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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 THE ZHONGGUANCUN SOHO PROJECT

THE ACQUISITION AGREEMENT

The Board wishes to announce that on 31 August 2008, Beijing Suo Tu and the Vendor entered into the Acquisition Agreement, pursuant to which Beijing Suo Tu agreed to acquire from the Vendor the State-owned land use right of the ZhongGuanCun SOHO Project and the building thereon.

LISTING RULES IMPLICATIONS OF THE ACQUISITION AGREEMENT

The entering into of the Acquisition Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing further information on the Acquisition Agreement and other relevant information will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

THE ACQUISITION AGREEMENT

The Board wishes to announce that on 31 August 2008, Beijing Suo Tu and the Vendor entered into the Acquisition Agreement, pursuant to which Beijing Suo Tu agreed to acquire from the Vendor the State-owned land use right of the ZhongGuanCun SOHO Project and the building thereon.

The principal terms of the Acquisition Agreement are as follows:

Date: 31 August 2008

Parties: *Purchaser:* Beijing Suo Tu, a wholly-owned subsidiary of the Company

Vendor: 中冶新奧正誠房地產開發有限公司 (Zhong Ye Xin Ao Zheng Cheng Real Estate Development Company Limited*)

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

Subject matter: The State-owned land use right of the Target Project (ZhongGuanCun SOHO Project) and the building thereon.

As at the date of this announcement, there is one registered mortgage over the State-owned land use right of the Target Project (“**Mortgage**”) in favour of the ICBC Bank. Pursuant to the Acquisition Agreement, the Vendor has agreed to repay all outstanding amounts to the ICBC Bank for the purpose of releasing the Mortgage before signing the Unit Sales Contracts.

Consideration and adjustment mechanism: RMB890,000,000 (equivalent to approximately HK\$1,015,981,735), subject to the following adjustment mechanism if the difference between the saleable area (commercial and office) stated in the actual area report of the Target Project (“**Actual Area**”) and the saleable area (commercial and office) stated in the forecast area report of the Target Project (currently being 44,208.66 sq.m.) (“**Forecast Area**”) is more than 2% of the Forecast Area:

(1) Beijing Suo Tu would pay an amount additional to the consideration and calculated in accordance with the following formula to the Vendor at the time of payment of the Second Instalment (as defined below) if the Actual Area exceeds the Forecast Area by more than 2% of the Forecast Area:

$$[(\text{Actual Area} - \text{Forecast Area}) - (\text{Forecast Area} \times 2\%)] \times \text{RMB}19,453.20 \text{ per sq.m.}$$

(2) the Vendor would return an amount calculated in accordance with the following formula to Beijing Suo Tu at the time of payment of the Second Instalment (as defined below) if the Forecast Area exceeds the Actual Area by more than 2% of the Forecast Area:

$$[(\text{Forecast Area} - \text{Actual Area}) - (\text{Forecast Area} \times 2\%)] \times \text{RMB}19,453.20 \text{ per sq.m.}$$

It is currently contemplated that the difference between the Actual Area and the Forecast Area is unlikely to exceed 2% of the Forecast Area. Accordingly, any adjustment to the consideration in accordance with the above mechanism would not result in a change in the classification of the transaction. However, the Company will comply with the relevant requirements of the Listing Rules if there is an upward change in the classification of the transaction after the consideration is finalised.

The above consideration was arrived at after arm's length negotiation between Beijing Suo Tu and the Vendor and was determined by reference to the total price of the entire Target Project calculated using the unit price published by the Vendor on the BJ Transaction Management Website, the recent market value of comparable land and properties nearby the Target Project, and the potential growth in the value of the Target Project when it is put on sale in the market in the future.

Condition
precedent:

The Acquisition Agreement shall become effective on the date on which the ICBC Bank issues a written confirmation giving its consent to the transfer of the State-owned land use right of the Target Project and the building thereon by the Vendor ("**Effective Date**").

Payment:

The consideration of RMB890,000,000 (equivalent to approximately HK\$1,015,981,735) will be paid in the following manner:

(1) A sum of RMB445,000,000 (equivalent to approximately HK\$507,990,868) ("**First Instalment**") shall be paid in the following manner:

(i) an amount of RMB100,000,000 (equivalent to approximately HK\$114,155,251) shall be paid to the Vendor on the Effective Date and after the Vendor has surrendered the password for online execution of the Unit Sales Contracts to Beijing Suo Tu for joint custody; and

(ii) an amount of RMB345,000,000 (equivalent to approximately HK\$393,835,616) (“**First Payment**”) shall be paid by Beijing Suo Tu into a bank account controlled by the parties within two Working Days after the Effective Date for the period up to the date of signing of the Unit Sales Contracts (“**First Payment Period**”). During the First Payment Period and upon the request by the Vendor, Beijing Suo Tu shall co-operate with the Vendor to release the First Payment for the purpose of releasing the Mortgage or paying outstanding construction fee for the Target Project.

