



SOHO CHINA LIMITED
Interim Report 2013

Stock Code : 410



CONTENTS

2 • Business Review / 15 • Business Review and Market Outlook / 17 • Management Discussion & Analysis / 21 • Other Information / 31 • Corporate Information / 33 • Unaudited Interim Financial Report /

The board (the “Board”) of directors (the “Directors”) of SOHO China Limited (the “Company” or “we”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2013 (the “Period”), which have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The 2013 interim results of the Group have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board on 20 August 2013. The interim financial report is unaudited, but has been reviewed by the Company’s auditor, PricewaterhouseCoopers.

For the six months ended 30 June 2013, the Group achieved a turnover of approximately RMB2,478 million, representing an increase of approximately 103% compared with that for the same period of 2012, mainly due to more gross floor area (“GFA”) booked during the Period. The gross profit margin for the Period was approximately 54%. Net profit attributable to equity shareholders of the Company for the Period was approximately RMB2,094 million, representing an increase of approximately 242% compared with that during the same period of 2012. Core net profit (excluding net valuation gains on investment properties) attributable to equity shareholders for the Period was approximately RMB537 million and the core net profit margin during the Period was approximately 22%.

The Board declared an interim dividend of RMB0.12 per ordinary share of the Company (“Share”) (2012 interim: RMB0.12 per Share) for the six months ended 30 June 2013 to the shareholders of the Company whose names appear on the register of members on 12 September 2013.



BUSINESS REVIEW

After the transition of business model, the Group will hold most of the unsold properties under development as self-owned investment properties, and will lease for rental income. On the other hand, the Group will finish selling the leftover of properties that were launched for sale before the transition. As at the end of June 2013, the Group has total investment properties completed and under construction of approximately 1.9 million square meters.

During the Period, there was no new project being launched for sale. The contract sales mainly came from the leftover properties of SOHO Peaks (Towers 1 and 2) and SOHO Zhongshan Plaza.

Contract sales

As of 15 August 2013, the Company has generated a total contract sales amount of approximately RMB3,027 million this year, with an average selling price of approximately RMB53,271 per square meter.

Project	Contract sales amount during the Period (RMB'000)	Contract sales area* during the Period (sq.m.)	Average price* during the Period (RMB/sq.m.)	Total sellable area* (sq.m.)	Aggregate percentage of sellable area sold* by 15 August 2013	Aggregate contract sales amount by 15 August 2013 (RMB'000)
SOHO Peaks (Towers 1 and 2)	2,078,343	36,164	57,037	283,204	98%	14,843,872
SOHO Zhongshan Plaza	765,805	16,206	46,309	112,864	72%	3,805,161
Other Projects	182,472	3,765				
Total	3,026,620	56,135	53,271			

* Sellable area, contract sales area and average price exclude that of car parks in the projects.



Property portfolio

During the Period, the Group made a successful bid of RMB3.19 billion for the land use right in respect of a commercial land parcel in Shanghai's Changning District, with a total planned GFA of approximately 150,000 square meters.

As at 30 June 2013, the major properties in the Group's portfolio were as follows:

	Project	Location	Type of Properties	Total Planned Gross Floor Area ("GFA") (sq.m.)	Group Interest (%)
Projects for Investment	Tiananmen South (Qianmen)	Beijing	Retail	55,000	100%
	Galaxy SOHO & Chaoyangmen SOHO	Beijing	Retail, office	45,000*	100%
	Guanghualu SOHO II	Beijing	Retail, office	168,000	100%
	SOHO Peaks (Tower 3)	Beijing	Retail, office	170,000	100%
	SOHO Century Plaza	Shanghai	Retail, office	59,000	100%
	SOHO Fuxing Plaza	Shanghai	Retail, office	137,000	100%
	Sky SOHO	Shanghai	Retail, office	343,000	100%
	Bund SOHO	Shanghai	Retail, office	190,000	61.51%
	Hongkou SOHO	Shanghai	Retail, office	96,000	100%
	Bund 8-1 Land	Shanghai	Retail, office, finance, art, culture	426,000	50%
	SOHO Hailun Plaza	Shanghai	Retail, office	169,000	100%
	SOHO Tianshan Plaza	Shanghai	Retail, office, hotel	170,000	100%
	Gubei Land	Shanghai	Retail, office	150,000	100%
Projects for Sales	SOHO Peaks (Towers 1 and 2)	Beijing	Retail, office	350,000	100%
	SOHO Zhongshan Plaza	Shanghai	Retail, office	142,000	100%
	SOHO Jing'an Plaza	Shanghai	Residential, retail, office	76,000	100%

* Lettable GFA in the project held by the Group for investment

BUSINESS REVIEW

Major projects in Beijing

Tiananmen South (Qianmen)

The project is located at Qianmen Avenue and the area east to the avenue, right on the south of Tiananmen Square. The Group has the right to retail space of approximately 54,691 square meters, with approximately 35,000 square meters currently under leasing operation. As a key step of leasing repositioning, the Group adopted the strategy catering to theme of tourists destination, taking the advantage of the huge foot traffic. The tenants base has been highly upgraded, with international brand names like Samsung, Lenovo and CJ etc. opening their flagship and experience stores there.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of the Beijing central business district, opposite the Guanghualu SOHO project. The total planned GFA is approximately 167,608 square meters and total lettable GFA is approximately 116,014 square meters, including approximately 84,056 square meters of office space and approximately 31,958 square meters of retail space. The Group plans to keep the entire Guanghualu SOHO II project as investment properties. The project is now under construction.



Galaxy SOHO

Galaxy SOHO has a total GFA of approximately 328,432 square meters and total sellable/lettable GFA of approximately 248,317 square meters. Designed by Zaha Hadid Architects and directly connected with 2 subway lines, it has become an iconic landmark within the East Second Ring Road of Beijing after completion and delivery in November 2012. Galaxy SOHO is also the first newly built large scale office building in Beijing to provide PM2.5 purified air.

The Group launched the pre-sale of Galaxy SOHO on 26 June 2010. As at 30 June 2013, the sellable area of project was almost sold out. The sizable project has a total office lettable GFA of over 160,000 square meters, out of which over 93,000 square meters were leased to date, at a speed of approximately 19,000 square meters per month for the past three months.



BUSINESS REVIEW

SOHO Peaks

SOHO Peaks is to be developed into large-scale retail and office properties in Wangjing area of Beijing, consisting of three towers with a total GFA of approximately 520,000 square meters and a total sellable/lettable GFA of approximately 416,962 square meters.

The Wangjing area, where SOHO Peaks is located, is one of Beijing's most well-developed high-end residential areas and is noticeably lacking in large-scale office and commercial facilities. Upon full completion in 2014, the development of SOHO Peaks will significantly enhance and balance the overall urban fabric of the Wangjing area. This development, zoned to stand 200 meters high, will be the first landmark and a point of access to central Beijing from the airport expressway. Currently, Wangjing is also home to the China headquarters of many prestigious multinational companies, including Daimler, Siemens, Microsoft, and Caterpillar.

The pre-sale of SOHO Peaks Towers 1 and 2 was launched on 20 August 2011. The total sellable GFA was approximately 283,204 square meters, including approximately 240,597 square meters of office space and approximately 42,607 square meters of retail space (including B1). As at 15 August 2013, the project was 98% sold and has achieved an aggregate contract sales amount of approximately RMB14,844 million, with the average selling price for office and retail area of approximately RMB49,551 per square meter and RMB76,159 per square meter, respectively. The Group plans to keep Tower 3 of approximately 127,895 square meters of lettable area as investment properties, including approximately 123,573 square meters of office space and approximately 4,322 square meters of retail space.

SOHO Peaks is designed by Zaha Hadid Architects and is now under construction. Towers 1 and 2 are expected to be completed and delivered in the second half of 2013 and Tower 3 is expected to be completed and delivered in 2014.



Major Projects in Shanghai

SOHO Century Plaza

The project is the first completed office building wholly-owned by the Group in Shanghai as investment properties. It has a total lettable GFA of approximately 42,954 square meters, including approximately 42,522 square meters of office space and approximately 432 square meters of retail space. The project is fully leased with approximately 50% leased to the Shanghai Futures Exchange and the rest mainly to financial institutions and companies.

SOHO Century Plaza is situated at Century Avenue of Shanghai's Pudong district, Pudong's Zhu Yuan business district. The project is close to the Lujiazui financial district and only three kilometers from Jin Mao Tower and Oriental Pearl TV Tower. SOHO Century Plaza is easily accessible through convenient subway networks and road systems. It is within five minutes walking distance to Pudian Road Station on subway line 4 and within eight minutes walking distance to Century Avenue Station, the interchange station for subway lines 2, 4, 6 and 9. Century Avenue Station is currently the largest subway transportation hub in China.



BUSINESS REVIEW

Sky SOHO

Sky SOHO has a total GFA of approximately 343,000 square meters and a total lettable GFA of approximately 228,874 square meters, including approximately 196,056 square meters of office space and approximately 32,818 square meters of retail space.

The project is situated in the Shanghai Hongqiao Linkong Economic Zone and adjacent to the Shanghai Hongqiao transportation hub. The Shanghai Hongqiao transportation hub, the convergence point of modern means of transportation such as airplane, high speed railway and subway, is the world's largest transportation hub and currently Shanghai's most vibrant area. It is connected to the most affluent cities of the Yangtze River Delta within about half an hour, making the Shanghai Hongqiao transportation hub and its nearby area is an area with the highest development potential in China.

The project is now under construction. The Group plans to keep the project as investment properties.



