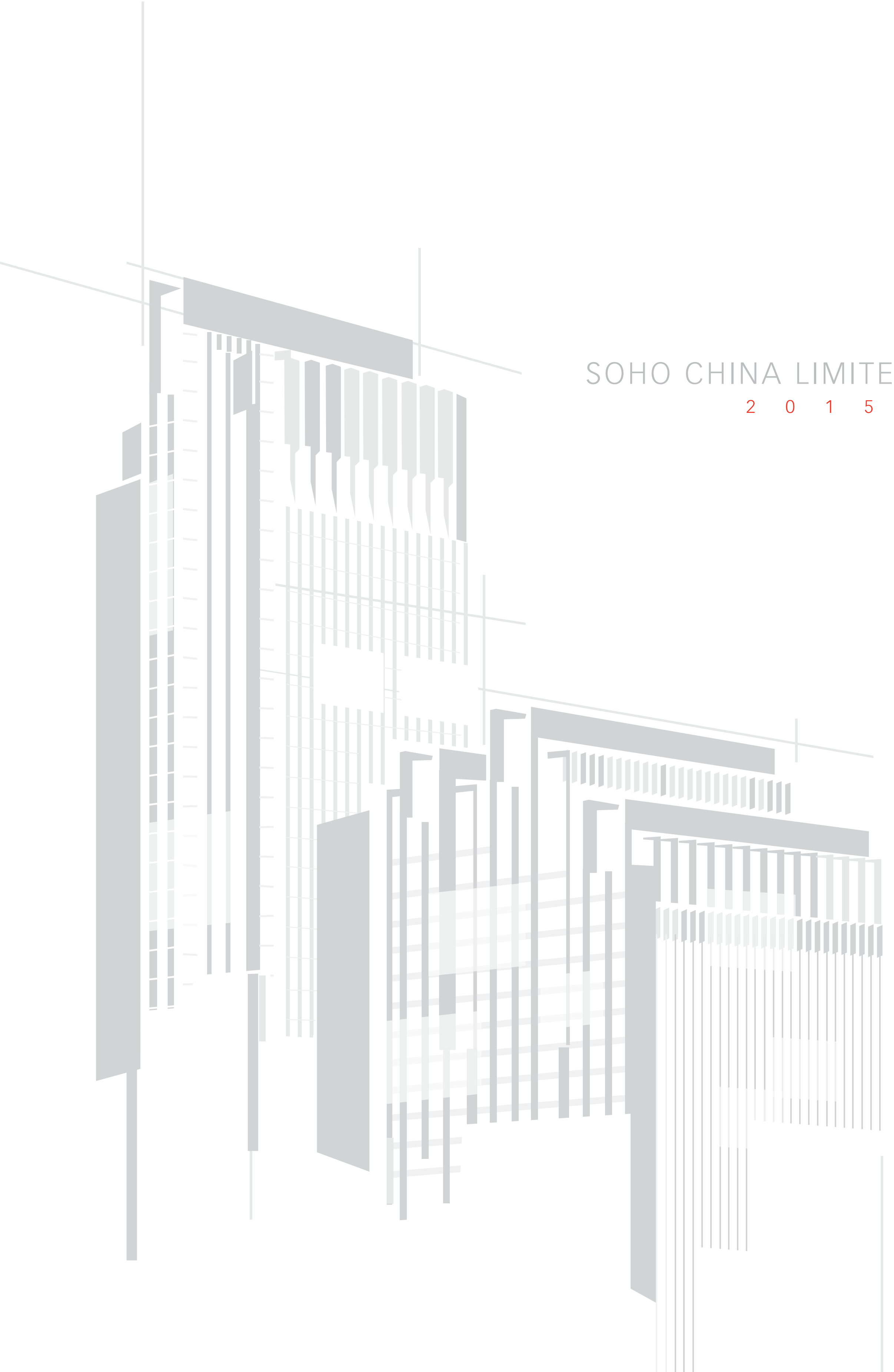
SOHO CHINA

Stock Code: 410

SOHO CHINA LIMITED

2015 Interim Report



The board (the "Board") of directors (the "Directors") of SOHO China Limited (the "Company" or "SOHO China") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 (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 2015 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 2015. The interim financial report is unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers.

For the six months ended 30 June 2015, the Group achieved a turnover of approximately RMB393 million compared with RMB4,750 million for the same period in 2014. Rental income for the Period amounted to approximately RMB439 million, representing an increase of approximately 168% compared with the same period in 2014. The gross profit margin for the Period was approximately 75%. Net profit attributable to equity shareholders of the Company for the Period was approximately RMB135 million, representing a decrease of approximately 95% compared with the same period in 2014. Core net profit (excluding net valuation gains on investment properties) attributable to equity shareholders of the Company for the Period was approximately RMB72 million, representing a decrease of approximately 94% compared with the same period in 2014.