Upon payment of the First Instalment, 中冶置業有限責任公司 (Zhong Ye Real Estate Company Limited*), the holding company of the Vendor, will issue a guarantee in favour of Beijing Suo Tu in the amount of RMB345,000,000 (equivalent to approximately HK\$393,835,616) for the First Payment Period.

(2) Within two Working Days after fulfillment of the following conditions, Beijing Suo Tu shall issue two bank guarantees in the amount of RMB89,000,000 (equivalent to approximately HK\$101,598,174) (“**Second Payment Guarantee**”) and RMB326,000,000 (equivalent to approximately HK\$372,146,119) (“**Third Payment Guarantee**”) respectively in favour of the Vendor:

(i) the Vendor having obtained the initial property title of the Target Project in accordance with the unit division proposal and having fulfilled the conditions for the online execution of the Unit Sales Contracts pursuant to the requirements of the Beijing Municipal Construction Commission; and

(ii) there being no encumbrance, judicial seizure or other restrictions over the rights on the Target Project.

Simultaneously, the Company shall provide a guarantee in respect of an amount of RMB30,000,000 (equivalent to approximately HK\$34,246,575) in favour of the Vendor (“**Company’s Guarantee**”).

Within five Working Days after the issue of the Second Payment Guarantee and the Third Payment Guarantee and the provision of the Company's Guarantee, the Vendor shall sign the Unit Sales Contracts (other than that for the underground car parks) with Beijing Suo Tu through the BJ Transaction Management Website.

- (3) Within two Working Days after fulfillment of the following conditions, Beijing Suo Tu shall pay an amount of RMB89,000,000 (equivalent to approximately HK\$101,598,174) to the Vendor ("**Second Instalment**"):
- (i) Beijing Suo Tu and the Vendor having signed the Unit Sales Contracts (other than that for the underground car parks); and
 - (ii) the completion of the handover of the Target Project in accordance with the terms of the Acquisition Agreement.

The Second Payment Guarantee shall become ineffective upon payment of the Second Instalment. In the event that Beijing Suo Tu fails to pay the Second Instalment to the Vendor in accordance with the terms of the Acquisition Agreement, the Vendor shall be entitled to honour the Second Payment Guarantee.

Any adjustment to the consideration will be settled at the time of payment of the Second Instalment by Beijing Suo Tu.

- (4) Within two Working Days after Beijing Suo Tu has obtained the title of each unit in the Target Property (other than that for the underground car parks), Beijing Suo Tu shall pay an amount of RMB326,000,000 (equivalent to approximately HK\$372,146,119) to the Vendor ("**Third Instalment**").

The Third Payment Guarantee shall become ineffective upon payment of the Third Instalment. In the event that Beijing Suo Tu fails to pay the Third Instalment to the Vendor in accordance with the terms of the Acquisition Agreement, the Vendor shall be entitled to honour the Third Payment Guarantee.

- (5) Within two Working Days after Beijing Suo Tu has obtained the title for the underground car parks in the Target Project, Beijing Suo Tu shall pay an amount of RMB30,000,000 (equivalent to approximately HK\$34,246,575) to the Vendor (“**Fourth Instalment**”).

The Company’s Guarantee shall become ineffective upon payment of the Fourth Instalment.

The consideration of the acquisition of the Target Project will be funded solely by the internal resources of the Group.

Handover

The Target Project shall be delivered to Beijing Suo Tu before 30 November 2008 in accordance with the terms of the Acquisition Agreement. In the event that there is a delay in the delivery of the Target Project for over 90 days, Beijing Suo Tu shall be entitled to terminate the Acquisition Agreement and all Unit Sales Contracts and the Vendor shall pay an amount of RMB178,000,000 (equivalent to approximately HK\$203,196,347), being 20% of the consideration, to Beijing Suo Tu.

Default

In the event that the Vendor commits a material breach of the Acquisition Agreement in accordance with its terms, Beijing Suo Tu shall be entitled to (a) cease performance of its obligations under the Acquisition Agreement and the Unit Sales Contracts and (b) terminate the Acquisition Agreement and the Unit Sales Contracts. The Vendor shall further (i) return to Beijing Suo Tu all amounts paid by Beijing Suo Tu in accordance with the terms of the Acquisition Agreement, (ii) pay an amount of RMB89,000,000 (equivalent to approximately HK\$101,598,174), being 10% of the consideration, to Beijing Suo Tu and (iii) indemnify Beijing Suo Tu for all losses suffered by Beijing Suo Tu as a result of the material breach by the Vendor.

INFORMATION ON THE COMPANY AND BEIJING SUO TU

The Company

The Company is a company incorporated in the Cayman Islands with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are development and sale of commercial properties in central Beijing.

Beijing Suo Tu

Beijing Suo Tu is a company established in the PRC and is a wholly-owned subsidiary of the Company as at the date of this announcement. Beijing Suo Tu is principally engaged in the business of real estate information consultancy, property management, leasing of self-owned commercial property and office property and sale of self-owned property.

INFORMATION ON THE VENDOR AND THE ZHONGGUANCUN SOHO PROJECT

The Directors are informed that:

The Vendor

The Vendor is a company established in the PRC which owns the State-owned land use right of the Target Property and the building thereon as at the date of this announcement. The Vendor is principally engaged in real estate development, sale of self-developed property and real estate consultancy.