SOHO Fuxing Plaza

SOHO Fuxing Plaza has a total GFA of approximately 137,000 square meters and a total lettable GFA of approximately 85,230 square meters, including approximately 61,807 square meters of office space and approximately 23,423 square meters of retail space.

SOHO Fuxing Plaza is situated at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway line 10 and subway line 13 (under construction). It is right next to Shanghai Xintiandi that has a bustling commercial atmosphere.

The project is now under construction. The Group plans to keep the project as investment properties.



BUSINESS REVIEW

Bund SOHO

The project has a total planned GFA of approximately 189,909 square meters. The Group holds 90% interests of T&T International Investment Corporation ("T&T International"), the major shareholder of the project company, and consequently holds 61.506% interest of the project company indirectly. The total lettable GFA attributable to the Group is approximately 77,308 square meters, including approximately 53,159 square meters office space and approximately 24,149 square meters of retail space.

Bund SOHO is located on the Bund of Shanghai, framed by Yong'an Road to the east, Xin Yong'an Road to the south, East Second Zhong Shan Road to the west, and Xinkaihe Road and Renmin Road to the north. On the treasured premium strip of the Bund, right next to Shanghai's most famous City God Temple, and besides the Bund's multi-dimensional transportation hub and yacht pier, the project location possesses a highly developed and lively commercial atmosphere.

The project is now under construction. The Group plans to keep the project as investment properties.

Hongkou SOHO

The project has a total GFA of approximately 95,506 square meters and a lettable GFA of approximately 70,548 square meters, including approximately 65,972 square meters of office area and approximately 4,576 square meters of retail area.

Hongkou SOHO is situated at Sichuan North Road Station on subway line 10 and is only 300 meters away from Baoshan Road Station, the interchange station for subway lines 3 and 4. It is located at the most prime and developed area of the Sichuan North Road commercial district, one of the three largest commercial districts in Shanghai.

The project is currently under construction. The Group plans to keep the project as investment properties.

SOHO Jing'an Plaza

The project has a total planned GFA of approximately 76,363 square meters and a total sellable GFA of approximately 54,131 square meters, including approximately 35,990 square meters of office space, approximately 14,425 square meters of apartment spaces and approximately 3,714 square meters of retail space.

SOHO Jing'an Plaza is situated next to the Chang Shou Lu Commercial Street at the Caojiadu commercial area, Jing'an District, Shanghai. Surrounded by subway lines 2, 3, 7 and 11 and with the addition of subway lines 13 and 14 in the area in the future, Caojiadu commercial area is another vibrant, popular area for offices, retail and luxurious apartments in Jing'an District.

The project is currently under construction. The Group plans to sell the project.

SOHO Hailun Plaza

The project has a total planned GFA of approximately 169,106 square meters and a lettable GFA of approximately 113,654 square meters, including approximately 105,670 square meters of office space and approximately 7,984 square meters of retail space.

SOHO Hailun Plaza is located at subway line 10 Hailun Road Station in Hongkou District, Shanghai. Situated in the center of Hongkou District, it is in close proximity to the Sichuan North Road business district and is only about 2.5 kilometers from the city center, the People's Square, and about six minutes away from Lujiazui Pudong and the Bund. It is the convergence point for subway line 10 and subway line 4. Subway line 10, which is renowned as Shanghai's underground "Golden Corridor", runs through the city center and the city's major business districts. Subway line 4 is the circle subway line in the city centre that connects Puxi and Pudong.

The project is currently under construction. The Group plans to keep the project as investment properties.

BUSINESS REVIEW

The Bund 8-1 Land

On 29 December 2011, the Group entered into an equity transfer and loan assignment agreement to indirectly acquire 50% equity interest in Shanghai Haizhimen Property Investment Management Co., Ltd. at a total consideration of RMB4 billion. As at 30 June 2013, the Group was indirectly interested in 50% equity interest of Shanghai Bund 8-1 Land project company.

The Bund 8-1 Land has a site area of approximately 45,472 square meters zoned for mixed office, retail, financial, art and culture uses. The project has a total GFA of 426,073 square meters, with aboveground GFA of approximately 274,777 square meters (of which lettable GFA is 269,968 square meters, including 40,590 square meters of retail space, 190,000 square meters of office space, 30,000 square meters of hotel space and 9,378 square meters of art and culture space) and 151,296 square meters of underground gross floor area (including 51,002 square meters of underground retail space). The rights to the 30,000 square meters of hotel space and 6,000 square meters of underground auxiliary facilities have already been sold to a third party.

The Bund 8-1 Land is located between Yuyuan Garden and the Shiliupu Expo water gate in Shanghai's Huangpu District, and is in close proximity to the Shanghai Bund transportation hub and the Bund SOHO of the Group. Set on the bank of the Huangpu River, the Bund 8-1 Land is endowed with the Huangpu River waterfront scenery and faces Pudong's Global Financial Center and Jin Mao Tower across the river.

The project is currently under construction. The Group plans to keep the project as investment properties.

SOHO Tianshan Plaza

The project has a total planned GFA of approximately 170,000 square meters and a total lettable GFA of approximately 119,511 square meters, including 77,053 square meters of office space, 19,561 square meters of retail space and 22,897 square meters of hotel and other space.

SOHO Tianshan Plaza is at the most prime location of the Hongqiao Foreign Trade Center, in Changning District, Shanghai. Being the first business district for foreign enterprises in Shanghai, this area is home to over 4,400 enterprises and organizations with a high concentration of foreign invested enterprises. In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan Plaza neighbors the inner circle and Loushanguan Station on subway line 2. Surrounded by a lively and bustling commercial atmosphere, SOHO Tianshan Plaza is situated at the hub for office, retail and luxurious residential apartments in the Changning District. Upon completion, SOHO Tianshan Plaza will greatly enhance the quality of office and commercial facilities in the area.

The project is currently under construction. The Group plans to keep the project as investment properties.

SOHO Zhongshan Plaza

SOHO Zhongshan Plaza, zoned for retail and office uses, comprises two buildings with a total GFA of approximately 142,000 square meters, including approximately 100,218 square meters of lettable office area and approximately 12,691 square meters of lettable retail area.

SOHO Zhongshan Plaza is situated at Zhongshan West Road in the Changning District, Shanghai. Situated at the heart of Hongqiao commercial district, it is only about 2 kilometers from Xujiahui and Zhongshan Park commercial districts, and about 8 kilometers from the Shanghai Hongqiao transportation hub. SOHO Zhongshan Plaza is easily accessible through an extremely convenient transportation network that is close to Songyuan Road Station on subway line 10 and Hongqiao Road Station on subway lines 3, 4 and 10, and in close proximity to the Zhongshan West Road/Inner Ring highway.

As at 15 August 2013, the project achieved a total cumulative contract sales amount of approximately RMB3,805 million, with 72% of sellable area sold.

BUSINESS REVIEW

Acquisition of a new project

Gubei Land

During the Period, the Group made a successful bid of RMB3.19 billion for the land use right in respect of plot Gubei 5-2 situated in the Changning District of Shanghai (the "Land"). The Land is planned for office and retail use, and has a total planned GFA of approximately 150,000 square meters, and above ground construction area of approximately 105,476 square meters.

The Land is located in the core area of the Hongqiao Foreign Trade Center in Shanghai's Changning District. The Hongqiao Foreign Trade Center area was Shanghai's first central business district for foreign enterprises, home to over 4,400 companies and organizations, over 50% of which are foreign invested enterprises including Intel, General Electric, Samsung, Shell and other multinational companies. Surrounded by a vibrant commercial office atmosphere, the area is a gathering place for Changning's office, business and high-end residential apartments.

The Land is adjacent to the 130,000-square-meter New Hongqiao Center Garden. After completion, the project will be accessible underground from subway line 10 and the planned subway line 15 that all run through Yili Station. The project is in close proximity to the Gubei Takashimaya shopping mall, Gubei Fortune Plaza, and other grade A office buildings. The Land is bordered by Yili Road to the east, Hongbaoshi Road to the south, Manao Road to the west and the Hongqiao Road to the north.

The planning and designing work has already commenced. The Group plans to keep the project as investment properties.

BUSINESS REVIEW AND MARKET OUTLOOK

During the Period, the market demand for prime office buildings in Beijing and Shanghai remained robust, whereas the supply in these two cities remained constrained in prime locations. As a result, the vacancy rates in these two cities are at historical lows. The vacancy rate in Beijing, in particular, has dropped to the lowest level over the past decade, with some districts falling below 1%. The vacancy rate in Shanghai was as low as 5% in recent months. Rental growth has stabilized at more normal levels following 18 months of rapid growth to record highs as a result of the aggressive expansion of domestic and multinational companies in China after the global financial crisis.

During the Period, the Company has achieved solid leasing performance, proving to the market the Company's unique experience and ability to lease prime office buildings in Beijing and Shanghai.

- **SOHO Century Plaza.** Located at Century Avenue, Pudong, in Shanghai's Lujiazui District, SOHO Century Plaza is the first SOHO investment property offered for leasing following the Company's transition to the landlord business model. The office area of the project has been 100% leased out, with approximately 50% leased to Shanghai Futures Exchange and the rest to tenants mainly coming from financial industry.
- **Qianmen.** Located at heart of Beijing, the Qianmen project was repositioned by the Company during the Period. The Company adopted a leasing strategy recognizing Qianmen's unique position as a leading tourist destination, leveraging the huge foot traffic. Qianmen has attracted international consumer brands to open flagship and "experience" stores, including Samsung, Lenovo and Korean conglomerate CJ, upgrading the project tenant base and laying a solid foundation for future operations and management.
- **Galaxy SOHO.** At the beginning of this year, the Company formally launched Galaxy SOHO for leasing. Galaxy SOHO is Beijing's newest architectural landmark within the Second Ring Road and is the first large scale newly built office building that provides PM2.5 purified air. The project has a total lettable office area of over 160,000 square meters, most of which was sold and launched for leasing under SOHO's management. To date, over 93,000 square meters have been leased, with an average of approximately 19,000 square meters leased per month over the past three months.

