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If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SOHO China Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or 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 AND CONNECTED TRANSACTION
PROPOSED RESTRUCTURING OF
THE TIANANMEN SOUTH (QIANMEN) PROJECT

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

Piper Jaffray

All capitalised terms used in this circular shall have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee is set out on page 18 of this circular. A letter from Piper Jaffray Asia Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 29 of this circular.

A notice convening the EGM to be held at 10 a.m. on Tuesday, 16 June 2009 at Atrium Room, Level 39, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong, is set out on pages 40 to 41 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“49% Interest”	the 49% equity interest held by Beijing Danshi in Beijing Tianjie
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Danshi”	北京丹石投資管理有限公司 (Beijing Danshi Investment Management Company Limited*), a company established in the PRC and is owned as to 90% by Mr. Pan and as to 10% by Ms. Yan
“Beijing Tianjie”	北京天街置業發展有限公司 (Beijing Tianjie Real Estate Development Company Limited*), a company established in the PRC and is owned as to 48.5% by District SASAC, as to 2.5% by Chongyuan and as to 49% by Beijing Danshi
“Board”	the board of Directors
“BVI-9”	SOHO China (BVI-9) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 28 September 2006 and is a wholly-owned subsidiary of the Company
“Chongwen Parties”	collectively, District SASAC and Chongyuan
“Chongyuan”	北京崇遠投資經營公司 (Beijing Chongyuan Investment Company Limited*), a company established in the PRC and is wholly-owned by District SASAC
“Company”	SOHO China Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	a cooperation agreement relating to the Project entered into between Redstone Industry, the Chongwen Parties and Beijing Tianjie on 9 March 2007, together with its subsequent amendments
“Designated Company”	a company designated by Beijing Danshi to acquire the Properties from Beijing Tianjie pursuant to the Framework Agreement
“Director(s)”	director(s) of the Company

DEFINITIONS

“District SASAC”	北京市崇文區人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission under the People’s Government of Chongwen District of Beijing*), an independent third party to the Company which holds a 48.5% equity interest in Beijing Tianjie
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10 a.m. on Tuesday, 16 June 2009 at Atrium Room, Level 39, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong, for the purpose of considering and, if thought fit, approving the Supplemental Agreement
“Equity Transfer Agreement”	an equity transfer agreement entered into between Beijing Danshi, District SASAC, Chongyuan and BVI-9 on 16 May 2007
“Framework Agreement”	a framework agreement entered into between Beijing Danshi, District SASAC, Chongyuan and Beijing Tianjie on 15 May 2009
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors
“Independent Shareholder(s)”	the Shareholder(s) other than Mr. Pan, Ms. Zhang and their respective associates
“Interim Agreement”	an agreement between Mr. Pan, Ms. Yan, Beijing Danshi, Redstone Jianwai, BVI-9 and the Company setting out certain contingency arrangements in the event of either delay in the PRC Government approvals for the transfer of the 49% Interest from Beijing Danshi to BVI-9 or such approvals not being provided
“Latest Practicable Date”	26 May 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining and collating certain relevant information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Mr. Pan”	Mr. Pan Shiyi, who is an executive Director and the chairman of the Board, and the husband of Ms. Zhang
“Ms. Yan”	Ms. Yan Yan, who is an executive Director and the president of the Company
“Ms. Zhang”	Mrs. Pan Zhang Xin Marita, who is an executive Director and the chief executive officer of the Company, and the wife of Mr. Pan
“Piper Jaffray” or “Independent Financial Adviser”	Piper Jaffray Asia Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Agreement
“PRC”	the People’s Republic of China
“Project”	the Tiananmen South (Qianmen) Project as detailed in Appendix IC of the Prospectus
“Project Management Agreement”	a project management and services agreement entered into between Beijing SOHO Properties Management Limited, Beijing Danshi and BVI-9 on 3 September 2007
“Prospectus”	a prospectus issued by the Company dated 21 September 2007 pursuant to the Company’s listing on the Stock Exchange
“Redstone Industry”	北京紅石實業有限責任公司 (Beijing Redstone Industry Co. Ltd.*), a company established in the PRC and is owned as to 85% by Mr. Pan and as to 15% by Ms. Yan
“Redstone Jianwai”	北京紅石建外房地產開發有限公司 (Beijing Redstone Jianwai Real Estate Development Co. Ltd.*), a company established in the PRC and is owned as to 95% by the Company and as to 5% by Redstone Industry
“Restructuring”	the proposed restructuring of the Project pursuant to the terms of the Restructuring Agreements
“Restructuring Agreements”	collectively, the Framework Agreement and the Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the Interim Agreement entered into between Mr. Pan, Ms. Yan, Beijing Danshi, BVI-9, Redstone Jianwai and the Company on 15 May 2009
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	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 RMB0.8806. 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
Mrs. Pan Zhang Xin Marita
Ms. Yan Yan
Mr. Su Xin
Mr. Wang Shaojian Sean

Independent non-executive Directors:

Mr. Cha Mou Zing, Victor
Mr. Ramin Khadem
Mr. Yi Xiqun

Registered office:

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

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

1 June 2009

To the Shareholders

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION
PROPOSED RESTRUCTURING OF
THE TIANANMEN SOUTH (QIANMEN) PROJECT**

INTRODUCTION

On 17 May 2009, the Company announced that, subject to the approval of the Independent Shareholders, the Restructuring Agreements had been entered into to restructure the original arrangements relating to the Project that were entered into in 2007 and disclosed in Appendix IC of the Prospectus. If approved by the Independent Shareholders, the Restructuring Agreements will allow the Company to acquire from Beijing Danshi the right to purchase retail properties of an area of 54,691 square meters to the south of Tiananmen Square (Qianmen), Beijing.

LETTER FROM THE BOARD

The Restructuring will enable the Company to acquire from Beijing Danshi the right to purchase properties of a total estimated saleable floor area of not less than 54,691 square meters out of the 33 parcels of land (with a total planned saleable floor area of approximately 134,333 square meters) to which Beijing Tianjie already had the right to develop (the “**33 Parcels**”), of which approximately 22,763 square meters are located on Qianmen Avenue (which have been fully built) and approximately 31,928 square meters are located on the east side of Qianmen Avenue (most of which have not been built) (the “**Properties**”). The total purchase price payable by the Company for the Properties will be RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) calculated at the unit price of RMB32,328 (equivalent to approximately HK\$36,711) per square meter.

In addition, the Company will also enjoy through Beijing Danshi a right of first refusal to acquire any interest in the remaining parts of the Project under the same terms and conditions offered by Beijing Tianjie or the Chongwen Parties to any third party for such interest (the “**Right of First Refusal**”).

The entering into of the Supplemental Agreement by the Company constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The entering into of the Supplemental Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the approval of the Independent Shareholders. The EGM will be convened on 16 June 2009 for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement. Mr. Pan, Ms. Zhang and their respective associates are required to abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors was formed on 30 April 2009 to advise the Independent Shareholders on the terms of the Supplemental Agreement.

Piper Jaffray has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Supplemental Agreement.

CB Richard Ellis Limited has been retained to provide an independent valuation of the Properties to be acquired. Details of the valuation report of the Properties are set out in Appendix I to this circular.

The purpose of this circular is to provide you with, among other things, (i) details of the Restructuring and the Supplemental Agreement; (ii) the recommendations of the Independent Board Committee in respect of the terms of the Supplemental Agreement; (iii) the advice of Piper Jaffray in respect of the terms of the Supplemental Agreement; (iv) the valuation report on the Properties and (v) the notice of the EGM.

LETTER FROM THE BOARD

THE RESTRUCTURING

The Framework Agreement

Date

15 May 2009

Parties

- (a) Beijing Danshi
- (b) District SASAC
- (c) Chongyuan
- (d) Beijing Tianjie

Subject matter

To achieve the exit of Beijing Danshi from Beijing Tianjie, the parties agreed as follows:

- (a) Beijing Tianjie shall sell the Properties to the Designated Company (the “**Property Transfer**”);
- (b) Beijing Danshi shall transfer the 49% Interest back to the Chongwen Parties or an entity nominated by the Chongwen Parties (the “**Equity Transfer**”);
- (c) Beijing Danshi shall have the Right of First Refusal, which is capable of being assigned by Beijing Danshi to a member of the Group; and
- (d) the Cooperation Agreement shall be terminated at the Effective Time (as defined below).

Terms of the Equity Transfer

The purchase price payable by the Chongwen Parties for the 49% Interest shall be RMB144,117,647 (equivalent to approximately HK\$163,658,468), representing the capital contribution made by Beijing Danshi to Beijing Tianjie.

In addition, as a result of the Equity Transfer, Beijing Tianjie shall return to Beijing Danshi the following amounts invested by Beijing Danshi in Beijing Tianjie (the “**Investment Amount**”):

- (a) RMB1,000,000,000 (equivalent to approximately HK\$1,135,589,371), representing the investment made by Beijing Danshi to Beijing Tianjie; and
- (b) RMB154,341,584 (equivalent to approximately HK\$175,268,662), representing the financing cost incurred by Beijing Danshi up to 15 May 2009 for the investment under (a) above.

LETTER FROM THE BOARD

The total amount due from the Chongwen Parties and Beijing Tianjie to Beijing Danshi is RMB1,297,624,010 (equivalent to approximately HK\$1,473,568,033), being the sum of the equity purchase price and the Investment Amount minus an amount of RMB835,221 (equivalent to approximately HK\$948,468) owed by Beijing Danshi to Beijing Tianjie.

Terms of the Property Transfer and adjustment mechanism

The parties agree that the Designated Company shall have the right to purchase the Properties at the total consideration of RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152), which is calculated based on the following formula:

Consideration = Saleable floor area of the Properties x Unit price per square meter

whereby the unit price per square meter is RMB32,328 (equivalent to approximately HK\$36,711), which is inclusive of an estimated construction cost of RMB8,858 (equivalent to approximately HK\$10,059) per square meter (the “**Estimated Unit Construction Cost**”).

The consideration is subject to the following adjustment mechanism:

- (a) the parties agreed that, in respect of the Properties situated at the east side of Qianmen Avenue that have not been built, the construction cost of such Properties under construction shall be equal to the Estimated Unit Construction Cost times the estimated total saleable floor area of such Properties. Beijing Tianjie shall enter into an entrusted construction contract with a member of the Group designated by the Designated Company (the “**Entrusted Contractor**”) for the construction of such Properties. Beijing Tianjie shall pay a sum equal to the Estimated Unit Construction Cost times the saleable floor area of approximately 31,928 square meters of such Properties (RMB282,818,224, equivalent to approximately HK\$321,165,369) to the Entrusted Contractor as a fixed fee under the entrusted construction contract for the construction of such Properties.

If the actual construction cost of the Properties situated at the east side of Qianmen Avenue that have not been built is less than the fixed fee payable under the entrusted construction contract, the Entrusted Contractor shall be entitled to keep the residue amount. If the actual construction cost of such Properties is more than the fixed fee, the Entrusted Contractor shall bear the excess amount. By adopting this approach, it is intended that the Company will not only keep the construction cost of such Properties situated at the east side of Qianmen Avenue within the budget of RMB8,858 per square meter (equivalent to approximately HK\$10,059), but can also control the quality and design of such Properties situated at the east side of Qianmen Avenue.

In respect of the Properties situated at Qianmen Avenue, the consideration of such Properties is also based on the Estimated Unit Construction Cost, which is the parties’ best estimate of the construction cost per square meter for Qianmen Avenue given that the audit of the construction costs for Qianmen Avenue has not been completed by the date of the Framework Agreement.

LETTER FROM THE BOARD

In the event of a difference between the audited total construction cost of the Properties situated at Qianmen Avenue and the estimated total construction cost of such Properties, such difference shall be adjusted by way of an adjustment to the fixed fee payable to the Entrusted Contractor under the entrusted construction contract. If the audited total construction cost of such Properties is more than their estimated construction cost, the fixed fee payable to the Entrusted Contractor under the entrusted construction contract shall be reduced by such excess amount. If the audited total construction cost of such Properties is less than their estimated construction cost, the fixed fee shall be increased accordingly; and

- (b) in the event that the actual total saleable floor area of the Properties is less than or more than the estimated total saleable floor area of the Properties, the Designated Company shall adjust the total purchase price accordingly with Beijing Tianjie at the unit price of RMB32,328 (equivalent to approximately HK\$36,711) per square meter, save where the actual total saleable floor area of the Properties located at the east side of Qianmen Avenue is less than the estimated total saleable floor area of such Properties by 3% or more, in which case Beijing Tianjie shall transfer additional properties of the Project (from the properties to be retained by Beijing Tianjie) to the Designated Company at the unit price of RMB32,328 (equivalent to approximately HK\$36,711) per square meter to make up for the difference in saleable floor area.

The above consideration was arrived at after arm's length negotiation between Beijing Danshi, Beijing Tianjie and the Chongwen Parties after taking into account the exit of Beijing Danshi from Beijing Tianjie through the Equity Transfer and the Property Transfer.

Payment arrangements

The consideration of the Property Transfer in the amount of RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) shall be paid in the following manner:

- (a) the sum of RMB1,297,624,010 (equivalent to approximately HK\$1,473,568,033) shall be paid to Beijing Tianjie at the Effective Time and shall be used to satisfy the following:
 - (i) payment for the consideration of the Properties located at ground level of Qianmen Avenue, with estimated saleable floor area of 20,744 square meters;
 - (ii) payment for the consideration of the Properties located at basement level one of Qianmen Avenue, with estimated saleable floor area of 2,019 square meters; and
 - (iii) prepayment of part of the consideration for the Properties to be constructed and located at ground level and basement level one of the east side of Qianmen Avenue.

LETTER FROM THE BOARD

- It is agreed that the amount of RMB1,297,624,010 (equivalent to approximately HK\$1,473,568,033) due from the Chongwen Parties and Beijing Tianjie to Beijing Danshi shall be used to set-off the consideration under (a) above due from the Designated Company to Beijing Tianjie. The Designated Company shall pay such amount to Beijing Danshi for and on behalf of the Chongwen Parties and Beijing Tianjie at the Effective Time;
- (b) the entrusted construction fee of RMB282,818,224 (equivalent to approximately HK\$321,165,369) shall be paid to the Entrusted Contractor pursuant to the entrusted construction contract for and on behalf of Beijing Tianjie; and
 - (c) the balance of the consideration of the Property Transfer (RMB187,610,729, equivalent to approximately HK\$213,048,750) shall be paid in four equal instalments to Beijing Tianjie upon occurrence of the following events: execution of the property purchase agreements for the Properties situated at the east side of Qianmen Avenue, topping of such Properties, completion of the exterior renovation works for such Properties and delivery of such Properties. It is expected that the construction of such Properties will take approximately 18 months.

Condition precedent

The Framework Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM in relation to the Supplemental Agreement in accordance with the Listing Rules. If the Company fails to obtain the approval of the Independent Shareholders at the EGM by 31 July 2009, the Framework Agreement shall automatically terminate.

The Chongwen Parties have obtained all the relevant governmental approvals for the arrangements set out in the Framework Agreement. No further government or regulatory approval is required for the arrangements set out in the Framework Agreement including the Equity Transfer and the Property Transfer.

Obligations after satisfaction of condition precedent

Within three (3) business days after the satisfaction of the condition precedent to the Framework Agreement and the obtaining of the sales permits for all that part of the Properties situated at Qianmen Avenue, the following documents shall be duly executed by the relevant parties:

- (a) the property purchase agreements for the transfer of all the Properties from Beijing Tianjie to the Designated Company under the Property Transfer;
- (b) the equity transfer agreement for the transfer of the 49% Interest from Beijing Danshi to the Chongwen Parties or an entity nominated by the Chongwen Parties under the Equity Transfer; and

LETTER FROM THE BOARD

- (c) any other documents or approvals (including but not limited to board approvals, shareholders' approvals and amendments to the constitutional documents of the relevant parties) required to complete and effect the arrangements contemplated under the Framework Agreement.

The time at which the last of all the property purchase agreements and the required documents and/or approvals are executed and/or obtained by the parties thereto and have become unconditional and effective in accordance with the terms thereto is referred to as the “**Effective Time**”.

The Supplemental Agreement

Date

15 May 2009

Parties

- (a) Mr. Pan
- (b) Ms. Yan
- (c) Beijing Danshi
- (d) BVI-9
- (e) Redstone Jianwai
- (f) the Company

Subject matter

The parties agreed as follows:

- (a) Beijing Danshi shall designate a member of the Group to be the Designated Company for acquiring the Properties under the Property Transfer and further procure the Chongwen Parties and Beijing Tianjie to execute the property purchase agreements with the Designated Company for the transfer of all the Properties from Beijing Tianjie to the Designated Company by no later than 31 October 2009;
- (b) Beijing Danshi shall assign and transfer the Right of First Refusal to a member of the Group whenever such Right of First Refusal arises;
- (c) the Company shall bear the financing cost incurred by Beijing Danshi for the investment made by Beijing Danshi to Beijing Tianjie during the period from 15 May 2009 up to the Effective Time (currently the monthly financing cost is approximately RMB5,970,000, equivalent to approximately HK\$6,779,468); and

LETTER FROM THE BOARD

- (d) the parties thereto shall terminate or procure the termination of the Interim Agreement, the Equity Transfer Agreement and the Project Management Agreement at the Effective Time.

Terms of the Property Transfer, adjustment mechanism and payment arrangements

The terms of the Property Transfer, including the total consideration for the purchase of the Properties, the adjustment mechanism and payment arrangements, are the same as those under the Framework Agreement, details of which are summarised in the section headed “The Framework Agreement” above.

The consideration will be funded by the Group’s internal resources.

Condition precedent

The Supplemental Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM in relation to the Supplemental Agreement in accordance with the Listing Rules.

Obligations after satisfaction of condition precedent

Within three (3) business days after the satisfaction of the condition precedent to the Supplemental Agreement and the obtaining of the sales permits for all that part of the Properties situated at Qianmen Avenue, Beijing Danshi shall procure that the following documents and/or approvals are duly executed and/or obtained by Beijing Danshi and the relevant parties (as appropriate):

- (a) the property purchase agreements for the transfer of all the Properties from Beijing Tianjie to the Designated Company under the Property Transfer;
- (b) the equity transfer agreement for the transfer of the 49% Interest from Beijing Danshi to the Chongwen Parties or an entity nominated by the Chongwen Parties under the Equity Transfer; and
- (c) any other documents or approvals (including but not limited to board approvals, shareholders’ approvals and amendments to the constitutional documents of the relevant parties) required to complete and effect the arrangements contemplated under the Framework Agreement and the Supplemental Agreement.

The parties further agreed that:

- (a) the equity transfer agreement for the transfer of the 49% Interest from Beijing Danshi to the Chongwen Parties or an entity nominated by the Chongwen Parties under the Equity Transfer shall only become effective as from the Effective Time; and
- (b) the Effective Time shall not in any event be later than 31 October 2009.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

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 Beijing.

Redstone Jianwai

Redstone Jianwai is a company established in the PRC and is owned as to 95% by the Company and as to 5% by Redstone Industry as at the Latest Practicable Date. Redstone Jianwai is principally engaged in the business of real estate development.

BVI-9

BVI-9 is a wholly-owned subsidiary of the Company incorporated under the laws of the British Virgin Islands. BVI-9 is principally engaged in the business of investment holding.

INFORMATION ON BEIJING DANSHI

Beijing Danshi is a company established in the PRC and is owned as to 90% by Mr. Pan and as to 10% by Ms. Yan as at the Latest Practicable Date. Beijing Danshi is principally engaged in the business of development and sale of commercial properties.

INFORMATION ON CHONGYUAN

Chongyuan is a company established in the PRC and is wholly-owned by District SASAC as at the Latest Practicable Date. Chongyuan is principally engaged in the business of investment holding.

INFORMATION ON BEIJING TIANJIE AND THE PROPERTIES

Beijing Tianjie

Beijing Tianjie is a company established in the PRC and is owned as to 48.5% by District SASAC, as to 2.5% by Chongyuan and as to 49% by Beijing Danshi as at the Latest Practicable Date. Beijing Tianjie is principally engaged in the business of property development and sale. Beijing Tianjie has been granted the right to develop and operate the Project and has obtained some of the land use rights of the Project.

LETTER FROM THE BOARD

The Properties

The Properties are retail properties situated at the best areas of the Project and consist of: (a) the properties located at Qianmen Avenue, with estimated saleable floor area of 20,744 square meters at ground level and estimated saleable floor area of 2,019 square meters at basement level one; and (b) the properties located at the east side of Qianmen Avenue, with estimated saleable floor area of not less than 20,861 square meters at ground level and estimated saleable floor area of not less than 11,067 square meters at basement level one. The total consideration for the acquisition of the Properties payable by the Designated Company under the Restructuring Agreements shall be RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152).

The Properties situated at Qianmen Avenue are fully developed by Beijing Tianjie and the Properties situated at the east side of Qianmen Avenue are or will be developed by Beijing Tianjie in due course. All of the Properties will be transferred to the Designated Company, together with the relevant land use rights to the Properties. The 12 Heritage Sites (as defined in the Prospectus) will not form part of the Properties to be transferred to the Designated Company. As such, the indemnity granted by Mr. Pang and Ms. Zhang in favour of BVI-9 in respect of the 12 Heritage Sites as disclosed in the Prospectus will no longer apply after the Properties are delivered to the Designated Company.

Assuming the 11 Parcels (as defined below) are not acquired by Beijing Tianjie after the Latest Practicable Date, Beijing Tianjie will retain the ownership of the remaining properties with an estimated saleable floor area of approximately 45,467 square meters situated at Qianmen Avenue (which are fully developed) and the right to develop the other undeveloped land parcels of the Project.

The Company will have the Right of First Refusal in respect of all the properties and land parcels retained by Beijing Tianjie (including any or all of the 11 Parcels that Beijing Tianjie may acquire after the Latest Practicable Date) should Beijing Tianjie elect to dispose of the ownership of any built or half-built properties by way of a sale or other means or allow a third party to participate in the subsequent development of the other undeveloped land parcels of the Project. The Company can exercise the Right of First Refusal under the same terms and conditions offered to any third party.

After the Properties are delivered to the Designated Company as a buyer under the property purchase agreements, the Company intends to hold the Properties as investment holdings and will lease the Properties to retailers through the Designated Company. In respect of the remaining parts of the Project, it will decide whether the Right of First Refusal should be excised when such opportunity arises, taking into consideration of the market condition, the Group's development strategy and other considerations that the Board deems relevant.

After the Properties are delivered to the Designated Company, the non-competition undertakings granted by the Company's controlling shareholders in favour of the Company as disclosed in the Prospectus will remain valid.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE RESTRUCTURING

Under the original arrangements for the Project, the Company has the right to acquire from Beijing Danshi all its rights and obligations under a Cooperation Agreement through the acquisition of the 49% Interest, subject to obtaining the requisite government approvals. Beijing Tianjie is the project company for the development of the 33 Parcels and any of the 11 parcels of land that Beijing Tianjie may acquire through public tender (the “**11 Parcels**”).

Had the requisite government approvals for the transfer of the 49% Interest to the Company been obtained, the Company would have the right under the Cooperation Agreement to undertake the entire development of the 33 Parcels and any of the 11 Parcels that may be acquired by Beijing Tianjie and to enjoy 100% economic interest derived from the development of such parcels of land.

Notwithstanding continuous efforts made by the Company and Beijing Danshi in procuring the requisite government approvals for the transfer of the 49% Interest to be granted, such approvals have not been forthcoming. As a result, all the parties to the original arrangements have agreed to enter into the Restructuring Agreements to restructure the original arrangements subject to the approval of the Independent Shareholders.

The Restructuring will enable the Company to acquire retail properties of a total estimated saleable floor area of not less than 54,691 square meters out of the 33 Parcels, of which approximately 22,763 square meters are located on Qianmen Avenue (which have been fully built) and approximately 31,928 square meters are located on the east side of Qianmen Avenue (most of which have not been built). The total purchase price payable by the Company for the Properties will be RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) calculated at the unit price of RMB32,328 (equivalent to approximately HK\$36,711) per square meter.

In addition, the Company will also enjoy the Right of First Refusal to acquire any interest in the remaining parts of the Project under the same terms and conditions offered to any third party for such interest.

The Board noted that, HK\$2.2 billion of the proceeds from the initial public offering was earmarked for the development of the Project. The total purchase price for the acquisition of the Properties is RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152). The remaining part of the proceeds earmarked for the development of the Project will be used as funding for any acquisitions that the Group may make in the future and/or construction cost for existing and future projects of the Group, or as funding for the exercise of the Right of First Refusal in respect of the remaining parts of the Project.

The Board has unanimously approved the Restructuring and the entering into of the Supplemental Agreement. The Board believes that the entering into of the Supplemental Agreement by the Company is fair and reasonable and in the best interests of the Company and the Shareholders in the current economic environment:

- (a) the Restructuring allows the Company to acquire the most desirable areas of the Project;

LETTER FROM THE BOARD

- (b) the Company is no longer required to pay the land cost and development cost for the entire 33 Parcels of the Project, including land parcels at less desirable locations, which the Board believes is in the best interests of the Company and the Shareholders given the current economic environment;
- (c) the Right of First Refusal also allows the Company, at its option, to acquire any interest in the remaining parts of the Project if and when such interest is offered to any third party; and
- (d) this is the only viable way to resolve the impasse as a result of the requisite government approvals not being forthcoming.

IMPLICATIONS OF THE LISTING RULES

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the transaction contemplated under the Supplemental Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Through a trust arrangement, to which Ms. Zhang is one of the beneficiaries, Ms. Zhang is interested as to 64.08% of the equity interest in the Company. As Mr. Pan, an executive Director and the chairman of the Board, holds 90% equity interest in Beijing Danshi, which is a party to the Supplemental Agreement, Beijing Danshi is a connected person of the Company and accordingly the transaction contemplated under the Supplemental Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The entering into of the Supplemental Agreement is subject to the approval of the Independent Shareholders. The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement. Mr. Pan, Ms. Zhang and their respective associates are required to abstain from voting at the EGM.

THE EGM

At the EGM, a resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement.

The notice convening the EGM to be held at 10 a.m. on Tuesday, 16 June 2009 at Atrium Room, Level 39, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong, is set out on pages 40 to 41 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolution to be considered and, if thought fit, approved at the EGM will be voted by way of a poll by the Independent Shareholders.

RECOMMENDATION

The Board (including the Independent Board Committee after taking into account of the opinion of the Independent Financial Adviser) considers that the terms of the Supplemental Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution as set out in the notice of the EGM.

The Independent Board Committee comprising all the independent non-executive Directors was formed on 30 April 2009 to advise the Independent Shareholders on the terms of the Supplemental Agreement. Having considered the advice of Piper Jaffray set out on pages 19 to 29 of this circular, the Independent Board Committee considers that the terms of the Supplemental Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

The letter of advice from Piper Jaffray is set out on pages 19 to 29 of this circular.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
SOHO China Limited
PAN Shiyi
Chairman



SOHO CHINA LIMITED
SOHO 中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

1 June 2009

To the Independent Shareholders

Dear Sir or Madam

DISCLOSEABLE AND CONNECTED TRANSACTION
PROPOSED RESTRUCTURING OF
THE TIANANMEN SOUTH (QIANMEN) PROJECT

We refer to the circular issued by the Company to the Shareholders and dated 1 June 2009 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Supplemental Agreement are fair and reasonable and whether the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole. Piper Jaffray Asia Limited has been appointed by the Company as the independent financial advisor to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 17 of the Circular, which contains details of the terms of the Supplemental Agreement, and the letter from Piper Jaffray Asia Limited as set out on pages 19 to 29 of the Circular, which contains its advice in relation to the Supplemental Agreement to us.

Having considered the advice of Piper Jaffray Asia Limited, we consider that the terms of the Supplemental Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Supplemental Agreement and the transaction contemplated thereunder to be proposed at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Cha Mou Zing, Victor
Independent non-executive
Director

Ramin Khadem
Independent non-executive
Director

Yi Xiqun
Independent non-executive
Director

LETTER FROM PIPER JAFFRAY

The following is the text of a letter from Piper Jaffray Asia Limited setting out its advice to Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this circular.

PiperJaffray®

3902B, 39th Floor, Tower 1
Lippo Centre
89 Queensway
Hong Kong

1 June 2009

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION PROPOSED RESTRUCTURING OF THE TIANANMEN SOUTH (QIANMEN) PROJECT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in connection with the terms of the Supplemental Agreement and the transactions contemplated thereunder (the “**Connected Transaction**”). Details of the Connected Transaction are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 1 June 2009 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice (the “**Letter**”) forms part. Unless the context requires otherwise or otherwise defined in this Letter, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Independent Board Committee comprising all independent non-executive directors of the Company has been formed to advise the Independent Shareholders in respect of the Connected Transaction.

Piper Jaffray Asia Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Connected Transaction.

BASIS OF OPINION

In formulating our opinions and recommendations, we have relied on the statements, information, opinions and representations (other than those about, of or given by us) contained or referred to in the Circular (together, the “**Relevant Information**”). We have assumed that all such statements, information, opinions, valuations and representations contained or referred to in the Circular were true, complete and accurate in all respects at the time they were made and/or given and continue to be true in all respects as at the date of this Letter. We have also assumed that all statements of belief, opinions, assumptions, valuations and intention made by the Directors in the

LETTER FROM PIPER JAFFRAY

Circular were reasonably made after due and careful enquiry and were honestly made. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us and the statements made by the Directors in connection with the Circular or the truth, accuracy and completeness of any other Relevant Information and we have been advised by the Directors that no material facts in respect of the Company and/or the Group have been omitted from the information and representations provided and referred to in the Circular.

We consider that we have been provided with sufficient information to enable us to reach an independent view to justify our reliance on the truth, accuracy and completeness of the Relevant Information and to provide a reasonable basis for our recommendations. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the Relevant Information untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the Relevant Information, nor have we conducted any independent investigation into any related transactions referred to in the Circular, or into the businesses, affairs or prospects of the Company.

We are a licensed securities dealer and corporate finance adviser under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and together with our affiliates provide a full range of financial advisory and broking services. In the course of normal trading activities, we and our affiliates may from time to time effect transactions and hold securities, including derivative securities, of the Company for our own account or the accounts of our customers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion, we have considered the following principal factors and reasons:

(I) Background of the Connected Transaction

As stated in the Letter from the Board, the Framework Agreement and the Supplemental Agreement were entered into on 15 May 2009 for the purpose of restructuring the Original Arrangements (as defined herein) relating to the Project that were entered into in 2007 and disclosed in Appendix IC of the Prospectus. The Company is a party to the Supplemental Agreement.

Framework Agreement

Beijing Danshi, District SASAC, Chongyuan and Beijing Tianjie had entered into the Framework Agreement in relation to the transfer of the 49% Interest and the termination of the Cooperation Agreement, pursuant to which the parties agreed as follows:

- (a) Beijing Tianjie shall sell the Properties to the Designated Company;
- (b) Beijing Danshi shall transfer the 49% Interest back to the Chongwen Parties or an entity nominated by the Chongwen Parties;
- (c) Beijing Danshi shall have the Right of First Refusal, which is capable of being assigned by Beijing Danshi to a member of the Group; and

LETTER FROM PIPER JAFFRAY

- (d) the Cooperation Agreement shall be terminated at the Effective Time.

Pursuant to the Framework Agreement, Chongwen Parties and Beijing Tianjie shall pay an aggregate of RMB1,297,624,010 (equivalent to approximately HK\$1,473,568,033) to Beijing Danshi as consideration for the Equity Transfer and repayment of the amounts invested by Beijing Danshi in relation to Beijing Tianjie (net of amount owed by Beijing Danshi to Beijing Tianjie) under the Framework Agreement. The parties to the Framework Agreement also agreed that the Designated Company (which shall be a member of the Group as designated by Beijing Danshi) shall have the right to purchase the Properties at the consideration of RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) subject to adjustment.

Supplemental Agreement

As part of the Restructuring, the Company had entered into the Supplemental Agreement with Mr. Pan, Ms. Yan, Beijing Danshi, BVI-9 and Redstone Jianwai to allow the Company to acquire from Beijing Danshi the right to purchase the Properties, being retail properties of a saleable floor area of 54,691 square meters (“sq.m.”) to the south of Tiananmen Square (Qianmen), Beijing. Pursuant to the Supplemental Agreement:

- (a) Beijing Danshi shall designate a member of the Group to be the Designated Company for acquiring the Properties under the Property Transfer and further procure the Chongwen Parties and Beijing Tianjie to execute the property purchase agreements with the Designated Company for the transfer of all the Properties from Beijing Tianjie to the Designated Company by no later than 31 October 2009;
- (b) Beijing Danshi shall assign and transfer the Right of First Refusal to a member of the Group whenever such Right of First Refusal arises;
- (c) the Company shall bear the financing cost incurred by Beijing Danshi (the “**Financing Cost**”) for the investment made by Beijing Danshi to Beijing Tianjie during the period from 15 May 2009 up to the Effective Time (currently the monthly financing cost is approximately RMB5,970,000, equivalent to approximately HK\$6,779,468); and
- (d) the parties thereto shall terminate or procure the termination of the Interim Agreement, the Equity Transfer Agreement and the Project Management Agreement at the Effective Time.

The consideration for the transfer of the Properties by Beijing Tianjie to the Designated Company as contemplated in the Supplemental Agreement is RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) (the “**Consideration**”) subject to adjustment. This is the same as the price for the transfer of the Properties under the Framework Agreement.

LETTER FROM PIPER JAFFRAY

The Properties

The Project refers to the development, design, construction, selling, leasing and operation of 44 land parcels including the 33 Parcels and the 11 Parcels by the Company under the Original Arrangements (as defined herein) as disclosed in Appendix IC of the Prospectus. The 33 Parcels had a total planned gross floor area of approximately 165,000 sq.m. as stated in Appendix IC of the Prospectus and is expected to have a total planned saleable floor area of approximately 134,333 sq.m. as stated in the Letter from the Board.

As stated in the Letter from the Board, the Properties are retail properties situated at the best areas of the Project and consist of: (i) the properties located at Qianmen Avenue (fully developed by Beijing Tianjie), with estimated saleable floor area of 20,744 sq.m. at ground level and estimated saleable floor area of 2,019 sq.m. at basement level one; and (ii) the properties located at the east side of Qianmen Avenue (are or will be developed by Beijing Tianjie in due course), with estimated saleable floor area of not less than 20,861 sq.m. at ground level and estimated saleable floor area of not less than 11,067 sq.m. at basement level one. In aggregate, the total estimated saleable floor area of the properties represents approximately 40.7% of the expected total planned saleable floor area of approximately 134,333 sq.m. of the 33 Parcels.

As stated in the Letter from the Board, after the Properties being delivered to the Designated Company as a buyer under the property purchase agreements, the Company intends to hold the Properties as investment holdings and will lease the Properties to retailers through the Designated Company. In respect of the remaining parts of the Project, it will decide whether the Right of First Refusal should be exercised when such opportunity arises, taking into consideration the market condition, the Group's development strategy and other considerations that the Board deems relevant.

The Original Arrangements

Under the original arrangements for the Project, the Company has the right to acquire from Beijing Danshi all its rights and obligations under the Cooperation Agreement through the acquisition of the 49% Interest, subject to obtaining the requisite government approvals. As advised by the Company, Beijing Danshi, BVI-9 and Beijing Tianjie began to apply for such approvals in June 2007 and the approvals have not been obtained to date.

Beijing Tianjie is the project company for the development of the 33 Parcels and any of the 11 Parcels that Beijing Tianjie may acquire through public tender. Had the requisite government approvals for the transfer of the 49% Interest to the Company been obtained, the Company would have the right under the Cooperation Agreement to undertake the entire development of the 33 Parcels and any of the 11 Parcels that may be acquired by Beijing Tianjie and to enjoy 100% economic interest derived from the development of such parcels of land (the "**Original Arrangements**"). As stated in the Letter from the Board, Beijing Tianjie has been granted the right to develop and operate the Project and has obtained some of the land use rights of the Projects.

LETTER FROM PIPER JAFFRAY

Information of the Group

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 Beijing. Set out below is a financial summary of the Group for the two financial years ended 31 December 2008 as disclosed in the annual report for the year ended 31 December 2008 of the Company (the “**Annual Report**”).

	For the year ended 31 December	
	2008	2007
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover (net of business tax)	3,121,375	6,953,580
Net profit before taxation	1,149,159	3,756,790
Net profit attributable to Shareholders	399,073	1,965,660
Net asset value of the Group	14,124,887	14,618,361

Also, as disclosed in the Letter from the Board, HK\$2.2 billion of the proceeds from the initial public offering of the Company was earmarked for the development of the Project. The total purchase price for the acquisition of the Properties is RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152). The remaining part of the proceeds earmarked for the development of the Project will be used as funding for any acquisitions that the Group may make in the future and/or construction cost for existing and future projects of the Group, or as funding for the exercise of the Right of First Refusal in respect of the remaining parts of the Project.

BVI-9 is a wholly-owned subsidiary of the Company incorporated under the laws of the British Virgin Islands. BVI-9 is principally engaged in the business of investment holding.

Redstone Jianwai is a non-wholly owned subsidiary of the Company and is established in the PRC. Redstone Jianwai is principally engaged in the business of real estate development.

Through a trust arrangement, to which Ms. Zhang is one of the beneficiaries, Ms. Zhang is interested as to 64.08% of the equity interest in the Company. As Mr. Pan, an executive Director and the chairman of the Board, holds 90% equity interest in Beijing Danshi, which is a party to the Supplemental Agreement, Beijing Danshi is a connected person of the Company and accordingly the transactions contemplated under the Supplemental Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The entering into of the Supplemental Agreement is subject to the approval of the Independent Shareholders and Mr. Pan, Ms. Zhang and their respective associates are required to abstain from voting at the EGM.

LETTER FROM PIPER JAFFRAY

(II) Reasons for the Connected Transaction

The reasons for the Connected Transaction as stated in the Letter from the Board are summarised below:

- (i) the Restructuring allows the Company to acquire the most desirable areas of the Project;
- (ii) the Company is no longer required to pay the land cost and development cost for the entire 33 Parcels of the Project, including land parcels at less desirable locations, which the Board believes is in the interests of the Company and the Shareholders given the current economic environment;
- (iii) the Right of First Refusal also allows the Company, at its option, to acquire any interest in the remaining parts of the Project if and when such interest is offered to any third party; and
- (iv) the Restructuring is the only viable way to resolve the impasse as a result of the requisite government approvals not being forthcoming.

As stated in the Letter from the Board, the Board considers that the terms of the Supplemental Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

(III) Basis of the Consideration and valuation

As stated in the Letter from the Board, the Consideration for the Properties is RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) which was arrived at after arm's length negotiation between Beijing Danshi, Beijing Tianjie and the Chongwen Parties after taking into account the exit of Beijing Danshi from Beijing Tianjie through the Equity Transfer and the Property Transfer and is calculated based on the saleable floor area of the Properties times unit price per sq.m. of RMB32,328 (equivalent to approximately HK\$36,711, including the Estimated Unit Construction Cost of RMB8,858 (equivalent to approximately HK\$10,059)).

The Consideration also comprises a fixed fee of RMB282,818,224 (equivalent to approximately HK\$321,165,369) (the “**Fixed Fee**”), being the product of the saleable floor area of approximately 31,928 sq.m. of the Properties situated at the east side of Qianmen Avenue times the Estimated Unit Construction Cost of RMB8,858, payable to the Entrusted Contractor (which shall be a member of the Group designated by the Designated Company), for the construction of such Properties, by the Designated Company for and on behalf of Beijing Tianjie. The Entrusted Contractor shall build and construct the Properties situated at the east side of Qianmen Avenue using the Fixed Fee under an entrusted construction contract to be signed between the Designated Company, the Entrusted Contractor and Beijing Tianjie. If the actual construction cost of such Properties is less than the Fixed Fee, the Entrusted Contractor shall be entitled to keep the residual amount, but if the actual construction cost of such Properties is more than the Fixed Fee, the Entrusted Contractor

LETTER FROM PIPER JAFFRAY

shall bear the excess amount. As disclosed in the Letter from the Board, the purpose of such approach is to keep the construction cost of such Properties situated at the east side of Qianmen Avenue within the budget of RMB8,858 per sq.m. (equivalent to approximately HK\$10,059) and at the same time control the quality and design of such Properties.

The Consideration is subject to the adjustment below:

- (i) difference between the audited total construction cost of the Properties situated at Qianmen Avenue (of a saleable floor area of approximately 22,763 sq.m., the development which has been completed) and the estimated total construction cost of such Properties calculated using the Estimated Unit Construction Cost of RMB8,858 shall be adjusted to the Fixed Fee, given that the audit of the construction costs for Qianmen Avenue has not been completed by the date of the Framework Agreement; and
- (ii) difference between the actual total saleable floor area and the estimated total saleable floor area of the Properties times the unit price of RMB32,328 (equivalent to approximately HK\$36,711) per sq.m., save for where the actual total saleable floor area of the Properties located at the east side of Qianmen Avenue is less than the estimated total saleable floor area of such Properties by 3% or more, in which case Beijing Tianjie shall transfer additional properties of the Project (from the properties to be retained by Beijing Tianjie) to the Designated Company at the unit price of RMB32,328 (equivalent to approximately HK\$36,711) per sq.m. to make up for the difference in saleable floor area.

As the Group is not a party to the Framework Agreement, we understand from the Company that, the Properties to be acquired by the Company were selected by Beijing Danshi on behalf of the Company and with the best interest of the Company in mind. We understand from the Company that the Properties are considered more desirable than other retail areas of the Project because (i) the Properties of a saleable floor area of approximately 22,763 sq.m. situated at the Qianmen Avenue are located on both sides of the part of the Qianmen Avenue that has a higher pedestrian flow than the part of the street that is further away from the Tiananmen Square, such Properties generally have a higher ratio of street frontage compared to the remaining properties situated at the Qianmen Avenue that are retained by Beijing Tianjie; (ii) of the Properties situated at the east side of Qianmen Avenue, approximately 12,919 sq.m. is directly facing the Tiananmen Square and is therefore a potentially higher pedestrian flow area due to its proximity to the Tiananmen Square; and (iii) the remaining Properties situated at the east side of Qianmen Avenue are mostly located on the both sides of another street which used to be a major shopping street in the area, namely Xinyukou. We have reviewed the valuation report prepared by CB Richard Ellis Limited (the “**Valuer**”) in relation to the Properties as set out in Appendix I of the Circular (the “**Valuation Report**”) and noted that the Consideration of RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) represents a discount of approximately 75% to the valuation of RMB7,060,000,000 (equivalent to approximately HK\$8,017,260,958) of the Properties arrived at by the Valuer. We had discussed with the Valuer on the methodology adopted and the assumptions used in arriving at the open market value of the Property as at 30 April 2009 (the “**Valuation Date**”). Based on our discussion

LETTER FROM PIPER JAFFRAY

with the Valuer, we have no reason to doubt the fairness and appropriateness of the methodology adopted and assumptions adopted by them in carrying out the valuation of the Properties.

Although there has been a recent rebound in the property market in Beijing, property prices and transaction volume are still relatively low in comparison with the property market in 2007 and early 2008. Given the uncertainties in the current retail and commercial property development market in Beijing, we agree with the Company that the Connected Transaction contemplated under the Supplemental Agreement will enable the Company to better manage the market risk given reduced size of investment and development in the Project under the Connected Transaction and provide the Group with an option to choose when and how to participate in further development of the remaining parts of the Project when opportunities for the exercise of the Right of First Refusal arise.

When the actual total saleable floor area of the Properties located at the east side of Qianmen Avenue is less than the estimated total saleable floor area of such Properties by 3% or more (the “**3% Adjustment Mechanism**”), Beijing Tianjie shall transfer additional properties of the Project to the Designated Company at the unit price of RMB32,328 to make up for the difference in saleable floor area. We have discussed with the Valuer about the value of the other retail areas of the Project (if developed to similar quality) and believe that their value would not be significantly lower than the Properties because they are in the same vicinity.

We noted that Beijing Tianjie shall only pay the Fixed Fee to the Entrusted Contractor for the construction of Properties situated at the east side of Qianmen Avenue. We have considered the valuation of the Properties and the possible impact on the Group in the case that the actual construction costs for the Properties situated at the east side of Qianmen Avenue exceed the Fixed Fee. Given that the Properties being valued at a premium of RMB5,291,947,037 (equivalent to approximately HK\$6,009,478,806) over the Consideration and such premium represents approximately 19 times of the Fixed Fee, we are of the view that the actual construction costs for the Properties situated at the east side of Qianmen Avenue is unlikely to increase by such magnitude that will erase this premium.

In view of the above analysis, we consider that the Consideration was at a steep discount to the valuation of the Properties and the adjustment mechanism of the Consideration are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Shareholders and the Company as a whole.

(IV) Financing Cost

As stated in the Letter from the Board, the Company shall also pay the Financing Cost to Beijing Danshi that it incurred for its investment made in relation to Beijing Tianjie during the period from 15 May 2009 up to the Effective Time which shall not be later than 31 October 2009. Based on the current monthly Financing Cost of approximately RMB5,970,000 (equivalent to approximately HK\$6,779,468) disclosed in the Letter from the Board, the maximum amount of Financing Cost to be paid by the Company is expected to be approximately RMB32,835,000 (equivalent to approximately HK\$37,287,077) during such period. We have confirmed with Beijing Danshi that the Financing Cost will be exactly

LETTER FROM PIPER JAFFRAY

equal to the interest and other expenses that it pays to its creditors for the investments in the Project and does not include any computed nominal interests. As stated in the Letter from the Board, Beijing Danshi shall procure that the property purchase agreements for the transfer of all the Properties under the Property Transfer and the equity transfer agreement for the transfer of the 49% Interest under the Equity Transfer are duly executed and the relevant approvals required to complete and effect the arrangements contemplated under the Restructuring Agreements are obtained. Since the Chongwai Parties confirmed in the Framework Agreement that they have obtained all the relevant governmental approvals for the arrangements set out in the Framework Agreement, the Company advised that no further governmental approval is required for the Equity Transfer and the Property Transfer apart from normal completion and inspection procedures to be completed for obtaining the sales permits for the Properties situated at Qianmen Avenue. Pursuant to the Framework Agreement, the Designated Company and Beijing Tianjie will sign the property purchase agreements for all the Properties upon obtaining the sales permits for the Properties situated at Qianmen Avenue. As advised by the Company, it is expected that the obtaining of the sales permits for the Properties situated at Qianmen Avenue is procedural in nature and are expected to be obtained before 31 October 2009. Given that Beijing Danshi has also confirmed with us that it will not incur additional borrowing regarding its investment in relation to Beijing Tianjie, we considered that the actual maximum amount of Financing Cost is expected to be of no significant difference from the above estimated maximum amount of approximately RMB32,835,000 (equivalent to approximately HK\$37,287,077). We also consider that the purpose of the Financing Cost to be paid by the Company to Beijing Danshi is in line with the principle adopted in arriving at the total amount payable to Beijing Danshi in relation to the Equity Transfer for the recovery of cost incurred by Beijing Danshi, and there will be no additional gain accrued to Beijing Danshi.

In view of the above analysis, we consider that the Financing Cost is fair and reasonable.

(V) Right of First Refusal

As stated in the Letter from the Board, the Company will have the Right of First Refusal in respect of all the properties and land parcels of the Project retained by Beijing Tianjie (including any or all of the 11 Parcels that Beijing Tianjie may acquire after the Latest Practicable Date) should Beijing Tianjie elect to dispose of the ownership of any built or half-built properties by way of a sale or other means or allow a third party to participate in the subsequent development of the other undeveloped land parcels of the Project. The Company can exercise the Right of First Refusal under the same terms and conditions offered by Beijing Tianjie or the Chongwen Parties to any third party.

Following the disposal of the 49% Interest by Beijing Danshi, Beijing Tianjie is an independent third party of the Group. Given that the Right of First Refusal itself is free and provides the Company with an option and flexibility to choose to acquire or to participate in the remaining parts of the Project that are desirable to the Company whenever such opportunity arises, we consider that such term is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM PIPER JAFFRAY

(VI) Termination of agreements under the Original Arrangements

As stated in the Letter from the Board, the Interim Agreement, the Equity Transfer Agreement and the Project Management Agreement will be terminated at the Effective Time pursuant to the terms of the Supplemental Agreement. As these agreements were all entered into in connection with the Original Arrangements, we consider that their termination has no adverse impact to the Group given that the Original Arrangements could not be executed as the requisite governmental approvals for the transfer of 49% Interest to BVI-9 were not obtained and the Supplemental Agreement has been signed to enable the Group to acquire the more desirable parts of the Project.

(VII) Financial effects of the Connected Transaction on the Group

The Consideration is RMB1,768,052,963 (equivalent to approximately HK\$2,007,782,152) and will be settled by cash from internal resources of the Designated Company, which shall be a member of the Group. The Group shall also bear the Financing Cost as mentioned in paragraph (c) under the sub-section headed “Supplemental Agreement” under the section headed “Background of the Connected Transaction”. The financial effects of the Connected Transaction are analysed as follows:

(i) Earnings

As disclosed in the Annual Report, the Group recorded a net profit attributable to equity holders of the Company of RMB399,073,000 (equivalent to approximately HK\$453,183,057) was recorded for the year ended 31 December 2008. It is stated in the Letter from the Board that the Properties will be held by the Designated Company as investment holdings and will be leased to retailers. As advised by the management of the Company, the Properties will be treated as investment properties of the Group and should be subject to assets revaluation and any gain or loss arising from a change in fair value or from the retirement or disposal of such investment properties will be recognised in profit or loss for the Group. Based on the valuation of approximately RMB7,060,000,000 (equivalent to approximately HK\$8,017,260,958) arrived at by the Valuer, upon completion of the transfer of all the titles of the fully developed Properties from Beijing Tianjie to the Designated Company, there will be a revaluation gain of RMB5,291,947,037 (equivalent to approximately HK\$6,009,478,806) assuming there is no adjustment to the Consideration as set out in the Letter from the Board. Besides, since the Group is expected to receive monthly rental income from the leased Properties, the Connected Transaction hence would result in a positive impact on the future earnings of the Group in terms of rental income net of related expenses.

