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SOHO CHINA LIMITED

SOHO 中國有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY**

The Board announces that on 29 July 2016, SOHO Shanghai (an indirect wholly-owned subsidiary of the Company) has entered into the Agreement with the Purchaser (an Independent Third Party), pursuant to which SOHO Shanghai has agreed to dispose of the Property to the Purchaser at the Consideration of RMB3,221,580,750 (equivalent to approximately HK\$3,737,033,670), net of value-added tax (more details below).

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 29 July 2016, SOHO Shanghai has entered into the Agreement in relation to the Disposal, the principal terms of which are set out below.

THE AGREEMENT

Date

29 July 2016

Parties

- (1) Vendor: SOHO Shanghai, an indirect wholly-owned subsidiary of the Company
- (2) Purchaser: Guo Hua Life Insurance Co., Ltd.* (國華人壽保險股份有限公司). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Property to be disposed of

The Property is situated at SOHO Century Plaza, 288 Xiangcheng Road, Pudong New Area, Shanghai (1501 Century Avenue), which comprises (i) office and commercial spaces on 1/F to 23/F with a leasable office area of approximately 42,522.18 sq.m. and a leasable commercial area of approximately 432.23 sq.m.; (ii) 238 car parking lots underground; and (iii) all SOHO Shanghai's rights in the common areas at SOHO Century Plaza.

The Property represents the Group's entire ownership interest in SOHO Century Plaza and is one of the Group's investment properties in Shanghai. As at the date of this announcement, the Property is being leased by SOHO Shanghai to various Independent Third Parties. Pursuant to the Agreement, SOHO Shanghai and the Purchaser shall cooperate in order to obtain the lessees' consent so as to novate those leases to the Purchaser.

As at the date hereof, there is a mortgage created over the Property, which shall be discharged within 40 Working Days after the Purchaser has paid the first instalment of the Consideration (more details below).

Consideration and payment terms

The Consideration for the Disposal is RMB3,221,580,750 (equivalent to approximately HK\$3,737,033,670), payable by the Purchaser in accordance with the following manners:

- (i) First instalment of the Consideration, being RMB1,000 million, shall be paid to SOHO Shanghai within 5 Working Days upon the signing of and the affixation of the company seals of SOHO Shanghai and the Purchaser on the Agreement;
- (ii) Second instalment of the Consideration, being RMB500 million, shall be paid to SOHO Shanghai within 10 Working Days upon all the on-line sales contracts in relation to the Property have been signed in accordance with the PRC laws;
- (iii) Third instalment of the Consideration, being RMB1,711,580,750, shall be paid to an escrow account within 5 Working Days after SOHO Shanghai and the Purchaser have paid the relevant taxes incurred from the Disposal and the Purchaser has received a notification from SOHO Shanghai confirming its payment; and

- (iv) Final instalment of the Consideration, being RMB10 million, shall be paid to SOHO Shanghai as follows, (a) RMB2.1 million shall be paid within 3 Working Days upon each of the completions of novating the relevant leases representing 30%, 60% and 90% of the total leased area in respect of the Property and the Purchaser having received the relevant rental and deposits in connection with such leases, (b) RMB0.7 million shall be paid within 3 Working Days upon completion of novation of all the leases in respect of the Property and the Purchaser having received the relevant rental and deposits in connection with such leases, and (c) the remaining RMB3 million shall be paid within 10 Working Days after the building name as shown on the outer wall of SOHO Century Plaza has been changed.

The third instalment of the Consideration as mentioned in paragraph (iii) above will be released to SOHO Shanghai in three times (RMB678,043,132, RMB704,462,523 and RMB329,075,095, respectively), each of which will be released within 1 Working Day after the Purchaser received the acceptance slip(s) issued by the Real Estate Trading Centre of Pudong New Area of Shanghai (上海市浦東新區房地產交易中心) in relation to the application(s) for transferring the title(s) in respect of the relevant area(s) of the Property.

The Consideration was determined after arm's length negotiations between SOHO Shanghai and the Purchaser with reference to, among other things, the appraised value of the Property as at 31 December 2015 based on the valuation report issued by an independent valuer using a combination of direct comparison method and income capitalisation approach.