During the Period, the Group achieved a turnover of approximately RMB2,478 million, representing an increase of approximately 103% over the same period last year, and gross profit margin was approximately 54%. Net profit attributable to equity shareholders of the Company was approximately RMB2,094 million, representing an increase of approximately 242% over the same period last year. Core net profit (excluding net valuation gains on investment properties) was approximately RMB537 million, representing an increase of approximately 130% over the same period of 2012, with a core net profit margin of approximately 22%. SOHO Peaks Towers 1 and 2 are expected to be completed and delivered in the second half of 2013. The project has already generated aggregate contract sales of RMB14,844 million to date.

In April 2013, the Company successfully bid for commercial land located in the Hongqiao Foreign Trade Center area in Shanghai's Changning District at a price of RMB3,190 million. The land has a total planned GFA of approximately 150,000 square meters. The Hongqiao Foreign Trade Center area was originally Shanghai's first business district open to foreign enterprises and today is a major hub for office, retail and luxurious residential apartments in Shanghai's Changning District.

BUSINESS REVIEW AND MARKET OUTLOOK

At the end of June 2013, the Company had total cash of approximately RMB15,179 million and net gearing ratio of only 14%. The Company's ample cash resources and healthy balance sheet provide firm financial support for future development. Competition in the land market has been accelerating since the beginning of this year. We see land prices trending up, further squeezing yields on properties. These high asset prices are not sustainable absent significant rental growth. In the current market environment, there is no clear indication of economic revitalization, and expectations for strong rental growth lack support in the physical market. We do believe the government will articulate clear economic policies for some months to come, and in the interim the Company will take a prudent attitude towards future acquisitions.

The Company has always provided leasing and property management services to investors. With a development portfolio of over 2 million square meters of properties completed, leased and under management, the Company has accumulated vast experience and resources in leasing and property management. As the largest prime office developer in Beijing and Shanghai, the Company currently has a portfolio of 1.9 million square meters of investment properties completed and under construction. Pipeline properties that are completed and put on the market for leasing will generate a strong stream of recurring rental income over time. By the completion of the Company's transition in 2015, the Company's premium commercial investment property portfolio will be on a path towards sustainable long term growth.

Beijing and Shanghai are the only true global cities in China, where demand for high quality prime location office buildings is much stronger than in any other city in the country. However, in terms of the commercial environment and office market maturity, a gap still remains between Beijing and Shanghai and major international office markets in developed economies. The Company believes that the development of China's economy will continue to propel Beijing and Shanghai's growth, leading cap rates and rental levels in these two office markets to converge with developed markets. We are fully confident about the development potential of the office markets in Beijing and Shanghai.

MANAGEMENT DISCUSSION & ANALYSIS

Financial review

Property development

Turnover for the Period was approximately RMB2,478 million, representing an increase of approximately RMB1,256 million or approximately 103% as compared with approximately RMB1,222 million during the same period of 2012. This was mainly attributable to the increase in the GFA booked as compared with that of the same period of 2012. GFA booked during the Period was approximately 40,835 square meters (excluding car parks), increased by 76% compared to approximately 23,179 square meters in the same period of 2012. During the Period, average selling price of booked GFA of sellable area (excluding car parks) was approximately RMB60,749 per square meter. Turnover for the Period mainly came from Galaxy SOHO and SOHO Zhongshan Plaza, etc.

Profitability

Gross profit for the Period was approximately RMB1,342 million, representing an increase of approximately RMB760 million or approximately 131% as compared with approximately RMB582 million in the same period of 2012. Gross profit margin for the Period was approximately 54%.

Profit before taxation for the Period was approximately RMB3,588 million, representing an increase of approximately RMB2,548 million or approximately 245% as compared with approximately RMB1,040 million in the same period of 2012. The increase in profit before taxation was mainly due to the increase in gross profit and revaluation gains from investment properties during the Period.

Net profit attributable to the equity shareholders of the Company for the Period was approximately RMB2,094 million, representing an increase of approximately RMB1,481 million as compared with approximately RMB613 million in the same period of 2012. The increase was mainly due to the significant increase of GFA booked and revaluation gains arising from additional investment properties during the Period. Core net profit, excluding net valuation gains on investment properties, was approximately RMB537 million, representing an increase of approximately 130% compared with the same period of 2012.

Core net profit margin for the Period was approximately 22%.

Cost control

Selling expenses for the Period were approximately RMB84 million, representing an increase of approximately RMB30 million as compared with approximately RMB54 million in the same period of 2012. These selling expenses represented approximately 3.4% of the turnover of the Period compared with 4.4% in the same period of 2012.

Administrative expenses for the Period were approximately RMB114 million, representing an increase of approximately RMB24 million over approximately RMB90 million in the same period of 2012.

MANAGEMENT DISCUSSION & ANALYSIS

Financial income and expense

Financial income for the Period was approximately RMB369 million, representing an increase of approximately RMB20 million as compared with approximately RMB349 million during the same period of 2012. The increase in financial income was mainly due to the increase in return from cash management during the Period.

Financial expenses for the Period were approximately RMB86 million, representing a decrease of approximately RMB110 million from the same period of 2012, as a result of large amount of interest expense capitalised during the Period.

Valuation gains on investment properties

Valuation gains on investment properties for the Period were approximately RMB2,136 million, which were mainly a result of more investment properties being held by the Group during the Period, including properties that are completed and under construction.

Income tax

Income tax of the Group comprised the PRC Corporate Income Tax and the Land Appreciation Tax. The PRC Corporate Income Tax for the Period was approximately RMB988 million, representing an increase of approximately RMB786 million as compared with approximately RMB202 million in the same period of 2012. Land Appreciation Tax for the Period was approximately RMB445 million, representing an increase of approximately RMB249 million as compared with approximately RMB196 million in the same period of 2012. Income tax increased as a result of increased profit.

Senior notes, convertible bonds, bank loans and collaterals

On 31 October 2012, the Company successfully issued US\$600 million 5.750% senior notes due 2017 and US\$400 million 7.125% senior notes due 2022 (collectively, the "Senior Notes").

On 2 July 2009, the Company issued a five-year convertible bonds (the "Convertible Bonds") in the aggregate principal amount of HKD2,800 million and bearing interest at a rate of 3.75% per annum. Each Convertible Bond can be convertible on or after 11 August 2009 up to and including 25 June 2014 into Shares of the Company at an initial conversion price of HKD5.88 per Share. As at 30 June 2013, the adjusted conversion price was HKD5.10 per Share.

During the Period, the Group repurchased Convertible Bonds in accordance with the terms on which the Convertible Bonds were issued in an aggregate principal amount of HKD443,000,000 by way of an over-the-counter purchase, and cancelled such Convertible Bonds upon settlement. In addition, Convertible Bonds in the aggregate principal amount of HKD100,000 were converted into Shares. As at 30 June 2013, the aggregate outstanding principal amount of the Convertible Bonds was HKD2,356,900,000. The carrying amounts of liability and equity component of the Convertible Bonds were approximately RMB1,775 million and RMB390 million, respectively, as at 30 June 2013.

As at 30 June 2013, the bank loans of the Group was approximately RMB11,730 million, of which approximately RMB4,433 million is due within 1 year, approximately RMB6,537 million is due after 1 year but within 2 years, approximately RMB520 million is due after 2 years but within 5 years and approximately RMB240 million is due after 5 years. As at 30 June 2013, bank loans of approximately RMB11,730 million of the Group were collateralized by the Group's land use rights, properties, restricted bank deposits and share of certain subsidiaries or guaranteed by certain subsidiaries of the Group.

As at 30 June 2013, the Group had Senior Notes, Convertible Bonds and bank loans of approximately RMB19,609 million, equivalent to approximately 25.4% of the total assets (31 December 2012: 28.5%). Net debt (bank loans + Senior Notes + Convertible Bonds – cash and cash equivalents and bank deposits) to shareholder's equity ratio was approximately 14.3% (31 December 2012: 2.6%).

Risks of foreign exchange fluctuation

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars and US dollars, and the Group's Convertible Bonds and the Senior Notes were denominated in Hong Kong dollars and US dollars respectively. However, the Group's operating cash flow and liquidity has not been subject to significant influence from fluctuations in exchange rate. No currency hedging arrangements have been made as at 30 June 2013.

Contingent liabilities

As at 30 June 2013, the Group entered into agreements with certain banks to provide guarantees in respect of mortgage loans provided to the buyers of property units. The aggregate amount of guaranteed mortgage loans guaranteed by the Group relating to such agreements was approximately RMB5,033 million as at 30 June 2013 (approximately RMB5,593 million as at 31 December 2012).

Reference is made to the announcement of the Company dated 24 April 2013 in relation to a judgment (the "Trial Judgment") issued by the Shanghai No. 1 Intermediate People's Court according to which the acquisition (the "Acquisition") of the 100% equity interests in 上海証大五道口房地產開發有限公司 (Shanghai Zendai Wudaokou Real Estate Development Co., Ltd.*) ("Zendai Wudaokou") and 杭州綠城合升投資公司 (Hangzhou Greentown Hesheng Investment Company*) ("Greentown Hesheng") by a subsidiary of the Company was ordered to be invalidated.

Zendai Wudaokou and Greentown Hesheng together hold a 50% equity interest in 上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment Management Co., Ltd.*) ("Shanghai Haizhimen") which entered into an equity transfer and loan assignment agreement (the "Project Company Transfer Agreement") dated 28 October 2011 for the acquisition of the entire equity interest in a project company which owns the land use rights to the Bund 8-1 Land.

* for identification purpose only

MANAGEMENT DISCUSSION & ANALYSIS

The relevant subsidiary of the Company has made an appeal (the "Appeal") to the Higher People's Court of Shanghai against the Trial Judgment. As advised by the Company's PRC legal advisers, since the Trial Judgment cannot be enforced and will not become effective pending the results of the Appeal, the relevant subsidiary of the Company is still holding 100% equity interests in Zendai Wudaokou and Greentown Hesheng, which, upon completion of the Project Company Transfer Agreement, will, through Shanghai Haizhimen, indirectly hold a 50% interest in the Bund 8-1 Land.

Other than the above litigation, the Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in its ordinary and usual course of business. While the outcome of such contingencies, lawsuits or other proceedings cannot be determined at present, the Board believes that any resulting liabilities will not have a material adverse effect on the financial position, liquidity or operating results of the Group.

Capital commitment

As at 30 June 2013, the Group's contracted capital commitments for properties under development and investment properties were approximately RMB4,457 million (approximately RMB4,903 million as at 31 December 2012). The amount mainly comprised the contracted development cost of existing projects.

Employees and remuneration policy

As at 30 June 2013, the Group had 2,515 employees, including 75 employees for sales and leasing in Beijing and Shanghai, 243 employees for Commune by the Great Wall and 1,747 employees for the property management company.

The remuneration of the Group's employees includes basic salary and bonuses. Bonuses are determined on a quarterly basis based on performance reviews. Remuneration of sales and leasing staff is primarily composed of commissions linked to sales and leasing performance. Pursuant to the terms of the share option scheme adopted on 14 September 2007 (the "Share Option Scheme"), the Company granted share options to various Directors and employees. The Company adopted the share award scheme (the "Employees' Share Award Scheme") on 23 December 2010 as part of its employees' remuneration packages, and granted Shares to various employees, including various Directors pursuant to the rules of the Employees' Share Award Scheme.

OTHER INFORMATION

Principal activities

The principal activity of the Company is investment in real estate development and operation. Details of the principal activities of the Group are set out in the section headed "Business review" of this report. There were no significant changes in the nature of the Group's principal activities during the Period.

Dividends

The Board declared an interim dividend of RMB0.12 per Share for the six months ended 30 June 2013 to the shareholders of the Company whose names appear on the register of members on 12 September 2013 (2012 interim: RMB0.12 per Share). The dividend will be paid to the shareholders of the Company on or before 30 September 2013.

In May 2013, the Company paid the final dividend for the year ended 31 December 2012, of approximately RMB647 million, to the shareholders of the Company.

Share capital

Details of the movements in share capital of the Company during the Period are set out in note 17 to the condensed consolidated financial statements.

As at 30 June 2013, the Company had 4,878,642,811 Shares in issue (31 December 2012: 5,112,616,800 Shares).

Purchase, sale or redemption of listed securities of the Company

During the Period, the Company repurchased on the Stock Exchange a total of 232,981,000 Shares at a total consideration of approximately HKD1,495,947,330. As at 26 July 2013, all the Shares repurchased by the Company during the Period had been cancelled. In addition, the trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 230,500 Shares at a total consideration of approximately HKD1,530,079 pursuant to the terms of the rules and trust deed of the Employees' Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the Period.

OTHER INFORMATION

Interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2013, 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 Securities and Futures Ordinance ("SFO")), which were required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares

Name	Personal interests	Family interests	Corporate interests	Number of Shares	Approximate percentage of shareholding
Pan Shiyi	-	3,324,100,000(L)	-	3,324,100,000(L)	68.1358%(L)
Pan Zhang Xin Marita	-	-	3,324,100,000(L)	3,324,100,000(L)	68.1358%(L)
Yan Yan	17,132,743(L) (Note 2)	-	-	17,132,743 (L)	0.3512%(L)
Tong Ching Mau	1,111,304(L) (Note 3)	-	-	1,111,304 (L)	0.0228%(L)
Yin Jie	621,580(L) (Note 4)	-	-	621,580(L)	0.0127%(L)
Ramin Khadem	300,000(L)	-	-	300,000(L)	0.0061%(L)

Notes:

- (1) (L) represents the Directors' long position in Shares or underlying Shares.
- (2) These are interests in the underlying Shares, which include (i) options to subscribe for 1,242,500 Shares granted under the Pre-IPO Share Option Scheme; (ii) options to subscribe for 901,000 Shares and 8,184,000 Shares granted on 30 January 2008 and 6 November 2012, respectively, under the Share Option Scheme; and (iii) 6,805,243 Shares beneficially owned.
- (3) These are interests in the underlying Shares, which include (i) options to subscribe for 331,250 Shares granted under the Pre-IPO Share Option Scheme; (ii) options to subscribe for 223,000 Shares granted on 30 January 2008 under the Share Option Scheme; and (iii) 557,054 Shares beneficially owned.
- (4) These are interests in the underlying Shares, which include 621,580 Shares beneficially owned.

(ii) Interests in the ordinary shares of the Company's associated corporations

Name	Name of associated corporation	Nature of interest	Share Capital (USD)	Approximate percentage of shareholding
Pan Shiyi	Beijing Redstone Jianwai Real Estate Development Co., Ltd.	interests of controlled corporation	1,275,000	4.25%
	Beijing SOHO Real Estate Co., Ltd.	beneficial owner	4,950,000	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.	interests of controlled corporation	225,000	0.75%

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2013, 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 pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and short positions of the substantial shareholders in the Shares and underlying Shares

As at 30 June 2013, 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 or the chief executives of the Company, the following shareholders had notified the Company of their relevant interests or short positions in the Shares or underlying Shares:

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding
HSBC International Trustee Limited (Note 2)	trustee	3,325,491,500(L)	68.1643%(L)
Capevale Limited	interests of controlled corporation	3,324,100,000(L)	68.1358%(L)
Boyce Limited (Note 3)	beneficial owner	1,662,050,000(L)	34.0679%(L)
Capevale Limited (Note 4)	beneficial owner	1,662,050,000(L)	34.0679%(L)

OTHER INFORMATION

Notes:

- (1) [L] represents shareholders' long position in such Shares or underlying Shares.
- (2) HSBC International Trustee Limited (in its capacity as the trustee of the trust) is the legal owner of 100% of the shares in the issued share capital of Capevale Limited, a company incorporated in the Cayman Islands. HSBC International Trustee Limited held 3,325,491,500 Shares under the trust for the benefit of the beneficiaries of the trust, including Mrs. Pan Zhang Xin Marita. Boyce Limited, which is incorporated in the British Virgin Islands, was the beneficial owner of 1,662,050,000 Shares. Capevale Limited, which is incorporated in the British Virgin Islands, is the beneficial owner of 1,662,050,000 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.
- (4) Capevale Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Limited, a company incorporated in the Cayman Islands.

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2013, none of any person who had interest or short position in the shares and underlying shares of the Company which were required, pursuant to section 336 of the SFO, to be recorded into the register referred to therein.

Directors' rights to acquire shares of the Company

Save as disclosed in the sections headed "Employees' Share Award Scheme", "Share Option Scheme" and "Pre-IPO Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or child under 18, nor were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable any Directors to acquire such rights in any other body corporate.

Employees' Share Award Scheme

The Company adopted the Employees' Share Award Scheme on 23 December 2010. The purpose of the Employees' Share Award Scheme is to recognize the contributions by certain employees of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

During the Period, the trustee of the Employees' Share Award Scheme, pursuant to the terms of rules and trust deed of the Employees' Share Award Scheme, purchased on the Stock Exchange a total of 230,500 Shares at a consideration of approximately HKD1,530,079. During the Period, 1,428,500 Shares were granted to the employees including Directors under the Employees' Share Award Scheme.

Share Option Scheme

The Company has adopted the Share Option Scheme on 14 September 2007, which shall be valid and effective for a period of ten years commencing from 14 September 2007. The purpose of the Share Option Scheme is to provide the participants who have been granted options (the "Options") under the Share Option Scheme to subscribe for Shares with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company for the benefit of the Company and its shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, motivating, rewarding, remunerating, compensating and/or providing benefits to the participants. Under the Share Option Scheme, the Board may make an offer to (i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors), employees and officers of any member of the Group, and (ii) any advisers, consultants, agents, business partners, joint venture business partners and service providers of any member of the Group (collectively, these listed in (ii) being the "Business Associate"), as the Board may in its absolute discretion select, to take up Options (collectively, the "Participants"). The amount payable by a Participant upon acceptance of a grant of Options is HKD1.00.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) under the Share Option Scheme or any other share option scheme adopted by the Company in any twelve-month period must not exceed 1% of the Shares in issue. Any further grant of Options which would result in the number of Shares issued as aforesaid exceeding the said 1% limit will be subject to prior shareholders' approval with the relevant Participant and his/her associates (as defined in the Listing Rules) abstaining from voting. The period within which the Options may be exercised shall expire no later than ten years from the relevant date on which the offer of the grant of an Option is made to a Participant.

The subscription price of any Option granted under the Share Option Scheme may be determined by the Directors provided that it shall be no less than the higher of (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the offer date; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the offer date; and (iii) the nominal value of a Share on the date of grant.

As at 30 June 2013, there were outstanding Options carrying the rights to subscribe for 10,233,000 Shares (31 December 2012: 11,090,000 Shares) representing 0.21% (31 December 2012: 0.22%) of the issued share capital of the Company, no Options were cancelled during the Period (2012: 523,000 Shares).

OTHER INFORMATION

Details of the Options granted under the Share Option Scheme and remained outstanding as at 30 June 2013 are as follows:

Name and class of grantees	Date of grant	Number of Options					Outstanding as at 30 June 2013
		Outstanding as at 1 January 2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
(1) Directors							
Yan Yan	30 January 2008 (Note 1)	901,000	-	-	-	-	901,000
	6 November 2012 (Note 3)	8,184,000	-	-	-	-	8,184,000
Tong Ching Mau	30 January 2008 (Note 1)	223,000	-	-	-	-	223,000
(2) Other employees	30 January 2008 (Note 1)	1,482,000	-	557,000	-	-	925,000
Other employees	30 June 2008 (Note 2)	300,000	-	300,000	-	-	-
Total		11,090,000	-	857,000	-	-	10,233,000

Notes:

(1) Details of Options:

Number of Options granted	Exercise period	Exercise price per Share HKD	Closing price per Share immediately prior to the grant date HKD
7,259,000	30 January 2009 to 29 January 2014*	6.10	5.87

(2) Details of Options:

Number of Options granted	Exercise period	Exercise price per Share HKD	Closing price per Share immediately prior to the grant date HKD
1,080,000	30 June 2009 to 29 June 2014**	4.25	4.34

(3) Details of Options:

Number of Options granted	Exercise period	Exercise price per Share HKD	Closing price per Share immediately prior to the grant date HKD
8,184,000	6 November 2013 to 5 November 2022***	5.53	5.67

* The Options granted on 30 January 2008 are exercisable from the commencement of the exercise periods until the expiry of the Options which is on 29 January 2014. One-third of such Options are exercisable after the expiry of the first year from the date of grant, a further one-third is exercisable after the expiry of second year from the date of grant, and the remaining one-third is exercisable after the expiry of third year from the date of grant.

** The Options granted on 30 June 2008 are exercisable from the commencement of the exercise periods until the expiry of the Options which is on 29 June 2014. One-third of such Options are exercisable after the expiry of the first year from the date of grant, a further one-third is exercisable after the expiry of second year from the date of grant, and the remaining one-third is exercisable after the expiry of third year from the date of grant.

*** The Options granted on 6 November 2012 are exercisable from the commencement of the exercise period until the expiry of the Options which is on 5 November 2022. One-tenth of such Options are exercisable after the expiry of the first six years from the date of grant on an annual basis, and the remaining two-fifths of the option are exercisable after the expiry of the seventh year from the date of grant.

Pre-IPO Share Option Scheme

The Company adopted the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 14 September 2007, the terms of which are substantially the same as the terms of the Share Option Scheme except that:

- (i) the exercise price per Share under the Pre-IPO Share Option Scheme shall equal to the offer price per Share upon initial public offering of the Shares (the "IPO");
- (ii) the term of the Pre-IPO Share Option Scheme is six years commencing from 8 October 2007;
- (iii) the total number of Shares which may be issued upon the exercise in full of all options (the "Pre-IPO Share Options") granted under the Pre-IPO Share Option Scheme is 12,058,000 Shares, representing approximately 0.23% of the enlarged issued share capital of the Company after completion of the IPO; and
- (iv) save for the Pre-IPO Share Options which have been granted, no further Pre-IPO Share Options would be granted on or after the date of listing of the Company (i.e. 8 October 2007), as the right to do so ended upon the listing of the Company.

OTHER INFORMATION

As at 30 June 2013, Pre-IPO Share Options carrying the rights to subscribe for 4,367,069 Shares (31 December 2012: 5,481,660 Shares) representing 0.09% (31 December 2012: 0.11%) of the issued share capital of the Company remained outstanding. Pre-IPO Share Options carrying the right to subscribe for 1,114,591 Shares were cancelled during the Period.

Details of the outstanding Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme, are as follows:

Name and class of grantees	Number of Options					
	Granted on 14 September 2007 (Note)	Outstanding as at 1 January 2013	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2013
(1) Directors						
Yan Yan	1,242,500	1,242,500	-	-	-	1,242,500
Tong Ching Mau	331,250	331,250	-	-	-	331,250
(2) Employees of the Group	10,484,250	3,907,910	-	1,114,591	-	2,793,319
(3) Cancelled	750,000	-	-	-	-	-
	12,058,000	5,481,660	-	1,114,591		4,367,069

Note: All the Pre-IPO Share Options can be exercised at the price of HKD8.3 per Share. All the Pre-IPO Share Options under the Pre-IPO Share Option Scheme cannot be exercised within the first twelve months after the date of the listing of the Company. The Pre-IPO Share Options granted are exercisable for the period from 8 October 2008 until the expiry of Options which is on 7 October 2013. One-third of such Pre-IPO Share Options are exercisable after the expiry of the first year from the date of grant, a further one-third is exercisable after the expiry of second year from the date of grant, and the remaining one-third is exercisable after the expiry of third year from the date of grant.

Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company had been in compliance with the code provisions of the Corporate Governance Code, contained in Appendix 14 to the Listing Rules during the Period.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the Directors. The Company had made specific enquiry to all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

Disclosure Pursuant to Rules 13.18 and 13.21 of the Listing Rules

On 22 June 2011, the Company, as borrowers, entered into a facility agreement with a syndicate of banks for an up to USD605 million equivalent 3-year transferable term loan facility. This syndicated loan will bear interest at the rate being the sum of LIBOR/HIBOR (as the case may be) and the interest margin of 3.55% per annum. This syndicated loan was to finance the general corporate funding requirement of the Group.

On 5 June 2012, the Company, as borrower, entered into a facility agreement (together with the facility agreement dated 22 June 2011, collectively the "Facility Agreements") with a syndicate of banks for an up to USD 626 million equivalent 3-year transferable term loan facility (the "Syndicated Loan"). The Syndicated Loan will bear interest at the rate being the sum of LIBOR/HIBOR (as the case may be) and the interest margin of 4.25% per annum. The Syndicated Loan is to finance the general corporate funding requirements of the Group.

Pursuant to the terms of the Facility Agreements, if, among others, the Company, as borrower and certain subsidiaries of the Company, as guarantors, fail to procure that:

- 1 Mrs. Pan Zhang Xin Marita ("Mrs. Pan") and The Little Brothers Settlement constituted on 25 November 2005 by a deed of settlement between Mrs. Pan as settlor and HSBC International Trustee Limited as original trustee and under which Mrs. Pan is also the protector and a beneficiary (the "Trust") shall, in the aggregate, remain as the beneficial owners of at least 51% of the entire issued share capital of the Company; and
- 2 Mr. Pan Shiyi and Mrs. Pan shall remain as the Chairman and the Chief Executive Officer of the Company, respectively.

All outstanding liabilities of the Company under the Facility Agreements and the related documentation will become immediately due and payable.

As at 30 June 2013, the Trust is the legal owner of approximately 68.1643% of the entire issued share capital of the Company.

Board of Directors

The Board is responsible for the leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. Under the leadership of the Chairman, the Board is also responsible for approving and overseeing the overall strategies and policies of the Company, approving the annual budget and business plans, assessing the Company's performance and supervising the work of the senior management.

The running of the day-to-day businesses of the Company is delegated by the Board to the management who is working under the leadership and supervision of the Board committees except that authority is reserved for the Board to approve interim and annual financial statements, dividend policy, annual budgets, business plan and significant operational matters.

OTHER INFORMATION

The Board currently comprises eight Directors, including five executive Directors, namely Mr. Pan Shiyi (Chairman), Mrs. Pan Zhang Xin Marita (Chief Executive Officer), Ms. Yan Yan, Ms. Tong Ching Mau and Mr. Yin Jie; and three independent non-executive Directors, namely Dr. Ramin Khadem, Mr. Cha Mou Zing, Victor and Mr. Yi Xiqun.

Regular Board meetings are held at least four times a year (at quarterly intervals) and any ad hoc meeting will be held when necessary. At least fourteen days notice will be given to all the Directors prior to any Board meeting and any relevant materials to be presented to a Board meeting will be provided to Directors at least three days before such Board meeting. The Directors are appointed by shareholders of the Company through ordinary resolutions or appointed by the Board to fill any existing vacancies on the Board or for new additions to the Board. At each annual general meeting, one-third (or, if the number is not a multiple of three, the number nearest to but not less than one-third) of the Directors for the time being shall retire from office by rotation but are eligible for re-election and re-appointment.

The Chairman of the Board, Mr. Pan Shiyi, is the husband of Mrs. Pan Zhang Xin Marita, an executive Director and the Chief Executive Officer. Except for disclosed above, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Board is established in accordance with the provisions of Rules 3.10 and 3.10A of the Listing Rules. Of the three independent non-executive Directors appointed, at least one or more are equipped with financial expertise and the number of independent non-executive Directors representing at least one-third of the Board.

The Board's composition demonstrates a balance of core competence with regard to the business of the Company, so as to provide effective leadership and the required expertise to the Company.

Liability insurance for Directors and senior management officers was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Audit Committee and Review of Interim Results

The Audit Committee comprises three independent non-executive Directors, namely Dr. Ramin Khadem, Mr. Cha Mou Zing, Victor and Mr. Yi Xiqun. The committee is chaired by Dr. Ramin Khadem.

The Audit Committee had reviewed the interim results for the six months ended 30 June 2013 of the Group and took the view that the Company was in full compliance with all applicable accounting standards and regulations and had made adequate disclosures.

CORPORATE INFORMATION

Executive Directors	Pan Shiyi (<i>Chairman</i>) Pan Zhang Xin Marita (<i>Chief Executive Officer</i>) Yan Yan Tong Ching Mau Yin Jie
Independent non-executive Directors	Ramin Khadem Cha Mou Zing, Victor Yi Xiqun
Company Secretary	Ma Sau Kuen Gloria
Members of the Audit Committee	Ramin Khadem (<i>Chairman</i>) Cha Mou Zing, Victor Yi Xiqun
Members of the Remuneration Committee	Cha Mou Zing, Victor (<i>Chairman</i>) Ramin Khadem Yi Xiqun
Members of the Nomination Committee	Cha Mou Zing, Victor (<i>Chairman</i>) Pan Zhang Xin Marita Ramin Khadem
Members of the Compliance Committee	Yi Xiqun (<i>Chairman</i>) Ramin Khadem Pan Zhang Xin Marita
Authorised Representatives	Pan Zhang Xin Marita Ma Sau Kuen Gloria
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

CORPORATE INFORMATION

Principal Place of Business in Hong Kong	8th Floor Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
Cayman Islands Principal Share Registrar and Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Hong Kong Legal Advisors	Stephenson Harwood 35th Floor, Bank of China Tower 1 Garden Road, Central Hong Kong
Auditors	PricewaterhouseCoopers 22/F, Prince's Building 10 Chater Road Central, Hong Kong
Principal Banker	Bank of China Corporation Ltd. China CITIC Bank Corporation Ltd. China Merchants Bank Corporation Ltd. China Minsheng Banking Corp., Ltd. The Hong Kong and Shanghai Banking Corporation Limited Industrial and Commercial Bank of China (Macau) Limited Standard Chartered Bank (Hong Kong) Limited
Website address	www.sohochina.com
Stock Code	410

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF SOHO CHINA LIMITED

(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 34 to 56, which comprises the interim condensed consolidated balance sheet of SOHO China Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 August 2013

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2013
(Expressed in Renminbi)

	Note	Unaudited Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Turnover	4	2,478,348	1,222,378
Cost of properties sold		(1,136,470)	(640,869)
Gross profit		1,341,878	581,509
Valuation gains on investment properties	8	2,135,602	423,351
Other operating income		82,355	90,473
Selling expenses		(83,888)	(54,056)
Administrative expenses		(114,454)	(90,463)
Other operating expenses		(56,917)	(63,846)
Profit from operations		3,304,576	886,968
Finance income	5(a)	368,608	349,228
Finance expenses	5(a)	(85,555)	(195,950)
Profit before taxation	5	3,587,629	1,040,246
Income tax expense	6	(1,432,917)	(397,590)
Profit for the period		2,154,712	642,656
Attributable to:			
Equity shareholders of the Company		2,094,302	612,575
Non-controlling interests		60,410	30,081
Profit for the period		2,154,712	642,656
Earnings per share (RMB)	7		
Basic		0.417	0.118
Diluted		0.401	0.118

The notes on pages 41 to 56 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013
(Expressed in Renminbi)

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	2,154,712	642,656
Other comprehensive income for the period (after tax):		
<i>Items that may be reclassified to Income Statement</i>		
Exchange differences on translation of financial statements of foreign operations	111,668	(26,686)
Total comprehensive income for the period	2,266,380	615,970
Attributable to:		
– Equity shareholders of the Company	2,205,970	585,889
– Non-controlling interests	60,410	30,081
Total comprehensive income for the period	2,266,380	615,970

The notes on pages 41 to 56 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2013
(Expressed in Renminbi)

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Non-current assets			
Investment properties	8	41,938,000	38,310,000
Property and equipment	9	669,965	682,084
Bank deposits		147,986	137,647
Interest in joint ventures		4,065,532	4,065,532
Deferred tax assets		1,907,190	2,009,795
Total non-current assets		48,728,673	45,205,058
Current assets			
Properties under development and completed properties held for sale	10	9,413,108	10,048,137
Deposits and prepayments		3,239,400	2,599,287
Trade and other receivables	11	744,873	662,937
Bank deposits		890,882	2,353,429
Cash and cash equivalents	12	14,139,837	19,708,723
Total current assets		28,428,100	35,372,513
Current liabilities			
Bank loans	15	4,433,027	3,922,219
Sales deposits	13	10,110,612	8,896,083
Trade and other payables	14	2,566,620	2,657,017
Taxation		7,542,145	9,571,246
Total current liabilities		24,652,404	25,046,565
Net current assets		3,775,696	10,325,948
Total assets less current liabilities		52,504,369	55,531,006
Non-current liabilities			
Bank loans	15	7,297,414	10,791,280
Convertible bonds	16	1,774,551	2,092,476
Senior notes		6,104,112	6,198,433
Contract retention payables		644,366	660,189
Deferred tax liabilities		4,707,500	4,078,166
Total non-current liabilities		20,527,943	23,820,544
NET ASSETS		31,976,426	31,710,462

The notes on pages 41 to 56 form an integral part of these condensed consolidated interim financial statements.

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
CAPITAL AND RESERVES			
Share capital	17	101,495	106,029
Reserves		30,836,566	30,593,478
Total equity attributable to equity shareholders of the Company		30,938,061	30,699,507
Non-controlling interests		1,038,365	1,010,955
Total equity		31,976,426	31,710,462

Approved and authorised by the board of directors on 20 August 2013.

Pan Shiyi)
) Directors
Pan Zhang Xin Marita)

The notes on pages 41 to 56 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013
(Expressed in Renminbi)

	Note	Unaudited											
		Attributable to owners of the Company										Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Capital		Exchange reserve	Revaluation reserve	General reserve	Retained profits	Total		
					redemption reserve	reserve							
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2013		106,029	9,923,282	(152,097)	2,343	564,746	(643,445)	189,527	499,806	20,209,316	30,699,507	1,010,955	31,710,462
Profit for the period		-	-	-	-	-	-	-	-	2,094,302	2,094,302	60,410	2,154,712
Other comprehensive income		-	-	-	-	-	111,668	-	-	-	111,668	-	111,668
Total comprehensive income		-	-	-	-	-	111,668	-	-	2,094,302	2,205,970	60,410	2,266,380
Treasury shares	17(b)(ii)	-	-	(1,217)	-	-	-	-	-	-	(1,217)	-	(1,217)
Repurchase of own shares													
- Par value paid		(4,548)	-	36	-	-	-	-	-	-	(4,512)	-	(4,512)
- Premium paid		-	(1,210,785)	10,982	-	-	-	-	-	-	(1,199,803)	-	(1,199,803)
- Transfer between reserves		-	(4,548)	-	4,548	-	-	-	-	-	-	-	-
Conversion of convertible bonds		-	89	-	-	(15)	-	-	-	-	74	-	74
Repurchase of convertible bonds		-	-	-	-	(123,926)	-	-	-	-	(123,926)	-	(123,926)
Dividends approved in respect of the previous year	17(a)(ii)	-	(645,827)	-	-	-	-	-	-	-	(645,827)	-	(645,827)
Employees' share award scheme	17(d)	-	-	-	-	3,389	-	-	-	-	3,389	-	3,389
Employees' share option schemes		-	-	-	-	633	-	-	-	-	633	-	633
Shares issued under the employees' share option schemes	17(c)	14	4,926	-	-	(1,167)	-	-	-	-	3,773	-	3,773
Vesting of shares under employees' share award scheme		-	198	2,327	-	(2,525)	-	-	-	-	-	-	-
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(33,000)	(33,000)
Balance at 30 June 2013		101,495	8,067,335	(139,969)	6,891	441,135	(531,777)	189,527	499,806	22,303,618	30,938,061	1,038,365	31,976,426

The notes on pages 41 to 56 form an integral part of these condensed consolidated interim financial statements.

	Unaudited													
	Attributable to owners of the Company											Non-controlling interests	Total equity	
	Note	Share capital	Share premium	Treasury shares	Capital			Exchange reserve	Revaluation reserve	General reserve	Retained profits			Total
					redemption reserve	Capital reserve	Reserve							
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2012		107,502	11,430,770	(26,300)	867	561,412	(643,292)	189,527	447,184	9,655,093	21,722,763	1,494,859	23,217,622	
Profit for the period		-	-	-	-	-	-	-	-	612,575	612,575	30,081	642,656	
Other comprehensive income		-	-	-	-	-	(26,686)	-	-	-	(26,686)	-	(26,686)	
Total comprehensive income		-	-	-	-	-	(26,686)	-	-	612,575	585,889	30,081	615,970	
Treasury shares		-	-	(680)	-	-	-	-	-	-	(680)	-	(680)	
Dividends approved in respect of the previous year	17(a)(ii)	-	(570,056)	-	-	-	-	-	-	-	(570,056)	-	(570,056)	
Employees' share award scheme	17(d)	-	-	-	-	2,092	-	-	-	-	2,092	-	2,092	
Vesting of shares of employees' share award scheme	17(d)	-	52	960	-	(1,012)	-	-	-	-	-	-	-	
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	20,537	20,537	(520,537)	(500,000)	
Disposal of subsidiaries		-	-	-	-	-	-	-	(4,912)	4,912	-	-	-	
At 30 June 2012		107,502	10,860,766	(26,020)	867	562,492	(669,978)	189,527	442,272	10,293,117	21,760,545	1,004,403	22,764,948	

The notes on pages 41 to 56 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2013
(Expressed in Renminbi)

	Note	Unaudited Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Net cash used in operating activities		(215,198)	(11,682)
Net cash generated from/(used in) investing activities		192,790	(4,746,327)
Net cash used in financing activities		(5,223,558)	(769,076)
Net decrease in cash and cash equivalents		(5,245,966)	(5,527,085)
Cash and cash equivalents at 1 January		18,492,100	11,202,232
Effect of foreign exchange rates changes		(107,535)	(9,862)
Cash and cash equivalents at 30 June	12	13,138,599	5,665,285

The notes on pages 41 to 56 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

The condensed interim financial statements of SOHO China Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") has been prepared in accordance with the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was approved for issue on 20 August 2013.

The condensed interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). Details of these changes in accounting policies are set out in Note 2.

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimation required in determining the provision of income taxes.

The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs issued by the HKICPA.

2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

- (a) HKFRS 10, 'Consolidated financial statements'. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The adoption has no significant impact on the consolidated financial statements.
- (b) HKFRS 11, 'Joint arrangements'. Under HKFRS 11 Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Before 1 January 2013, the Group's interests in its jointly controlled entities were accounted for using the equity method. Under HKFRS 11, all the jointly controlled entities have been assessed and classified as joint ventures. The adoption has no significant impact on the consolidated financial statements.

- (c) HKFRS 13 'Fair value measurement'. HKFRS 13 measurement and disclosure requirements are applicable for the year ending 31 December 2013. The Group has included the disclosures for financial assets (Note 3).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2 Changes in accounting policies (continued)

(d) The Group has also applied, for the first time, the following new or revised standards, amendments or interpretation that has had no material effect on the Group's results and financial position:

- Amendments to HKFRS 1 Government Loans
- Amendments to HKFRS 7 Financial instruments: Disclosures – Offsetting Assets and Financial Liabilities
- HKFRS 12 Disclosure of Interests in Other Entities
- Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income
- HKAS 19 (as revised in 2011) Employee Benefits
- HKAS 27 (as revised in 2011) Separate Financial Statements
- HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures

3 Financial risk management and financial instruments**(a) Financial risk factors**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management department or in any risk management policies since 31 December 2012.

(b) Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables
- Borrowings
- Bank loans
- Convertible bonds
- Contract retention payables

4 Turnover and segment reporting

(a) Turnover

The principal activities of the Group are properties development and properties investment. Turnover represents revenue from the sale of property units and rental income from investment properties, analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Sale of property units	2,392,246	1,146,253
Rental income from investment properties	86,102	76,125
	2,478,348	1,222,378

(b) Segment reporting

Management assessed its segment disclosure presentation according to the information reported internally to the Group's most senior executive management for the purpose of business operation and performance assessment. The Group has presented two reportable segments, properties development and properties investment, for this period. The segment reporting for comparative figures have been restated accordingly.

(c) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets and liabilities include all non-current assets and liabilities and current assets and liabilities with the exception of unallocated head office and corporate assets and liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 Turnover and segment reporting (continued)**(c) Segment results, assets and liabilities** (continued)

Segment profit represents the profit after taxation generated by individual segments.

	Properties development		Properties investment		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2013	2012	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Income statement items						
Reportable segment revenue	2,392,246	1,146,253	86,102	76,125	2,478,348	1,222,378
Reportable segment gross profit	1,255,776	505,384	86,102	76,125	1,341,878	581,509
Reportable segment profit	609,384	473,954	2,090,705	492,148	2,700,089	966,102
Balance sheet items						
	Properties development		Properties investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December
	2013	2012	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	48,270,798	44,968,696	47,186,424	41,544,431	95,457,222	86,513,127
Reportable segment liabilities	(36,467,005)	(32,655,277)	(15,346,130)	(12,562,509)	(51,813,135)	(45,217,786)

4 Turnover and segment reporting (continued)

(d) Reconciliation of reportable segment profit

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit		
Reportable segment profit	2,700,089	966,102
Elimination of intra-group profit	(40,595)	(68,211)
Unallocated head office and corporate expenses	(504,782)	(255,235)
Consolidated profit	2,154,712	642,656

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance income and finance expenses

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Finance income		
Interest income	(285,714)	(261,679)
Net foreign exchange gain and others	(82,894)	(87,549)
	(368,608)	(349,228)
Finance expenses		
Interest on bank loans	345,675	321,539
Interest expenses on the convertible bonds and senior notes	286,000	94,143
Less: Interest expense capitalised into properties under development and investment properties	(549,764)	(227,979)
	81,911	187,703
Bank charges and others	3,644	8,247
	85,555	195,950

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5 Profit before taxation (continued)

(b) Other items

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Depreciation	10,328	10,640
Staff cost	119,778	98,523
	130,106	109,163

6 Income tax

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Provision for the period		
PRC Corporate Income Tax	256,072	131,057
Land Appreciation Tax	444,906	195,599
Deferred tax	731,939	70,934
	1,432,917	397,590

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Company and the Company's subsidiaries registered in the BVI and the Cayman Islands are not subject to any income tax.
- (ii) In accordance with the Corporate Income Tax Law of the People's Republic of China, the income tax rate applicable to the Company's subsidiaries in the People's Republic of China (the "PRC") is 25% (2012: 25%).
- (iii) In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.
- (iv) According to the Implementation Rules of the Corporate Income Tax Law of the People's Republic of China, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognised for the dividends that have been and expected to be declared.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2013 of RMB2,094,302,000 (2012: RMB612,575,000) and the weighted average number of ordinary shares of 5,018,702,000 (2012: 5,182,213,000) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,200,210,000 after adjusting for effective interest on convertible bond and the weighted average number of ordinary shares of 5,481,691,000 after adjusting for the effect of conversion of convertible bonds issued in July 2009.

8 Investment properties

	Unaudited At 30 June 2013 RMB'000	Unaudited At 30 June 2012 RMB'000
Opening balance	38,310,000	13,334,500
Additions	1,492,398	160,149
Unrealised gains recognized in condensed consolidated income statement	2,135,602	423,351
Closing balance	41,938,000	13,918,000

The completed investment properties of the Group were revalued as at 30 June 2013 and 31 December 2012. The valuations were carried out by CB Richard Ellis Ltd ("CBRE"), a firm of independent qualified valuers in Hong Kong with recent experience in the location and category of property being valued.

Management of the Group has concluded that the fair value of its investment properties under development can be measured reasonably and, therefore, the Group's investment properties under development were measured at fair value as at 30 June 2013 and 31 December 2012. The valuations were carried out by CBRE.

During the six months ended 30 June 2013, a net gain of RMB2,135,602,000 (2012: RMB423,351,000) and deferred tax thereon of RMB533,900,500 (2012: RMB105,163,000) have been recognised in condensed consolidated income statement in respect of investment properties.

9 Property and equipment

During the six months ended 30 June 2013, the Group incurred capital expenditure of property and equipment with a cost of RMB3,329,607 (2012: RMB7,795,000). Office equipments and motor vehicles with a net book value of RMB2,583,016 (2012: RMB106,000) were disposed of during the six months ended 30 June 2013, resulting in losses on disposal of RMB1,999,500 (2012: gain of RMB152,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10 Properties under development and completed properties held for sale

	Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Properties under development	5,708,795	5,195,232
Completed properties held for sale	3,704,313	4,852,905
	9,413,108	10,048,137

11 Trade and other receivables

	Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Current	94,561	75,089
Less than 1 month past due	6,095	1,075
1 to 6 months past due	6,433	2,613
6 months to 1 year past due	10,808	9,388
More than 1 year past due	73,959	72,873
Amounts past due	97,295	85,949
Total	191,856	161,038

	Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Trade receivables	191,856	161,038
Other receivables	564,740	513,622
Less: allowance for doubtful debts	(11,723)	(11,723)
	744,873	662,937

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group would not release the property ownership certificates to the buyers before the buyers finally settle the payment.

12 Cash and cash equivalents

	Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Cash on hand	511	516
Cash at bank and other financial institutions	418,500	4,462,845
Term deposits with banks and other financial institutions	13,720,826	15,245,362
Cash and cash equivalents in the condensed consolidated balance sheet	14,139,837	19,708,723
Less: Term deposits with banks and other financial institutions over 3 months	(1,001,238)	(1,216,623)
Cash and cash equivalents in the condensed consolidated cash flow statement	13,138,599	18,492,100

13 Sales deposits

Sales deposits represented proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy.

14 Trade and other payables

Included in trade and other payables mainly are accrued expenditure on land and construction with the following ageing analysis as of the balance sheet date:

	Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Due within 1 month or on demand	326,614	326,956
Due after 1 month but within 3 months	599,525	764,169
Accrued expenditure on land and construction	926,139	1,091,125
Amounts due to related parties	421,696	342,078
Others	731,545	776,064
Financial liabilities measured at amortised costs	2,079,380	2,209,267
Other taxes payable	487,240	447,750
	2,566,620	2,657,017

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15 Bank loans

	Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Current	4,433,027	3,922,219
Non current	7,297,414	10,791,280
	11,730,441	14,713,499

Movements in borrowings is analysed as follows:

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
At beginning of the period	14,713,499	11,637,429
New bank loans raised	342,163	2,062,253
Repayment of bank loans	(3,207,095)	(2,168,293)
Effective interest adjustment	(118,126)	(7,087)
At end of the period	11,730,441	11,524,302

16 Convertible bonds

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
At beginning of the period	2,092,476	1,986,897
Repurchase (i)	(332,622)	–
Effective interest adjustment	48,862	51,490
Conversion	(74)	–
Exchange rate effect	(34,091)	11,256
At end of the period	1,774,551	2,049,643

- (i) In January 2013, the Company repurchased HKD443 million convertible bonds with a price of HKD593 million. The carrying amount of liability and equity components of the repurchased convertible bonds were approximately RMB333 million and RMB124 million respectively.

As at 30 June 2013, the conversion price of the convertible bonds was adjusted to HKD5.10 per share as a result of the dividends declared for 2010, 2011 and 2012.

17 Capital, reserves and dividends

(a) Dividends

- (i) *Dividends payable to equity shareholders of the Company attributable to the interim period*

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interim dividend proposed after the balance sheet date of RMB0.12 per ordinary share (2012: RMB0.12 per ordinary share)	579,160	622,649

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17 Capital, reserves and dividends (continued)

(a) Dividends (continued)

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.13 per ordinary share (2012: RMB0.11 per ordinary share)	647,069	570,752

(b) Share capital and treasury shares

(i) Share capital

	Unaudited			
	Six months ended 30 June			
	2013		2012	
	No. of shares (thousands)	Share capital RMB'000	No. of shares (thousands)	Share capital RMB'000
Authorised:				
Ordinary shares of HKD0.02 each	7,500,000		7,500,000	
At 1 January	5,112,617	106,029	5,188,656	107,502
Shares repurchased last year and cancelled this period	(22,300)	(432)	-	-
Shares repurchased and cancelled this period	(212,550)	(4,116)	-	-
Shares issued under the employee's share options schemes	857	14	-	-
Shares issued under the conversion of convertible bonds	19	-	-	-
At 30 June	4,878,643	101,495	5,188,656	107,502

17 Capital, reserves and dividends (continued)

(b) Share capital and treasury shares (continued)

(i) Share capital (continued)

During the six months ended 30 June 2013, the Company repurchased its own shares on the Main Board of The Stock Exchange of Hong Kong Limited as follows:

	No. of shares repurchased (Share)	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid HKD' 000
January 2013	(47,745,500)	6.99	6.16	308,441
March 2013	(45,705,000)	6.54	5.98	286,184
April 2013	(16,243,500)	6.85	6.45	108,093
May 2013	(56,531,000)	7.00	6.43	381,741
June 2013	(46,324,500)	6.68	5.90	288,758
Total	(212,549,500)			1,373,217

212,549,500 shares out of the total repurchased shares during this period and 22,300,000 shares repurchased last year were cancelled this period and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37 of the Cayman Islands Companies Law, an amount equivalent to the par value of the shares cancelled of HKD4,696,990 was transferred from share premium to the capital redemption reserve.

(ii) Treasury shares

	Unaudited Six months ended 30 June			
	2013		2012	
	No. of shares (thousands)	Treasury shares RMB'000	No. of shares (thousands)	Treasury shares RMB'000
At 1 January	32,510	152,097	6,593	26,300
Shares repurchased and cancelled	(22,300)	(109,132)	–	–
Shares repurchased and to be cancelled	20,432	98,114	–	–
Shares purchased for employee's share award scheme	231	1,217	156	680
Vesting of shares under employee's share award scheme	(648)	(2,327)	(262)	(960)
At 30 June	30,225	139,969	6,487	26,020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17 Capital, reserves and dividends (continued)**(b) Share capital and treasury shares** (continued)*(ii) Treasury shares* (continued)

Details of treasury shares purchased during the six months ended 30 June 2013 are as follows:

Month/year	No. of shares purchased	Highest price paid per share HKD	Lowest price paid per share per share HKD	Aggregate price paid HKD'000
June 2013	20,663,000	6.64	5.7	124,260

During the six months ended 30 June 2013, a subsidiary of the Group purchased 230,500 shares (30 June 2012: 155,500) of the Company on the Stock Exchange of Hong Kong Limited, at a total consideration of HKD 1,530,079 (30 June 2012: HKD838,000), for the employees' share award scheme launched on 23 December 2010 (see Note 17(d)).

(c) Employees' share option schemes

The Company has adopted a Pre-IPO share option scheme and an IPO share option scheme on 14 September 2007, whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at HKD1 consideration to subscribe for shares of the Company. 12,058,000 shares under the Pre-IPO share option scheme, 7,259,000 shares, 1,080,000 shares and 8,184,000 shares under the IPO share option scheme were granted on 8 October 2007, 30 January 2008, 30 June 2008 and 6 November 2012 respectively, with an exercise price of HKD8.30, HKD6.10, HKD4.25 and HKD5.53. The options vest in a period of three to seven years from the date of grant and are then exercisable within a period of six to ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company. No options were granted during the six months ended 30 June 2013 (30 June 2012: nil).

During the six months ended 30 June 2013, options were exercised to subscribe for 857,000 ordinary shares of the Company at consideration of HKD6,118,278 of which HKD17,140 was credited to share capital and the balance of HKD6,101,138 was credited to the share premium. HKD1,445,578 has been transferred from capital reserve to share premium. The related weighted average share price at the time of exercise was HKD6.64 per share.

No options were exercised during the six months ended 30 June 2012.

(d) Employees' share award scheme

An employees' share award scheme in which all employees (including without limitation any executive directors) of the Group would be entitled to participate was launched by the Group on 23 December 2010. The purpose of the employees' share award scheme is to give incentive to participants in order to retain them for the continued operation and development of the Group. Vested shares will be transferred at no cost to the selected employees. For employees who are granted the shares but cease employment with the Group before vesting, the unvested shares are forfeited.

The fair value of each share granted is based on the share price at grant date which could be obtained from the stock market directly. Shares are granted under a service condition. There are no market conditions associated with the share awards.

17 Capital, reserves and dividends (continued)

(d) Employees' share award scheme (continued)

During the six months ended 30 June 2013, 1,428,500 shares (30 June 2012: 1,300,000 shares) out of 3,535,000 treasury shares purchased on 9 November 2012 were granted to certain employees. The vesting period is three years from the date of grant. The fair value of the shares granted are HKD8,885,270 (30 June 2012: HKD6,810,000).

During the six months ended 30 June 2013, the employees' share award scheme transferred 648,266 shares (30 June 2012: 262,000 Shares) to the awardees upon vesting of certain awarded shares. The total cost of the vested shares was HKD2,921,670 (30 June 2012: HKD1,177,000).

18 Commitments and contingent liabilities

(a) Commitments

Commitments in respect of properties under development and investment properties outstanding at 30 June 2013 and 31 December 2012 not provided for in the consolidated financial statements were as follows:

	Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Contracted for	4,456,669	4,902,875
Authorised but not contracted for	7,897,429	6,998,629
	12,354,098	11,901,504

(b) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. For most mortgage loans, the guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property units are delivered to the buyers. The total amounts of mortgage loans outstanding which are guaranteed by the Company's subsidiaries as at 30 June 2013 was RMB5,033,220,000 (31 December 2012: RMB5,593,435,000).

(c) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties of term between one to five years against certain defects as stipulated in the PRC laws and regulations which are covered by back-to-back warranties provided by the relevant contractors of the projects.

(d) Legal contingencies

On 4 June 2012, the Group was served with a document of summons issued by Shanghai No. 1 Intermediate People's Court in relation to a court action initiated by a subsidiary of Fosun International Limited ("Fosun Group"), who holds the other 50% equity interests of Shanghai Haizhimen Property Investment Management Co., Ltd. ("Shanghai Haizhimen"), that requested orders to be made to invalidate the acquisition of Shanghai Haizhimen by the Group. Fosun Group takes the view that the transaction breached its pre-emptive right to acquire the remaining equity interests in the Bund 8-1 Land.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18 Commitments and contingent liabilities (continued)**(d) Legal contingencies** (continued)

On 24 April 2013, the Shanghai No. 1 Intermediate People's Court issued a judgment ("the Trial Judgment") ordering the Company's acquisition of Shanghai Haizhimen is invalidated.

The relevant subsidiary of the Company made an appeal (the "Appeal") to the Higher People's Court of Shanghai against the Trial Judgment. As advised by the Company's PRC legal advisers, since the Trial Judgment cannot be enforced and will not become effective pending the results of the Appeal, the Company's relevant subsidiaries are still holding the equity interests of Shanghai Haizhimen. In case Fosun Group prevails in the appeal, Shanghai Haizhimen will discontinue to be a joint venture of the Group and the consideration paid for the acquisition of Shanghai Haizhimen will be refunded from the original shareholders. Therefore, the Company considers that the Trial Judgment does not have any material adverse effect on the operations or financial position of the Group.

Other than the above litigation, the Group is a defendant in certain other lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the directors believe that any resulting liabilities will not have a material adverse effect on the financial position, liquidity, or operating results of the Group.

19 Material related party transactions**(a) Amounts due to related parties**

Amounts due to related parties, included in current liabilities, comprise:

		Unaudited At 30 June 2013 RMB'000	Audited At 31 December 2012 RMB'000
Shanghai Yi Dian	(i)	210,848	171,039
Shanghai Rural Commercial Bank	(i)	210,848	171,039
		421,696	342,078

(i) The balances as at 30 June 2013 mainly represented the total advances of RMB421,696,000 (2012: 342,078,000) from Shanghai Yi Dian Holdings (Group) Co., Ltd. ("Shanghai Yi Dian") and Shanghai Rural Commercial Bank, the non-controlling equity holders of Shanghai Ding Ding Real Estate Development Co., Ltd. a subsidiary of the Company. The advances were interest-free, unsecured and had no fixed term of repayment.

(b) Other related party transactions

Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita, directors of Company, provided guarantee to a bank with respect to a portion of the Group's long-term bank loans. The respective bank loans balance is RMB1,659,263,186 as at 30 June 2013 (31 December 2012: RMB1,656,939,000). The guarantees will be released upon the repayment of the bank loans.