(ii) Net assets value

According to the Annual Report, the audited consolidated net asset value of the Group was RMB14,124,887,000 (equivalent to approximately HK\$16,040,071,542) as at 31 December 2008.

LETTER FROM PIPER JAFFRAY

Since the Company intends to finance the entire amount of the Consideration and Financing Cost in cash by internal resources, upon completion of the transfer of all the titles of the fully developed Properties from Beijing Tianjie to the Designated Company, the increase in non-current assets of the Group (being the fair value of the Properties valued at RMB7,060,000,000 (equivalent to approximately HK\$8,017,260,958 by the Valuer) would be partly offset by the decrease in current assets (being the bank balances and cash to be paid for the Consideration and the Financing Cost). As the Financing Cost is estimated to be RMB32,835,000 (equivalent to approximately HK\$37,287,077) at maximum based on current monthly amount, the net asset value of the Group is expected to be increased as a result of the Connected Transaction.

(iii) Gearing and working capital

The Group's gearing ratio (calculated as total of bank and interest bearing borrowings divided by the total assets) and as at 31 December 2008 was approximately 16.2%. As discussed in paragraph (ii) above, the net asset value of the Group is expected to increase due to revaluation gains and the gearing ratio of the Group is expected to improve as a result of the Connected Transaction. As advised by the Company, the net proceeds of the initial public offering of the Company is not deployed as working capital of the Group. Since the Group is using the portion of the net proceeds of the initial public offering of the Company earmarked for the Original Arrangements and not other internal resources or bank borrowings to finance the Consideration and the Financing Cost, the Connected Transaction is not expected to have any adverse impact on the working capital of the Group.

In light of the above, we are of the view that the Connected Transaction would have no significant adverse impact on the Group's financial position.

RECOMMENDATION

We note that the Supplemental Agreement is subject to a number of conditions, including approval of the Connected Transaction by the Independent Shareholders at the EGM. Having considered the above principal factors and reasons in respect of the Connected Transaction and also the fact that the Supplemental Agreement enables the Group to participate in at least part of the Project when the required government approvals for the Original Arrangements have not been forthcoming, we consider that the terms of the Supplemental Agreement and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole and are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM. We also advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Piper Jaffray Asia Limited
Stacey Wong
Head of Investment Banking

The following is the text of a letter with the valuation certificate received from CB Richard Ellis Limited, prepared for the purpose of incorporation in the circular, in connection with their valuation as at 30 April 2009 of the property interests.

CBRE
CB RICHARD ELLIS
世邦魏理仕

34/F Central Plaza
18 Harbour Road
Wanchai, Hong Kong
T 852 2820 2800
F 852 2810 0830

香港灣仔港灣道十八號中環廣場三十四樓
電話 852 2820 2800 傳真 852 2810 0830

1 June 2009

The Board of Directors
SOHO China Limited

Dear Sirs,

In accordance with the instructions from SOHO China Limited (hereinafter referred to as the “Company”) for us to value the property interests of a development project in Beijing, the People’s Republic of China (the “PRC”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of such property interests as at 30 April 2009 (the “Date of Valuation”) as if it were just completed.

Our valuation is prepared in accordance with the “First Edition of The HKIS Valuation Standards on Properties” published by the Hong Kong Institute of Surveyors (the “HKIS”). We have also complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5, Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Our valuation is made on the basis of Market Value which is defined by the HKIS Valuation Standards on Properties to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of any deferred terms contract, leaseback, joint venture, management agreement or other similar arrangement which would serve to affect the value of the property.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the property or for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property was free from encumbrance, restriction and outgoing of an onerous nature which could affect its value.

The property interests are valued by the direct comparison approach. Comparison is based on prices realized on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analyzed, and carefully weighted against all respective advantages and disadvantages of the property in order to arrive at a fair comparison of value. We have also valued the property interests by the income approach that involves the capitalization of the existing and reversionary income potential to arrive at the capital value.

In the course of our valuation for the property interests in the PRC, we have relied on the legal opinion provided by the Company's PRC legal advisor, Zhong Lun Law Firm (the "PRC Legal Opinion"). We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or any amendment which does not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on the information given by the Company, in particular, but not limited to tenures, statutory notices, easements, planning approvals, development schemes, expected and actual dates of completion, site and floor areas, occupancies, tenancies, and all other relevant matters material to the valuation. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximate. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised that no material fact has been omitted from the information provided to us.

We have inspected the property to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defect. However, we have neither carried out any structural survey nor made any test on the building services. Therefore, we are not able to report whether the property are free of rot, infestation or any other structural defect.

We have not carried out any investigation on site to determine the suitability of soil conditions and the availability of services etc. for existing/future development. Our report is prepared on the assumption that these aspects are satisfactory. This report does not make any allowance for contamination or pollution of the land, if any, which may have occurred as a result of past usage. We have not undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period, due to these or to archaeological or ecological matters.

All monetary amounts are stated in Renminbi ("RMB").

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited

Leo MY Lo
MHKIS MRICS
Director

Valuation & Advisory Services

Alex WY Mo
MHKIS MRICS RPS (GP)
Manager

Valuation & Advisory Services

Note: Mr. Lo is a professional member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 5 years' valuation experience in Hong Kong and the PRC.

Mr. Mo is a Registered Professional Surveyor (General Practice), a professional member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 5 years' valuation experience in Hong Kong and the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value as at 30 April 2009 (RMB)
<p>Various retail shops, The Tiananmen South (Qianmen) Project, Qianmen, Chongwen District, Beijing City, the PRC</p>	<p>The subject property, upon full completion, with a total saleable gross floor area of approximately 54,691 sq.m. will comprise 28 2-to-4-storey retail buildings.</p> <p>The retail buildings are/will be located at 14 small land parcels. 24 out of the 28 buildings with a total saleable gross floor area of approximately 28,713 sq.m. were completed in 2008. The remaining 4 buildings with a total saleable gross floor area of approximately 25,978 sq.m. are still under construction and expected to be completed in 2010.</p> <p>The land use rights of the property are held for commercial use for various land use terms from 6 March 2007 to 24 June 2047.</p>	<p>Parts of the property with a total net floor area of approximately 7,644 sq.m. are tenanted to various tenants for a total monthly base rent of approximately RMB4,600,000 or turnover rents for various terms with the latest one to be expired on 14 July 2017.</p> <p>The remaining portions of the property are currently vacant.</p>	<p>7,060,000,000</p> <p>assuming the property was fully completed and was granted with the uninterrupted right to transfer</p>

Notes:

- a) The property comprises the buildings numbered as A3-2, A3-3, A3-4, A4-1, A5-1, A9-1, A9-3, A9-4, A9-5, A9-6, A9-7, A10-1, A10-2, A10-3, A10-4, A13-1, A13-2, A13-3, A14-1, A14-2, A14-3, A15-1, A17-1, B1, B2, B3, B6 and B8.
- b) Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of 13 land parcels of the property are held by Beijing Tianjie for commercial use for various land use terms.

Certificate No.	Issue Date	Site Area (sq.m.)	Expiry Date
Jing Chong Guo Yong (2007 Chu) No. 00034	27 April 2007	562.250	5 March 2047
Jing Chong Guo Yong (2007 Chu) No. 00036	27 April 2007	1,586.460	5 March 2047
Jing Chong Guo Yong (2007 Chu) No. 00038	27 April 2007	1,804.650	5 March 2047
Jing Chong Guo Yong (2007 Chu) No. 00039	27 April 2007	1,548.390	5 March 2047
Jing Chong Guo Yong (2007 Chu) No. 00043	27 April 2007	3,414.480	28 March 2047
Jing Chong Guo Yong (2007 Chu) No. 00044	27 April 2007	2,794.690	28 March 2047
Jing Chong Guo Yong (2007 Chu) No. 00049	28 April 2007	2,268.100	28 March 2047
Jing Chong Guo Yong (2007 Chu) No. 00095	12 July 2007	601.839	24 June 2047
Jing Chong Guo Yong (2007 Chu) No. 00097	12 July 2007	1,609.319	24 June 2047
Jing Chong Guo Yong (2007 Chu) No. 00098	12 July 2007	590.114	24 June 2047
Jing Chong Guo Yong (2007 Chu) No. 00100	12 July 2007	731.556	24 June 2047
Jing Chong Guo Yong (2007 Chu) No. 00101	12 July 2007	741.098	24 June 2047
Jing Chong Guo Yong (2007 Chu) No. 00103	12 July 2007	654.023	19 June 2047

- c) As advised, Beijing Tianjie has entered into land grant contract with the land bureau but has not obtained the State-owned Land Use Rights Certificate of the remaining land parcel, at where one of the subject buildings B6 will be located.
- d) As advised, the Company will acquire the property upon the full completion of the development. Third party(ies) will be fully responsible for the construction of the redevelopment project undergoing. Our valuation is made on the basis as if the property was fully completed and was granted with the uninterrupted rights to transfer.
- e) Pursuant to the framework agreement and the supplemental agreement dated 15 May 2009, the Company has the right to acquire the property with a total saleable gross floor area of approximately 54,691 sq.m., subject to the approval of the independent shareholders of the Company. As advised, under the framework agreement, Beijing Tianjie will be fully responsible to ensure that it will obtain all the title documents before the actual transaction. In our valuation, we have made an assumption that the Beijing Tianjie has the uninterrupted rights to transfer the property.
- f) We have been provided with the PRC Legal Opinion, which contains, inter alia, the following information:
- i) Beijing Tianjie legally has the land use rights and the building ownership of the property;
 - ii) Beijing Tianjie has legally obtained the right to develop the portions of property with State-owned Land Use Rights Certificates, provided that the development of the property complies with the government approvals and permits;
 - iii) As the legal owner of the portions with the development completed, Beijing Tianjie has the right to let those portions and to receive the rents accordingly. The existing tenancy agreements are legal and valid. The Designated Company, after acquisition of the property, will legally replace Beijing Tianjie as the owner of the property and receive the rents; and
 - iv) After obtaining the relevant sales permits and when some existing tenants giving up their pre-emption rights on their corresponding portions of the property, Beijing Tianjie can legally transfer the property to the Designated Company. The Designated Company can legally purchase the property then.
- g) A summary of major certificates/approvals is shown as follows
- | | | |
|------|--|-----|
| i) | State-owned Land Use Rights Certificate | Yes |
| ii) | Construction Land Use Planning Permit | Yes |
| iii) | Construction Works Planning Permit | Yes |
| iv) | Construction Works Commencement Permit | Yes |
| v) | Pre-sale Permit | N/A |
| vi) | Construction Works Completion Certified Report | N/A |

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement contained in this circular 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 into the register referred to therein, or which were otherwise required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in the ordinary Shares

Name	Personal interests	Family interests	Corporate interests	Number of ordinary Shares	Approximate percentage of shareholding
Pan Shiyi	-	3,324,100,000	-	3,324,100,000	64.077%
Pan Zhang Xin Marita	-	-	3,324,100,000	3,324,100,000	64.077%
Yan Yan	2,313,500	-	-	2,143,500	0.0446%
	(Note 1)				
Su Xin	1,443,000	-	-	1,443,000	0.0278%
	(Note 2)				
Ramin Khadem	300,000	-	-	300,000	0.0058%
Wang Shaojian Sean	500,000	-	-	500,000	0.0096%
	(Note 3)				

Notes:

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

- (2) These are interests in the underlying Shares, pursuant to which (i) 750,000 options were granted under the Pre-IPO Share Option Scheme; and (ii) 693,000 options were granted under the Share Option Scheme on 30 January 2008.
- (3) These are interests 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 interests	Share capital (US\$)	Approximate percentage of shareholding
Pan Shiyi	Beijing Redstone Jianwai Real Estate Development Co. Ltd.	Indirect	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.	Indirect	225,000	0.75%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or 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 into the register referred to therein, or which were otherwise required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

B Substantial Shareholders

So far as was 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 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 interests	Number of ordinary Shares	Approximate percentage of shareholding
Pan Zhang Xin Marita	Beneficiary of trust	3,324,100,000(L)	64.077%
HSBC International Trustee Limited (<i>Note 2</i>)	Trustee	3,327,009,000(L)	64.133%
Capevale Limited	Interests of controlled corporation	3,324,100,000(L)	64.077%
Boyce Limited (<i>Note 3</i>)	Beneficial owner	1,662,050,000(L)	32.039%
Capevale Limited (<i>Note 4</i>)	Beneficial owner	1,662,050,000(L)	32.039%

Notes:

- (1) “L” represents shareholders’ long position in underlying securities.
- (2) HSBC International Trustee Limited (in its capacity as the trustee of The Little Brothers Settlement constituted on 25 November 2005 (the “Trust”)) is the legal owner of 100% of the shares in the issued share capital of Capevale Limited, a company incorporated in the 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. Zhang. Each of Boyce Limited and Capevale Limited, both incorporated in the British Virgin Islands, is the registered owner of 1,662,050,000 Shares, or approximately 32.039% the Shares.
- (3) Boyce Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Limited, a company incorporated in the Cayman Islands. Ms. Zhang is the sole director of Boyce Limited.
- (4) Capevale Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Limited, a company incorporated in the Cayman Islands. Ms. Zhang is the sole director of Capevale Limited.

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 or underlying Shares 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. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Pan, Ms. Zhang, Ms. Yan and Mr. Su Xin has entered into a service agreement with the Company under which each of them receive a base salary and a director's allowance and are 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 bears the expenses of taxing, insuring, repairing and maintaining such house.

Each service agreement is for an initial period of three years commencing on the listing date of the Company (that is 8 October 2007), 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 Xin 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, among other things, their respective employment and compensation arrangements under their respective service 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 with the Company.

Mr. Wang Shaojian, Sean has entered into a written service contract with the Company for a term of three years commencing from 2 June 2008. Mr. Wang receives a basic salary annually plus a discretionary bonus as determined by the Board with reference to his performance and the Company's performance.

Save as disclosed above, as at the Latest Practicable Date, there was no existing or 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).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus, as at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the business of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Connected Transactions" of the 2008 Annual Report of the Company, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions, letters or advice contained in this circular:

Name	Qualification
CB Richard Ellis Limited	Independent professional property valuers
Piper Jaffray Asia Limited	Licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of CB Richard Ellis Limited and Piper Jaffray has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of CB Richard Ellis Limited and Piper Jaffray was not beneficially interested in the share capital of the Company or any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group, nor did it have any interest, either direct or indirect, in the assets which have been acquired or disposed of by or leased to the Company or any member of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up.

9. 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 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) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any business day (that is a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong) at the principal place of business of the Company at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the Framework Agreement;
- (c) the Supplemental Agreement;
- (d) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 18 of this circular;
- (e) the letter of advice from Piper Jaffray, the text of which is set out on pages 19 to 29 of this circular;
- (f) the valuation report issued by CB Richard Ellis Limited as set out in Appendix I to this circular; and
- (g) the written consents of the experts referred to in the section headed "Experts and Consents" in this appendix.

NOTICE OF EGM



SOHO CHINA LIMITED **SOHO 中國有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of SOHO China Limited (the “**Company**”) will be held at 10 a.m. on Tuesday, 16 June 2009 at Atrium Room, Level 39, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong, for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the supplemental agreement dated 15 May 2009 (the “**Agreement**”, a copy of which is tabled at this meeting and marked “Exhibit A” and initialled by the chairman of this meeting for the purpose of identification) entered into between Pan Shiyi, Yan Yan, Beijing Danshi Investment Management Company Limited, SOHO China (BVI-9) Limited, Beijing Redstone Jianwai Real Estate Development Co. Ltd. and the Company and more particularly described in the circular of the Company dated 1 June 2009, pursuant to which the parties thereto has conditionally agreed to restructure the arrangements in relation to the Tiananmen South (Qianmen) Project, and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and to do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Agreement as he/she may in his/her absolute discretion consider necessary or desirable.”

By order of the Board of Directors
SOHO China Limited
PAN Shiyi
Chairman

Beijing, the PRC, 1 June 2009

NOTICE OF EGM

Registered office:

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

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

Notes:

- (i) A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A proxy needs not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority shall be determined as that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notorially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the above meeting or any adjournment thereof (as the case may be) should they so wish. In such event, the form of proxy will be deemed to be revoked.