No interim dividend in respect of the six months ended 30 June 2015 was proposed by the Board (2014 interim dividend: RMB0.12 per ordinary share of the Company (each, a "Share")).

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BUSINESS REVIEW AND MARKET OUTLOOK

Business review

During the first half of 2015, despite the slowdown of the Chinese economy with a real GDP growth of 7% year-over-year (YoY), the performance of the prime office markets in Beijing and Shanghai remained solid.

Rental rates for prime office buildings continued to enjoy steady growth of 2.2% YoY to RMB320 per square meter per month in Beijing and 1.4% YoY to RMB258 per square meter per month in Shanghai during the Period, while vacancy rates fell from 4.8% at the end of 2014 to 4.1% by 30 June 2015 in Beijing and from 8.6% at the end of 2014 to 7.2% by 30 June 2015 in Shanghai.

Domestic companies continued to dominate the demand for prime office spaces in Beijing and Shanghai. Financial, internet and technology companies represented the strongest demand drivers for prime office space in Beijing. In Shanghai, the main demand drivers were financial and professional services companies. Multinational corporations, however, remained cautious about expansion.

During the Period, the Company achieved improvement in rental income and occupancy across its investment property portfolio in Beijing and Shanghai. Two projects which were completed in September 2014, including Wangjing SOHO Tower 3 in Beijing and SOHO Fuxing Plaza in Shanghai, were almost fully leased as of 30 June 2015. Guanghualu SOHO II in Beijing and Sky SOHO in Shanghai, which were both completed in November 2014, also showed a major improvement in their average occupancy rates to 48% and 41%, respectively, as of 30 June 2015.

The Company hosted high-profile promotional and customer engagement activities for our investment properties. We also continued to strengthen other aspects of our leasing business such as the unique online leasing system, property management, and energy conservation, to further improve the tenant experiences and management efficiency.

The Company maintained a diverse and balanced tenant mix, with the top three sectors of our six major investment properties being information technology and internet, financial institutions, and food and beverage. Demand from the top three sectors represented approximately 40% of the total leasable area. No category accounted for more than 20% of the total leasable area.

Rental portfolio

As of 30 June 2015, the major properties in the Group's rental portfolio were as follows:

Projects	Effective Interest	Leasable GFA[1] (sq.m.)	Rental Income 1H 2015 (in RMB Million)	Rental Income 2H 2014 (in RMB Million)	Rental Income 1H 2014 (in RMB Million)	Occupancy Rate[2] as of 30 June 2015	Occupancy Rate as of 31 December 2014
Completed Projects – Beijing							
Qianmen Avenue	100.0%	35,317	61	56	52	87%	76%
Wangjing SOHO Tower 3[3]	100.0%	133,766	131	48	–	95%	69%
Guanghualu SOHO II [4]	100.0%	93,568	20	1	–	48%	6%
Completed Projects – Shanghai							
SOHO Century Plaza	100.0%	42,954	53	54	54	99%	95%
SOHO Fuxing Plaza[5]	100.0%	88,386	84	31	–	97%	64%
Sky SOHO[6]	100.0%	128,128	19	2	–	41%	7%
Hongkou SOHO[7]	100.0%	69,892	–	–	–	–	–
Bund SOHO[8]	61.5%	75,360	–	–	–	–	–
Projects Under Construction – Beijing and Shanghai							
SOHO Leeza	100.0%	134,000	–	–	–	–	–
SOHO Tianshan Plaza	100.0%	115,619	–	–	–	–	–
Gubei Project	100.0%	113,416	–	–	–	–	–
Bund 8-1	50.0%	145,485	–	–	–	–	–

Notes:

1. Attributable to the Group
2. Occupancy rate for office and retail, including SOHO 3Q (if any)
3. Completed in September 2014
4. Completed in November 2014
5. Completed in September 2014
6. Completed in November 2014
7. Completed in July 2015
8. Completed in August 2015

Major Projects in Beijing

Qianmen Avenue

The project is located in the Qianmen area immediately south of Tiananmen Square, within one of the largest "Hutong" (traditional Beijing courtyards) conservation areas in Beijing. The Group has the right to retail space of approximately 54,691 square meters, of which approximately 35,317 square meters are available for lease. The Group successfully repositioned and upgraded the tenant mix at Qianmen Avenue by introducing the flagship and 'experienced' stores from many renowned international and local brands including Samsung, Lenovo, Korea's CJ Group and Madame Tussaud's Wax Museum. The Group will continue to work towards its goal of developing Qianmen Avenue into a premier "tourist destination". Leveraging on its massive visitor traffic, the project will continue to attract and retain high-quality tenants that fit the positioning of the project. As of 30 June 2015, the occupancy rate of Qianmen Avenue was approximately 87%.