Pursuant to the Agreement, in the event of any shortfall between the actual total building area of the Property and the total building area as shown on the relevant property ownership certificates in respect of the Property, SOHO Shanghai shall return part of the Consideration at the rate of RMB75,000 per sq.m. to the Purchaser which shall be deducted from the third instalment of the Consideration.

Value-added tax

Pursuant to the Agreement, the Purchaser has agreed to bear the value-added tax incurred from the Disposal in the maximum amount of RMB75,212,774.29 (equivalent to approximately HK\$87,246,818.18). In the event that the value-added tax incurred from the Disposal exceeds RMB75,212,774.29, such excess portion shall be borne by SOHO Shanghai.

Effective date of the Agreement

The Agreement shall be effective upon the signing and affixation of the company seal of each of SOHO Shanghai and the Purchaser.

FINANCIAL INFORMATION OF THE PROPERTY

Set out below is the financial information attributable to the Property as extracted from the audited accounts of the Group for the two years ended 31 December 2014 and 2015.

	For the year ended 31 December 2014	For the year ended 31 December 2015
Rental income	RMB107,615,000	RMB109,597,000

According to the audited accounts of Group, the book value of the Property as at 31 December 2015, representing the appraised value of the Property as at 31 December 2015, was approximately RMB2,720 million (equivalent to approximately HK\$3,155.2 million).

FINANCIAL EFFECT OF THE DISPOSAL

Based on the book value of the Property as at 31 December 2015 and the Consideration to be received by SOHO Shanghai under the Agreement, it is expected that the Company will realise a gross profit of approximately RMB502 million (equivalent to approximately HK\$582.32 million) from the Disposal. It is intended that the net proceeds from the Disposal will be used by the Group as its general working capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

In view of the recent property market in the PRC, the Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in the Property at a fair value with reference to the expected cash and gross profit to be generated therefrom. Besides, taking into account that the Property only accounts for approximately 3.7% of the total leasable area of all investment properties portfolio held by the Group, the Board considers that the impact on the Group's total rental income as a result of the Disposal would be very small.

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

INFORMATION RELATING TO THE COMPANY, SOHO SHANGHAI AND THE PURCHASER

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

SOHO Shanghai is an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability and is principally engaged in the investments in Sky SOHO Project and SOHO Century Plaza Project, and the development of SOHO Zhongshan Plaza Project.

The Purchaser is a company incorporated in the PRC with limited liability whose headquarters is located at Shanghai. As at the date hereof, it is principally engaged in operation of various insurance products and services ranging from life insurance, health insurance to accident insurance.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Agreement”	the agreement dated 29 July 2016 between SOHO Shanghai (as seller) and the Purchaser in respect of the Disposal
“Board”	the board of the Directors
“Company”	SOHO China Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 410)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Property payable by the Purchaser to SOHO Shanghai pursuant to the Agreement, being RMB3,221,580,750 (equivalent to approximately HK\$3,737,033,670), net of value-added tax
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by SOHO Shanghai to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	the property to be disposed of by SOHO Shanghai to the Purchaser pursuant to the Agreement, which is situated at SOHO Century Plaza, 288 Xiangcheng Road, Pudong New Area, Shanghai (1501 Century Avenue) and represents all the ownership interests held by the Group in SOHO Century Plaza
“Purchaser”	Guo Hua Life Insurance Co., Ltd.* (國華人壽保險股份有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party as at the date hereof
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“SOHO Shanghai”	SOHO (Shanghai) Investment Co., Ltd.* (搜候(上海)投資有限公司), an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Working Day(s)”	any day other than a Saturday, Sunday or public holiday in the PRC
“%”	per cent.

In this announcement, amounts denominated in RMB are converted into HK\$ at the rate of RMB1.00 = HK\$1.16. Such conversion rate is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

** The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 29 July 2016

As at the date of this announcement, the executive Directors are Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Yan Yan and Ms. Tong Ching Mau; and the independent non-executive Directors are Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua.