevant lot/batch of the Car Parking Spaces with the relevant real estate regulatory authorities in the PRC; and

- (d) the final instalment, being 5% of the initial Consideration and after deducting the fee for the uncompleted repair work of the Car Parking Spaces (more details under the section headed “Expenses for the repair work of the Car Parking Spaces” below), shall be paid within 5 Business Days upon fulfillment of the following conditions:
- (i) save as Chaoyangmen SOHO, each of Jianwai SOHO (East), Sanlitun SOHO, SOHO Shangdu, Chaowai SOHO, SOHO Nexus Center, Galaxy SOHO, Danling SOHO and Zhongguancun SOHO holds the valid qualifications necessary for operating the relevant Car Park;
 - (ii) the Sellers and/or Beijing Sou Hou has/have provided the certificates and other documents required for the registration of change of operator of the Car Parks; and
 - (iii) receipt by the Purchaser from the Sellers the relevant invoice(s) for the value-added tax in respect of the final instalment of the Consideration.

The Consideration was determined after arm’s length negotiations between the parties thereto with reference to, among other things, the prevailing market values of comparable car parking spaces in the same or nearby regions in the PRC having regards to the size, type, location and facilities, etc.

Adjustment to the Consideration

In the event where the registration of the transfer of any of the Car Parking Spaces cannot be completed, the initial Consideration should be adjusted accordingly so as to reflect the number of the Car Parking Spaces actually transferred to the Purchaser.

Expenses for the repair work of the Car Parking Spaces

Within 5 Business Days after the Seller(s) has/have completed the repair work of the Car Parking Spaces, the Purchaser shall pay the expenses incurred therefrom to the relevant Seller(s), save that if a Seller fails to complete the repair work within the agreed timeframe, the Purchaser and the relevant Seller(s) may agree to set off the expenses incurred by the Purchaser for the repair work against the Consideration. Based on the estimated expenses for the repair work as at the date hereof, the maximum amount for the set off, if any, shall be RMB1.5 million (equivalent to approximately HK\$1.64 million).

Entering into of the Entrusted Management Agreement

With a view to enabling the Purchaser to manage and operate the Car Parking Spaces upon Completion, on 30 September 2019, Beijing Sou Hou (being the management company in respect of the Projects) and the Purchaser entered into the Entrusted Management Agreement, pursuant to which Beijing Sou Hou shall procure the Operation Filing Certificates (經營備案證) in respect of the Car Parks to be registered solely under the name of the Purchaser, and shall assign the management rights of the Car Parks as agreed under the Entrusted Management Agreement to the Purchaser with effect from Completion.

Pursuant to the Entrusted Management Agreement, the Purchaser agreed not to charge Beijing Sou Hou for any fee in relation to its entrusted management services in respect of the Car Parks, and the Purchaser shall pay to Beijing Sou Hou a customary property management fee for its services provided at the Car Parks (e.g. safety, fire extinguishment and power supply, etc.).

Completion

Completion shall take place within 5 Business Days after the Purchaser has paid the final instalment of the Consideration to the Sellers.

Upon Completion, the Purchaser shall, with the assistance of the Sellers and Beijing Sou Hou, take over the Car Parking Spaces, as well as the exclusive operation and management rights of the Car Parks as defined in the Entrusted Management Agreement; meanwhile, the Purchaser shall have the right to use certain facilities at the Car Parks.

Guarantee provided by the Company

The Company has guaranteed to the Purchaser in respect of the Sellers' obligations under the Agreement and that it shall be jointly liable with the Sellers in respect of any breach of the Sellers' obligations under the Agreement.

FINANCIAL INFORMATION OF THE CAR PARKING SPACES

According to the unaudited management accounts of the Group, as at 30 June 2019, the book value of the Car Parking Spaces was approximately RMB508 million (equivalent to approximately HK\$553.72 million).

For the years ended 31 December 2017 and 2018, the rental income of the Car Parking Spaces was approximately RMB17 million (equivalent to approximately HK\$18.53 million) and approximately RMB20 million (equivalent to approximately HK\$21.80 million), respectively.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the book value of the Car Parking Spaces as at 30 June 2019 in the Group's unaudited management accounts and the Consideration to be received under the Agreement (assuming no adjustment), it is expected that the Group will record a gross profit of approximately RMB253 million (equivalent to approximately HK\$275.77 million) from the Disposal. It is intended that the net proceeds from the Disposal will be used by the Group as 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 its investment in the Car Parking Spaces at a fair value with reference to the expected cash and gross profit to be generated therefrom. Given that the rental income of the Car Parking Spaces only accounted for approximately 1.14% of the total rental income of the Group in 2018, the Board considers that the Disposal will not have a material adverse impact on the Group's overall rental income.

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

INFORMATION RELATING TO THE GROUP, THE SELLERS AND BEIJING SOU HOU

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

Each of the Sellers is a wholly-owned subsidiary of the Company incorporated in the PRC with limited liability, among which (i) Beijing Bluewater is principally engaged in the investment in SOHO Nexus Center, (ii) Beijing Kaiheng is principally engaged in the development of Galaxy SOHO and Chaoyangmen SOHO, (iii) Beijing Panshi is principally engaged in the investment in SOHO Shangdu (iv) Beijing Redstone is principally engaged in the development of Jianwai SOHO (East), (v) Beijing SOHO is principally engaged in the development of Sanlitun SOHO, and (vi) Beijing Suotu is principally engaged in the investment in Zhongguancun SOHO and Danling SOHO.