The ZhongGuanCun SOHO Project

The ZhongGuanCun SOHO Project is located at the centre of ZhongGuanCun. ZhongGuanCun, often referred to as the “Silicon Valley of China”, is well known as the most advanced high-tech center of China, with many corporate headquarters and research centers of high-tech enterprises and multinational corporations (such as Microsoft, Lenovo, Sina.com and Baidu.com) based there. With its mature and vibrant commercial atmosphere, unique and modern office and commercial buildings with a high rental yield and great price appreciation potential, it becomes another dynamic, fast-growing commercial center of Beijing that rivals the central business district (CBD) and Financial Street.

The ZhongGuanCun SOHO Project is an office and retail complex. It has a construction site area of 5,654.39 sq.m., a total GFA of 58,850.44 sq.m. and a total saleable area of 54,260.88 sq.m. (of which the saleable commercial and office area is 44,208.66 sq.m.). The construction height of the ZhongGuanCun SOHO Project is 50 meters with 13 storeys above ground and 4 storeys underground. The planned land uses of the ZhongGuanCun SOHO Project are commercial, catering, offices and car parks. It is within walking distance of the subway station of two subway lines (Number 10 and Number 4 subway lines).

Construction of the ZhongGuanCun SOHO Project will be completed by the end of 2008. After completion of the acquisition, the Company will upgrade the interior design and decoration of ZhongGuanCun SOHO, turning it into one of the landmark buildings of ZhongGuanCun.

According to the unit price for the pre-sale of the commercial and office units of the Target Project as published by the Vendor on the BJ Transaction Management Website, the total price of the entire Target Project calculated using the unit price published on the BJ Transaction Management Website is approximately RMB905,530,000 (equivalent to approximately HK\$1,033,710,046). The BJ

Transaction Management Website is an online transaction platform provided by the Beijing Municipal Construction Commission to regulate the sale and purchase of commodity housing in Beijing. It is compulsory for all property developers in Beijing to publish the pre-sale prices of a project on the website. Property developers and property buyers are also required to sign the sale and purchase contract for commodity housing online through the BJ Transaction Management Website. Therefore, the Vendor and Beijing Suo Tu will need to sign the Unit Sales Contract for each unit through the BJ Transaction Management Website in order to implement and effect the transfer of the property title of the ZhongGuanCun SOHO Project to Beijing Suo Tu.

REASONS FOR ENTERING INTO THE ACQUISITION AGREEMENT

The acquisition of the ZhongGuanCun SOHO Project marks the Group's expansion into another dynamic, fast-growing commercial center of Beijing. To present, the Group has developed most of its projects in East Beijing, in particular the central business district (CBD). Upon completion of the acquisition, ZhongGuanCun SOHO will be the Group's first project in a prime location in West Beijing, in an area whose profile complements the existing portfolio of the Group's properties. The Directors consider that the prime location and uniqueness of the ZhongGuanCun SOHO Project meet the Group's acquisition criteria and the acquisition is in line with the business strategies and activities of the Group.

The Directors further consider that the terms of the Acquisition Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

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

“Acquisition Agreement”	the acquisition agreement dated 31 August 2008 entered into between Beijing Suo Tu and the Vendor in respect of the proposed acquisition of the State-owned land use right of the Target Project and the building thereon
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Suo Tu”	北京索圖世紀投資管理有限公司 (Beijing Suo Tu Shi Ji Investment Management Company Limited*), a company established in the PRC and is a wholly-owned subsidiary of the Company as at the date of this announcement
“BJ Transaction Management Website”	北京市房地產交易管理網 (Beijing Real Estate Transaction Management Website*) (www.bjfdc.gov.cn)
“Board”	the board of Directors
“Company”	SOHO China Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ICBC Bank”	中國工商銀行股份有限公司北京南禮士路支行 (Industrial and Commercial Bank of China, Beijing Nan Li Shi Lu Branch)
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Shareholder(s)”	shareholder(s) of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Project” or “ZhongGuanCun SOHO Project”	known as 金和國際大廈項目 (Jin He Guo Ji Project), a building with a saleable commercial and office area of 44,208.66 sq.m. and located at 北京市海澱區中關村西區1-4號地 (No. 1-4 West District of ZhongGuanCun, Haidian District, Beijing, the PRC*)
“Unit Sales Contracts”	the sales contracts for all units in the Target Project
“Vendor”	中冶新奧正誠房地產開發有限公司 (Zhong Ye Xin Ao Zheng Cheng Real Estate Development Company Limited*), a company established in the PRC which owns the State-owned land use right of the Target Project and the building thereon as at the date of this announcement
“Working Day(s)”	any calendar day(s) on which a bank in Beijing opens for business (other than a Saturday or Sunday or a national holiday prescribed by the Government of the PRC)
“%”	per cent.

In this announcement, for purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 to RMB0.876. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates 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

Beijing, the PRC, 31 August 2008

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