Wangjing SOHO

Wangjing SOHO is a large-scale retail and office property in the Wangjing area of Beijing consisting of a total GFA of approximately 510,000 square meters. The project comprises three towers (Towers 1, 2 and 3).

The total sellable GFA of the Towers 1 and 2 of Wangjing SOHO was approximately 283,204 square meters, including approximately 240,597 square meters of office area and approximately 42,607 square meters of retail area. The office and retail spaces of Towers 1 and 2 had been almost entirely sold and booked by the end of 2014.

The Group is holding Wangjing SOHO Tower 3 with approximately 133,766 square meters of leasable area as investment property, of which approximately 123,568 square meters are for office and approximately 10,198 square meters are for retail. Tower 3 was completed in September 2014. As of 30 June 2015, the occupancy rate of Wangjing SOHO Tower 3 was approximately 96% for office area and approximately 92% for retail area.

The Wangjing area where Wangjing SOHO is located is one of Beijing's most well-developed high-end residential area and noticeably lacked large-scale office and commercial facilities. Since the completion of Wangjing SOHO in 2014, it has significantly enhanced and balanced the overall urban make-up of the Wangjing area. The project, with a height of nearly 200 meters, is the first landmark and a point of access to central Beijing from the airport expressway. Currently, Wangjing area is also home to the China headquarters of many prestigious multinational companies such as Daimler, Siemens, Microsoft, and Caterpillar as well as an emerging hub for internet companies in Beijing.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of Beijing's Central Business District, opposite to the Guanghualu SOHO project, close to subway line 1 and line 10. The area is a mature business district in Beijing which hosts 70% of the city's foreign enterprises. The total planned GFA of the project is approximately 166,264 square meters and total leasable area attributable to the Group is approximately 93,568 square meters, including approximately 63,308 square meters of office area and approximately 30,260 square meters of retail space. The project was completed in November 2014. As of 30 June 2015, the occupancy rate of Guanghualu SOHO II was approximately 38% for office area and 71% for retail area.

SOHO Leeza

SOHO Leeza is located in the center of the Lize Financial Business District in Beijing. The site is to the south of Lize Road and less than one kilometer away from the West Second Ring Road, and is adjacent to the planned subway line 14 and line 16. Located between Beijing's West second and third Ring Roads, the Lize Financial Business District is expected to be developed into Beijing's next financial district, acting as an extension to Beijing's Financial Street which is one of the most expensive office markets in the world. The Lize Financial District is planned to provide quality offices, apartments, exhibition centers, commercial zones and leisure facilities to accommodate the increased demand arising from the continued expansion of financial companies around the Financial Street area.

We acquired the land use right for SOHO Leeza through a successful bid of RMB1.922 billion in September 2013. Lize Financial Business District is currently home to over a hundred financial institutions and large corporations, including financial corporations such as China Securities Finance Corporation, China United Property Insurance Company, and financial institutions such as China Financial Information Exchange, China Railway & Banking Express Company, and Zhongtong Finance.

The project is currently under construction.

Major Projects in Shanghai

SOHO Century Plaza

The project is the first completed office building held by the Group as an investment property in Shanghai. It has a total GFA of 60,766 square meters and a total leasable GFA of approximately 42,954 square meters, including approximately 42,522 square meters of office area and approximately 432 square meters of retail area. As of 30 June 2015, the project is almost fully occupied with over 50% leased to Shanghai Futures Exchange and the rest mainly to financial institutions and financial service companies.

SOHO Century Plaza is situated on Century Avenue in the Zhuyuan Business District in Pudong, Shanghai. The project is close to the Lujiazui financial district and is only about three kilometers away from Jin Mao Tower and Oriental Pearl TV Tower. SOHO Century Plaza is easily accessible through the subway network and road system. It is within five minutes of walking distance to Pudian Road Station on subway line 4 and within eight minutes of walking distance to Century Avenue Station, the interchange station for subway lines 2, 4, 6 and 9, one of the largest subway transportation hubs in China. As of 30 June 2015, the occupancy rate of SOHO Century Plaza was approximately 99%.

SOHO Fuxing Plaza

SOHO Fuxing Plaza is situated on Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway line 10 and line 13 (under construction). It is right next to Xintiandi, the most bustling and diverse commercial area of Shanghai. SOHO Fuxing Plaza has a total planned GFA of approximately 137,436 square meters and leasable area of approximately 88,386 square meters, of which approximately 53,956 square meters is for office use and approximately 34,430 square meters is for retail use. The project was completed in September 2014. As of 30 June 2015, the occupancy rate of SOHO Fuxing Plaza was approximately 99% for office area and approximately 95% for retail area.

Sky SOHO

Sky SOHO is situated in the Shanghai Hongqiao Linkong Economic Zone, adjacent to the Shanghai Hongqiao transportation hub, which is the convergence point of modern transportation systems in Shanghai including Hongqiao International Airport, Hongqiao High-Speed Railway and the subway.

Sky SOHO was completed in November 2014. Following the disposal of approximately half of the total leasable space of Sky SOHO to Ctrip Affiliates in September 2014, the Group is holding the remaining parts of the project with a leasable area of approximately 128,128 square meters, which consists of approximately 102,964 square meters of office area and approximately 25,164 square meters of retail area, as investment property. As of 30 June 2015, Sky SOHO had an occupancy rate of approximately 39% for office area and approximately 50% for retail area.

Hongkou SOHO

Hongkou SOHO is located in the most developed area of the Sichuan North Road commercial district, one of the three largest commercial districts in Shanghai. It 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 line 3 and line 4.

The project has a total planned GFA of approximately 94,825 square meters and a leasable GFA of approximately 69,892 square meters, including approximately 65,315 square meters of office area and approximately 4,577 square meters of retail area. The Group is holding Hongkou SOHO as investment property. The project was recently completed in July 2015.

Bund SOHO

Bund SOHO is located on the exclusive strip of land in Shanghai referred to as the Bund. Bund SOHO is framed by Yong'an Road to the west, Xin Yong'an Road to the north, East Second Zhong Shan Road to the east, and Xinkaihe Road and Renmin Road to the south. Bund SOHO is very close to Shanghai's most famous City God Temple and next to the Bund's multi-dimensional transportation hub and yacht wharf.

The Group is entitled to a leasable GFA of approximately 75,360 square meters, including approximately 50,439 square meters of office area and approximately 24,921 square meters of retail area. The Group is holding the project as investment property. The project was recently completed in August 2015.

SOHO Tianshan Plaza

SOHO Tianshan Plaza is located at a prime location in the Hongqiao Foreign Trade Center in Changning District in Shanghai. The Hongqiao Foreign Trade Center is Shanghai's first central business district for foreign enterprises in Shanghai and a gathering place for Changning's office, business and high-end residential apartments. In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan 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 Changning District. Upon completion, SOHO Tianshan Plaza will greatly enhance the quality of office and commercial facilities in the area.

SOHO Tianshan Plaza has a total planned GFA of approximately 170,238 square meters, and a total leasable GFA of approximately 115,619 square meters. The Group is holding the project as investment property.

The project is currently under construction.

Gubei Project

The land for the Gubei project is located in the core area of the Hongqiao Foreign Trade Center in Shanghai's Changning District.

The Group acquired the land use right to this parcel of land through a successful bid of RMB3.19 billion made in April 2013. 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. After completion, the project will be accessible underground from Yili Station subway line 10 and will be in close proximity to the Gubei Takashimaya shopping mall, Gubei Fortuna Plaza and other Grade A office buildings.

The project has a total GFA of approximately 158,648 square meters, of which above-ground GFA is approximately 113,416 square meters. The Group is holding the Gubei project as investment property.

The project is currently under construction.

The Bund 8-1 Land

As of 30 June 2015, the Group indirectly, through Shanghai Haizhimen Property Investment Management Co. Ltd., held 50% equity interest of the project company of the Bund 8-1 Land.

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 Shanghai's Bund transportation hub and also the Company's Bund SOHO project. Set on the bank of the Huangpu River, the Bund 8-1 Land is endowed with the Huangpu River waterfront scenery and also faces Pudong's Shanghai World Financial Center and Jinmao Tower across the river.

The project is currently under construction.

Market outlook

In view of the slowing Chinese economy and increasing office supply, we are slightly cautious about the near-term outlook of the prime office markets in Beijing and Shanghai in terms of rental and occupancy rates. However, given the relatively prime locations of the Group's property assets in the core areas of Beijing and Shanghai, the only two metropolitan cities in the PRC with limited land supply in the traditional business districts, we expect our property assets to continue to outperform the boarder market.

