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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

FORMATION OF JOINT VENTURE
DISPOSAL OF PROPERTY

THE FRAMEWORK AGREEMENT

The Board wishes to announce that on 5 June 2009, Astenka, a wholly-owned subsidiary of the Company, and Winbase entered into the Framework Agreement, pursuant to which (1) Astenka and Winbase agreed to procure the HK Joint Venture to establish the Project Companies in the PRC; (2) upon establishment of the Project Companies, Astenka and Winbase agreed that the Project Companies shall acquire the Kaiheng Property from Beijing Kaiheng; and (3) Astenka agreed to grant the Call Option to Winbase, and Winbase agreed to grant the Put Option to Astenka, to acquire the Astenka JV Shareholding.

THE SHAREHOLDERS' AGREEMENT

Simultaneously with the execution of the Framework Agreement, Astenka and Winbase entered into the Shareholders' Agreement for the purpose of regulating the business, affairs and management of the HK Joint Venture and the Project Companies and the relationship between Astenka and Winbase in relation to HK Joint Venture.

LISTING RULES IMPLICATIONS

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

THE FRAMEWORK AGREEMENT

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The principal terms of the Framework Agreement are as follows:

Date: 5 June 2009

Parties: (1) Astenka, a wholly-owned subsidiary of the Company
(2) Winbase Development Inc.

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

Principal subject matters: (1) Establishment of the Project Companies in the PRC

Astenka and Winbase agreed to procure the HK Joint Venture to establish the Project Companies in the PRC for the purpose of acquiring, managing and operating the Kaiheng Property. Astenka and Winbase shall obtain the business licences for the Project Companies by no later than 31 October 2009 (or such later date as may be agreed by Astenka and Winbase in writing), failure of which entitles either Astenka or Winbase to terminate the Framework Agreement.

Details of the Project Companies are as follows:

Total investment amount: Total investment amount of the Project Companies shall be the USD equivalent of RMB1,268,831,616 in total.

Registered capital: The registered capital of each Project Company shall equal the amount of the total investment amount of each Project Company and will be contributed by the HK Joint Venture in each case.

Proposed scope of business: Operation and management of office and retail properties, leasing of property.

Composition of board of directors: The board of directors of each Project Company will comprise five directors, of which four directors will be appointed by Winbase and the remaining one director will be appointed by Astenka.

(2) Disposal of the Kaiheng Property by Beijing Kaiheng to the Project Companies

Consideration: RMB1,221,282,500

The above consideration was arrived at after arm's length negotiation between Astenka and Winbase and was determined by reference to current market value of comparable properties in the area.

The gross profit from the disposal of the Kaiheng Property, being the total consideration received less business tax and the total carrying value of the Kaiheng Property, is approximately RMB58 million. It is currently intended that the proceeds from disposal of the Kaiheng Property will be applied as working capital for the development of Chaoyangmen SOHO Phase III.

Condition precedent: On the third Business Day (or such later date as may be agreed by Astenka and Winbase in writing) after fulfillment of the following conditions precedent ("**Execution Date**"), Beijing Kaiheng and the Project Companies will sign the property purchase contracts for the Kaiheng Property on-line through the BJ Transaction Management Website and by written contract:

- (1) the Kaiheng Property having fulfilled the conditions prescribed by PRC law for sale as completed property;
- (2) all requirements for executing the property purchase contracts on-line through the BJ Transaction Management Website having been complied with;

- (3) the Project Companies having obtained business licences and the approval of the relevant foreign exchange bureau for settlement of their registered capital contributed in USD;
- (4) the board of directors of each Project Company having approved the Framework Agreement and the transaction contemplated thereunder;
- (5) the warranties provided by each of Astenka and Winbase having remained true, accurate and not misleading; and
- (6) each of Astenka and Winbase having complied with all the undertakings and obligations under the Framework Agreement.

The Project Companies and Beijing Kaiheng shall commence the application to relevant governmental authority for the transfer of the property title of the Kaiheng Property from Beijing Kaiheng to the Project Companies within ten Business Days of the Execution Date (the date on which such application commences is referred to as the “**Title Transfer Commencement Date**”).

Payment:

The consideration of RMB1,221,282,500 will be paid by the Project Companies to Beijing Kaiheng in the following manner:

- (1) A sum of RMB244,256,500, being 20% of the consideration, shall be paid on the Execution Date.
- (2) A sum of RMB610,641,250, being 50% of the consideration, shall be paid by the end of 30 days after the Execution Date or 20 December 2009, whichever occurs first.

- (3) A sum of RMB305,320,625, being 25% of the consideration, shall be paid within 60 days after the Execution Date or within seven days after completion of the transfer of property title of the Kaiheng Property to the Project Companies, whichever occurs first.
- (4) A sum of RMB61,064,125, being 5% of the consideration, shall be paid within seven days after completion of transfer of property title of the Kaiheng Property to the Project Companies.

All transaction levies involved in relation to the acquisition of the Kaiheng Property will be borne by Beijing Kaiheng and the Project Companies in accordance with applicable laws and regulations of the PRC. The consideration and any transaction levies in relation to the acquisition of the Kaiheng Property will be paid by the Project Companies using their registered capital.

Termination:

The Framework Agreement shall be terminated:

- (a) by mutual consent of Astenka and Winbase in writing;
- (b) by the non-defaulting party upon breach of any obligation, representation, undertaking or warranty by either Astenka or Winbase and such breach is not remedied within ten Business Days after the notice served by the non-defaulting party;
- (c) by either party if the business licences for the Project Companies cannot be obtained by 31 October 2009 (or such later date as may be agreed by Astenka and Winbase in writing);

- (d) by the non-defaulting party if the obligations under the Framework Agreement are not complied with by either Astenka or Winbase and completion of the acquisition of the Kaiheng Property does not take place on or before 15 December 2009;
- (e) by Astenka if Winbase fails to purchase the Astenka JV Shareholding from Astenka when Astenka exercises the Put Option (as defined below);
- (f) by Winbase if Astenka fails to sell the Astenka JV Shareholding to Winbase when Winbase exercises the Call Option (as defined below); and/or
- (g) any other circumstances set out in the Framework Agreement.

Delivery of Kaiheng Property:

Within three Business Days after fulfillment of the following conditions precedent, Beijing Kaiheng shall deliver the Kaiheng Property to the Project Companies:

- (1) Beijing Kaiheng and the Project Companies having executed the property purchase contracts for the Kaiheng Property pursuant to the Framework Agreement; and
- (2) the Project Companies having paid 70% of the consideration to Beijing Kaiheng.

If the obligations under the Framework Agreement are not complied with by either Astenka or Winbase and completion of the acquisition of the Kaiheng Property does not take place on or before 15 December 2009, the non-defaulting party is entitled to:

- (1) proceed to delivery of the Kaiheng Property so far as practicable;

- (2) defer delivery of the Kaiheng Property to a date not more than 28 Business Days; or
- (3) rescind the Framework Agreement.

Management of the Kaiheng Property: Upon completion of the acquisition of the Kaiheng Property, Astenka and Winbase shall procure the Project Companies to lease the Kaiheng Property and all rental received shall belong to the Project Companies.

(3) Grant of put/call options

Astenka has agreed to grant a call option to Winbase, pursuant to which Winbase is entitled to require Astenka to sell the Astenka JV Shareholding to Winbase or its designated associated company at a consideration of RMB288,498,845 (inclusive of the consideration for assignment of the Shareholders' Loan of USD16,793,360 referred to under the section headed "The Shareholders' Agreement" to Winbase or its designated associated company) ("**Call Option**"). The Call Option is exercisable once in respect of all of (and not some only) of the Astenka JV Shareholding at any time within one year after the Title Transfer Commencement Date. On the exercise of the Call Option, Astenka will become bound to sell and Winbase will become bound to purchase the Astenka JV Shareholding.

Winbase has agreed to grant a put option to Astenka, pursuant to which Astenka is entitled to require Winbase or its designated associated company to purchase the Astenka JV Shareholding at a consideration of RMB288,498,845 (inclusive of the consideration for assignment of the Shareholders' Loan of USD16,793,360 referred to under the section headed "The Shareholders' Agreement" to Winbase or its designated associated company) ("**Put Option**"). The Put Option is exercisable once in respect of all of (and not some only) of the Astenka JV Shareholding at any time within one year after the Title Transfer Commencement Date. On the exercise of the Put Option, Astenka will become bound to sell and Winbase will become bound to purchase the Astenka JV Shareholding.

If Astenka exercises the Put Option but Winbase fails to purchase the Astenka JV Shareholding from Astenka, Astenka shall be entitled to request Winbase to pay an amount of RMB317,363,583 as compensation. If Winbase fails to pay the compensation to Astenka, Astenka shall be entitled to, among other things,

terminate the Framework Agreement and the property purchase contracts for the Kaiheng Property through Beijing Kaiheng.

If Winbase exercises the Call Option but Astenka fails to sell the Astenka JV Shareholding to Winbase, Winbase shall be entitled to request Astenka to pay an amount of RMB114,194,848 as compensation. It also has the right to terminate the Framework Agreement and request the Project Companies to terminate the property purchase contracts for the Kaiheng Property.

THE SHAREHOLDERS' AGREEMENT

Simultaneously with the execution of the Framework Agreement, Astenka and Winbase entered into the Shareholders' Agreement for the purpose of regulating the business, affairs and management of the HK Joint Venture and the Project Companies and the relationship between Astenka and Winbase in relation to the HK Joint Venture. The principal terms of the Shareholders' Agreement are as follows:

1. The purpose of the Shareholders' Agreement is to provide for subscription by Astenka (up to 9% shares) and Winbase (up to 91% shares) of shares of the HK Joint Venture and the subsequent establishment and ownership by the HK Joint Venture of the Project Companies. The Project Companies shall be established for the purpose of acquiring the Kaiheng Property and carrying on the business of managing, leasing and operating the Kaiheng Property.
2. The board of directors of the HK Joint Venture will comprise five directors, of which four directors will be appointed by Winbase and the remaining one director will be appointed by Astenka. Except for certain reserved matters set out in the Shareholders' Agreement which require the approval of both Astenka and Winbase as well as the approval by the director nominated by Astenka, matters of the HK Joint Venture shall be approved by majority vote of the directors present at the meeting.
3. Within ten Business Days from the incorporation date of the Project Companies, Astenka shall advance a shareholders' loan in the amount of USD16,793,360 to the HK Joint Venture and Winbase shall advance a shareholders' loan in the amount of USD169,799,520 to the HK Joint Venture (together, the "**Shareholders' Loan**").
4. The HK Joint Venture will apply the Shareholders' Loans to contribute to and hold all the registered capital of the Project Companies. In particular, the Shareholders' Loan will be used to finance the net working capital requirements of the HK Joint Venture and the Project Companies and the acquisition of the Kaiheng Properties by the Project Companies.
5. Winbase shall grant the Put Option to Astenka and Astenka shall grant the Call Option to Winbase. The procedures for exercise of the Options, the exercise price for the Options and default liability of the party breaching the Options are the same as that under the Framework Agreement.

INFORMATION ON THE COMPANY, ASTENKA AND BEIJING KAIHENG

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.

Astenka

Astenka is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement. The principal business activity of the Company is investment holding.

Beijing Kaiheng

Beijing Kaiheng is a company established in the PRC and is a wholly-owned subsidiary of the Company as at the date of this announcement. Beijing Kaiheng is the sole owner and developer of the Kaiheng Property and it is principally engaged in the development of Chaoyangmen SOHO.

INFORMATION ON WINBASE AND THE HK JOINT VENTURE

The Directors are informed that:

Winbase

Winbase is a company incorporated in the British Virgin Islands with limited liability. Winbase is principally engaged in investment holding.

The HK Joint Venture

The HK Joint Venture is a company incorporated in Hong Kong with limited liability, which will be owned as to 91% by Winbase and 9% by Astenka. The sole purpose of incorporating the HK Joint Venture is to hold all the equity ownership of the Project Companies.

INFORMATION ON THE KAIHENG PROPERTY

The Kaiheng Property comprises of all above ground office and retail properties (of a total GFA of 46,394 square meters, of which 12,262 square meters are retail properties and 34,131 square meters are office properties) and car park spaces of a GFA of 6,991 square meters (approximately 115 car park spaces) on basement level 2 of the No. 2 building of Chaoyangmen SOHO Phase I.

The book value of the Kaiheng Property as at 31 December 2008 was RMB1,102 million.

REASONS AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Kaiheng Property was acquired by the Group on 26 May 2008 as part of the Chaoyangmen SOHO Project. It forms part of Chaoyangmen SOHO Phase I that was completed at the time of the acquisition. The disposal of the Kaiheng Property is in line with the Group's principal activities and provides an opportunity for the Group to realize a quick cash return and working capital for the Group for development of the remaining Phases of the Chaoyangmen SOHO Project. It also allows the Group to generate rental income after the disposal by participating in the leasing of the Kaiheng Property through a minority shareholding in the HK Joint Venture. In view of the current market condition, the Directors consider that the terms of the Framework Agreement are fair and reasonable and in the interests of the Group and 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 Framework Agreement and the Shareholders' 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:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Astenka”	Astenka International Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement
“Astenka JV Shareholding”	the 9% interest in the issued share capital of the HK Joint Venture to be held by Astenka
“Beijing Kaiheng”	北京凱恒房地產有限公司 (Beijing Kaiheng Real Estate 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 of the Company
“Business Day(s)”	any calendar day(s) on which a bank in Hong Kong and Beijing opens for business (other than a Saturday or Sunday or a public holiday)

“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
“Framework Agreement”	the framework agreement dated 5 June 2009 entered into between Astenka and Winbase in relation to, among others, the proposed establishment of the Project Companies by Astenka and Winbase through the HK Joint Venture and acquisition of the Kaiheng Property from Beijing Kaiheng
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK Joint Venture”	Capital International Limited (高德國際有限公司), a company incorporated in Hong Kong, which will be owned as to 91% by Winbase and 9% by Astenka pursuant to the Shareholders’ Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kaiheng Property”	properties comprise of all above ground office and retail properties (of a total GFA of 46,394 square meters, of which 12,262 square meters are retail properties and 34,131 square meters are office properties) and car park spaces of a GFA of 6,991 square meters (approximately 115 car park spaces) on basement level 2 of the No. 2 building of Chaoyangmen SOHO Phase I
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Option”	collectively, the Put Option and the Call Option
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Companies”	two wholly foreign owned enterprises which are to be established in Tianjin, the PRC (or such other place in the PRC as may be agreed by Astenka and Winbase) by the HK Joint Venture and each a “Project Company”

* For identification purpose only

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement dated 5 June 2009 entered into between Astenka and Winbase for the purpose of regulating the business, affairs and management of the HK Joint Venture and the Project Companies and the relationship between Astenka and Winbase in relation to the HK Joint Venture
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“USD”	United States dollars, the lawful currency of the United States of America
“Winbase”	Winbase Development Inc., a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

* *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, 5 June 2009

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.