Beijing Sou Hou is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. As at the date hereof, it is principally engaged in provision of real estate property management services and is the management company of the Projects.

INFORMATION RELATING TO THE PURCHASER

The Purchaser is a company incorporated in PRC with limited liability. As at the date hereof, it is principally engaged in the investment, operation and management of digitalised car parks. 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 all of them are 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 agreement dated 30 September 2019 among the Purchaser, the Sellers and the Company in respect of the Disposal
“Beijing Bluewater”	Beijing Bluewater Property Management Co., Ltd* (北京藍泉物業管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Beijing Kaiheng”	Beijing Kaiheng Real Estate Co., Ltd* (北京凱恆房地產有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

“Beijing Panshi”	Beijing Panshi Shi Ji Chuang Ye Investment Management Co., Ltd.* (北京磐石世紀創業投資管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Beijing Redstone”	Beijing Redstone Jianwai Real Estate Development Co., Ltd.* (北京紅石建外房地產開發有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Beijing SOHO”	Beijing SOHO Real Estate Co., Ltd.* (北京搜候房地產有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Beijing Sou Hou”	Beijing Sou Hou Property Management Co., Ltd.* (北京搜厚物業管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Beijing Suotu”	Beijing Suo Tu Shi Ji Investment Management Co., Ltd.* (北京索圖世紀投資管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of the Directors
“Business Day(s)”	any day other than a Saturday, Sunday or statutory holiday in the PRC
“Car Park(s)”	the car park(s) situated at the Projects
“Car Parking Space(s)”	any or all the underground car parking space(s) at the Car Parks situated at the Projects which is/are registered under the name of, and owned by, the Sellers, not yet sold to any third party or retained by the Sellers
“Chaowai SOHO”	the real estate project constructed and developed by the Group situated at No.6 Chao Wai Street Yi (朝外大街乙), Chaoyang District, Beijing, the PRC
“Chaoyangmen SOHO”	the real estate project constructed and developed by the Group situated at No.1 Nan Zhu Gan Hu'tong (南竹杆胡同), Dongcheng District, Beijing, the PRC
“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 Car Parking Space(s) under the Agreement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Consideration”	the consideration for the Disposal payable by the Purchaser to the Sellers pursuant to the Agreement
“Danling SOHO”	the real estate project acquired by the Group situated at Building No.1, No.6 Dan Ling Street (丹棱街), Haidian District, Beijing, the PRC
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Car Parking Spaces by the Sellers to the Purchaser pursuant to the Agreement
“Earnest Money”	the earnest money of US\$750,000 (equivalent to approximately HK\$5.87 million) paid by We Park to the Company pursuant to a non-legally binding memorandum of understanding between We Park and the Company in relation to the Disposal
“Entrusted Management Agreement”	the management agreement dated 30 September 2019 between Beijing Sou Hou and the Purchaser, pursuant to which Beijing Sou Hou agreed to assign the management rights of the Car Park(s) as agreed under the Entrusted Management Agreement to the Purchaser during the period from Completion until the date on which Beijing Sou Hou ceases to be the management company of the Project(s) or otherwise agreed in the Entrusted Management Agreement
“Galaxy SOHO”	the real estate project constructed and developed by the Group situated at No.2 Nan Zhu Gan Hu’tong (南竹杆胡同), Dongcheng District, Beijing, the PRC
“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
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Jianwai SOHO (East)”	the real estate project constructed and developed by the Group situated at No.39 Dong San Huan Zhong Road (東三環中路), Chaoyang District, Beijing, the PRC
“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(s)”	Jianwai SOHO (East), Sanlitun SOHO, SOHO Shangdu, Chaowai SOHO, SOHO Nexus Center, Galaxy SOHO, Chaoyangmen SOHO, Danling SOHO and/or Zhongguancun SOHO
“Purchaser”	Huibo Car Park Investment (Guangzhou) Co., Ltd.* (慧泊停車場投資(廣州)有限責任公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Sanlitun SOHO”	the real estate project constructed and developed by the Group situated at No.8 Gong Ren Ti Yu Chang Bei Road (工人體育場北路), Chaoyang District, Beijing, the PRC
“Seller(s)”	Beijing Bluewater, Beijing Kaiheng, Beijing Panshi, Beijing Redstone, Beijing SOHO and/or Beijing Suotu
“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)
“SOHO Nexus Center”	the real estate project acquired by the Group situated at Building No.19, East Third Ring Road Jia (東三環北路甲), Chaoyang District, Beijing, the PRC
“SOHO Shangdu”	the real estate project constructed and developed by the Group situated at No.8 Dong Da Qiao Road (東大橋路), Chaoyang District, Beijing, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“We Park”	We Park (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the indirect holding company of the Purchaser and an Independent Third Party
“Zhongguancun SOHO”	the real estate project acquired by the Group situated at No.8 Hai Dian North Second Street (海澱北二街), Haidian District, Beijing, the PRC
“%”	per cent.

In this announcement, amounts denominated in RMB and US\$ are converted into HK\$ at the rates of RMB1.00 = HK\$1.09 and US\$1.00 = HK\$7.83 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, 30 September 2019

As at the date of this announcement, the executive Directors are Mr. Pan Shiyi and Mrs. Pan Zhang Xin, Marita; and the independent non-executive Directors are Mr. Sun Qiang Chang, Mr. Xiong Ming Hua and Mr. Huang Jingsheng.