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If you have sold or transferred all your securities in SOHO China Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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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

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DEFINITIONS

In this circular, the following expressions shall have the following meanings, 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 Latest Practicable Date
“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)
“Latest Practicable Date”	13 September 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 Latest Practicable Date
“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 circular, 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.*

LETTER FROM THE BOARD



SOHO CHINA LIMITED

SOHO 中國有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 410)

Executive Directors:

Mr. PAN Shiyi
Ms. PAN ZHANG Xin Marita
Ms. YAN Yan
Mr. SU Xin
Mr. WANG Shaojian, Sean

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Independent non-executive Directors:

Dr. Ramin KHADEM
Mr. CHA Mou Zing, Victor
Mr. YI Xiquan

Corporate Headquarters:

11F, Section A, Chaowai SOHO
No. 6B Chaowai Street
Chaoyang District
Beijing 100020, China

Principal place of business in Hong Kong:

8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

19 September 2008

To the Shareholders

Dear Sir or Madam,

PROPOSED ACQUISITION OF THE ZHONGGUANCUN SOHO PROJECT

INTRODUCTION

The Board announced on 31 August 2008 that 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 entering into of the Acquisition Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information on the Acquisition Agreement.

LETTER FROM THE BOARD

THE ACQUISITION AGREEMENT

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 Latest Practicable Date, 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:

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

LETTER FROM THE BOARD

- (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 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

LETTER FROM THE BOARD

- (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.

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- (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 Project (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.

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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 Latest Practicable Date. 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.

LETTER FROM THE BOARD

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 Project and the building thereon as at the Latest Practicable Date. 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.

LETTER FROM THE BOARD

The consideration of the acquisition of the Target Project will be funded solely by the internal resources of the Group. It is currently expected that upon completion of the acquisition of the Target Project, there will be no material adverse impact on the earnings, assets and liabilities of the Group in the future.

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 meets 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.

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. Accordingly, the Acquisition Agreement is subject to the disclosure requirements under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
SOHO China Limited
Pan Shiyi
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

A. Shareholding Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (“**Model Code**”), to be notified to the Company and the Stock Exchange, are as follows:

(i) Long positions in the shares of the Company

Name	Personal Interests	Family Interests	Corporate Interests	Total (Number of shares of the Company)	Total (Approximate percentage of shares of the Company)
Pan Shiyi	—	3,324,100,000	—	3,324,100,000	63.719%
Pan Zhang Xin Marita	—	—	3,324,100,000	3,324,100,000	63.719%
Yan Yan (Note 1)	2,143,500	—	—	2,143,500	0.041%
Su Xin (Note 2)	1,443,000	—	—	1,443,000	0.028%
Ramin Khadem	300,000	—	—	300,000	0.006%
Wang Shaojian (Note 3)	500,000	—	—	500,000	0.010%

Notes:

- (1) These are interest in the underlying shares, pursuant to which (1) 1,242,500 options were granted under the pre-IPO share option scheme approved by the Shareholders on 14 September 2007 (“Pre-IPO Share Option Scheme”); and (2) 901,000 options were granted on 30 January 2008 under the share option scheme approved by the Shareholders on 14 September 2007 (“Share Option Scheme”).
- (2) These are interest in the underlying shares, pursuant to which (1) 750,000 options were granted under the Pre-IPO Share Option Scheme; and (2) 693,000 options were granted under the Share Option Scheme on 30 January 2008.

(3) *These are interest in the underlying shares, pursuant to which the options were granted under the Share Option Scheme on 30 June 2008.*

(ii) *Long positions in the shares of the associated corporations of the Company*

Name	Name of associated corporation	Nature of interest	Total (Number of shares in the associated corporation)	Total (Approximate percentage of interest in the associated corporation)
Pan Shiyi	Beijing Redstone Jianwai Real Estate Development Co. Ltd.	Interest of controlled corporation	1,275,000	4.25%
	Beijing SOHO Real Estate Co. Ltd.	Beneficial owner	2,475,000	5.00%
	Beijing Redstone Newtown Real Estate Co. Ltd.	Beneficial owner	500,000	5.00%
	Beijing Shanshi Real Estate Company Limited	Beneficial owner	1,935,000	5.00%
Yan Yan	Beijing Redstone Jianwai Real Estate Development Co. Ltd.	Interest of controlled corporation	225,000	0.75%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code which were required to be notified to the Company and the Stock Exchange.

B. Substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors, the following Shareholders had notified the Company of their relevant interests or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Nature of Interest	Number of Shares	Approximate percentage of Shares
Pan Zhang Xin Marita	Beneficiary of a trust	3,324,100,000(L)	63.719%
HSBC International Trustee Limited (<i>Note 2</i>)	Trustee	3,348,001,500(L)	64.177%
Capevale Limited (Cayman Islands) (<i>Note 2</i>)	Interest of controlled corporation	3,324,100,000(L)	63.719%
Boyce Limited (<i>Notes 2 and 3</i>)	Beneficial owner	1,662,050,000(L)	31.859%
Capevale Limited (BVI) (<i>Notes 2 and 4</i>)	Beneficial owner	1,662,050,000(L)	31.859%

Notes:

- (1) (L) represents Shareholder's long position in the shares of the Company.
- (2) HSBC International Trustee Limited (in its capacity as the trustee of the Trust) is the legal owner of 100% of the shares in the issued share capital of Capevale Limited (Cayman Islands). HSBC International Trustee Limited holds 3,324,100,000 shares under the Trust for the benefit of the beneficiaries of the Trust, including Ms. Pan Zhang Xin Marita. Each of Boyce Limited and Capevale Limited (BVI) is the record owner of 1,662,050,000 shares, or approximately 31.859% of the Company's shares.
- (3) Boyce Limited is a wholly-owned subsidiary of Capevale Limited (Cayman Islands). Ms. Pan Zhang Xin Marita is a director of Boyce Limited.
- (4) Capevale Limited (BVI) is a wholly-owned subsidiary of Capevale Limited (Cayman Islands). Ms. Pan Zhang Xin Marita is a director of Capevale Limited (BVI).

Save as disclosed above, the Directors were not aware of, as at the Latest Practicable Date, any other person, other than the Directors or the chief executives of the Company, had or was deemed to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

4. SERVICE CONTRACTS

Each of Mr. Pan Shiyi, Ms. Pan Zhang Xin Marita, Ms. Yan Yan and Mr. Su Xin has entered into a service agreement with the Company under which each of them will receive a base salary and a director's allowance and will be eligible for a discretionary bonus as well as reimbursement of all out of pocket expenses properly and reasonably incurred in the course of his/her employment. The Company also provides Ms. Zhang and her family with the use of House No. 35 of the Commune by the Great Wall, or any other house of similar type, and will bear the expenses of taxing, insuring, repairing and maintaining such house.

Each employment agreement is for an initial period of three years commencing on the listing date of the Company, and will continue thereafter unless and until terminated by either party by serving not less than six months' prior written notice.

For each complete financial quarter, the Company may, at its discretion, consider and pay each of Mr. Pan, Ms. Zhang, Ms. Yan and Mr. Su a bonus of such amount as the Board may determine, calculated with reference to the guidelines approved by the Company's remuneration committee.

In consideration of, amongst other things, their respective employment and compensation arrangements under their respective employment agreements, these individuals have agreed to be bound by certain restrictive covenants, including a covenant which restricts their ability to compete with the Company both during and subsequent to their employment by the Company.

Mr. Wang Shaojian, Sean has entered into written service contract with the Company for a term of three years commencing from 2 June 2008. In accordance with the Company's articles of association and terms of reference for the Board, Mr. Wang will hold office until the forthcoming general meeting of the Company after his appointment and will be eligible for re-election at that meeting and is thereafter subject to rotation requirements and re-election. Mr. Wang will receive a basic salary annually plus a discretionary bonus as determined by the Board with reference to his performance and the Company's performance.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of one year commencing from 11 May 2007 with an annual fee of HK\$250,000 (less any necessary statutory deductions). Their appointments are subject to re-election in the general meeting.

Save as disclosed above, as at the Latest Practicable Date, there was no existing nor proposed service contract of Directors (excluding contracts expiring or determinable by the Group within one year without payment of any compensation other than statutory compensation).

5. COMPETING INTERESTS

Other than as disclosed in the prospectus of the Company dated 21 September 2007, as at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which compete or may compete with the business of the Group.

6. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The corporate headquarters of the Company is 11F, Section A, Chaowai SOHO, No. 6B Chaowai Street, Chaoyang District, Beijing 100020, China and the principal place of business of the Company in Hong Kong is at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.
- (c) The branch registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited whose office is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Mr. Ngai Wai Fung. He is also a fellow of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom, a member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.
- (e) The qualified accountant of the Company is Mr. Zhao Guilin who has qualified as a certified public accountant in Australia. Mr. Zhao has also qualified as a PRC registered taxation adviser in 1998 and a PRC certified public accountant in 1994.
- (f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.