During the Period, the Group achieved rental income of approximately RMB439 million, an increase of approximately 168% year-on-year. Barring unforeseen circumstances, the Group's rental income in the second half of 2015 should surpass that of the Period due to further improvement in occupancy rates of the existing rental properties and contribution from newly opened investment properties.

Notwithstanding our relatively conservative stance on the traditional office market in the near future, we are very excited about the growth opportunities that could arise in the coworking space in China.

Internet and mobile technology have made working mobile a possibility. On this backdrop, sharing economy is flourishing in the world, which was reflected in the rise of shared service providers such as Uber and Airbnb. Otherwise idle assets are being more efficiently used under this model. We believe sharing economy will become a global phenomenon, not just in the US and Europe, but also in China.

SOHO 3Q, China's leading coworking Online-to-Offline product that we launched in February 2015, is an important step for SOHO China to integrate the traditional real estate leasing business with the booming sharing economy in the Internet era. SOHO 3Q offers beautifully designed shared office spaces on flexible lease terms (i.e. rent as short as one week and gain access to multiple 3Q locations). Users can book office space, reserve conference rooms, make payments, and manage their accounts online. We provide free amenities such as Wi-Fi, coffee, tea, private phone booths, printers, and conference rooms, many other third party services as well as a strong online and offline community.

The first two SOHO 3Q centres were located in Wangjing SOHO in Beijing and SOHO Fuxing Plaza in Shanghai. We have since organised a series of events and invited many influential business leaders to interact with SOHO 3Q users, which greatly helped to form lively and dynamic communities, and to fill up the first two centres quickly. SOHO 3Q creates an ecosystem connecting users, potential investors, and third party service providers online and offline.

After seeing the enthusiastic market reaction in Beijing and Shanghai, the Group decided to quickly expand the SOHO 3Q business. Building on our existing extensive portfolio of properties in Beijing and Shanghai, we were able to rapidly cover more locations by converting floors of our own office buildings into SOHO 3Q centers. As of the end of July 2015, we have opened five SOHO 3Q centers in Beijing and Shanghai with more than 3,000 seats. By the end of this year, we will have 11 SOHO 3Q locations with more than 11,000 desks, with further plans to expand outside of Beijing and Shanghai in the next few years. We are confident that SOHO 3Q will soon become a major growth driver for the Group.

FINANCIAL REVIEW

Turnover

Turnover for the Period was approximately RMB393 million, representing a decrease of approximately RMB4,357 million or approximately 92% as compared with approximately RMB4,750 million during the same period of 2014. This was mainly attributable to the decrease in property sales as a result of the change in the Group's business model from "build-to-sell" to "build-and-hold".

Property lease

Rental income for the Period was approximately RMB439 million, representing an increase of approximately RMB275 million or approximately 168% as compared with approximately RMB164 million during the same period of 2014. The increase in rental income was mainly attributable to the new rental contribution from Wangjing SOHO Tower 3, SOHO Fuxing Plaza, Guanghualu SOHO II and Sky SOHO, which were all completed in the second half of 2014.

Property development

Net negative property sales during the Period was driven mainly by the return of property units of Galaxy SOHO which were previously sold and booked.

Profitability

Gross profit for the Period was approximately RMB295 million, representing a decrease of approximately RMB2,096 million or approximately 88% as compared with approximately RMB2,391 million in the same period of 2014. Gross profit margin for the Period was approximately 75% as compared with approximately 50% in the same period of 2014. The decrease in gross profit was mainly caused by the reduction in property sales and hence overall turnover. The increase in gross profit margin, on the other hand, was due to the higher margin of rental income of the Group compared with that of property sales.

Profit before taxation for the Period was approximately RMB375 million, representing a decrease of approximately RMB4,331 million or approximately 92% as compared with approximately RMB4,706 million in the same period of 2014.

Net profit attributable to the equity shareholders of the Company for the Period was approximately RMB135 million, representing a decrease of approximately RMB2,562 million or 95% as compared with approximately RMB2,697 million in the same period of 2014. Core net profit, excluding net valuation gains on investment properties, was approximately RMB72 million, representing a decrease of approximately RMB1,152 million or 94% as compared with RMB1,224 million in the same period of 2014.

Cost control

Selling expenses for the Period were approximately RMB25 million, representing a decrease of approximately RMB86 million or approximately 77% as compared with approximately RMB111 million in the same period of 2014. The decrease was mainly due to the reduction in property sales during the Period.

Administrative expenses for the Period were approximately RMB87 million, representing a decrease of approximately RMB22 million or approximately 20% as compared with approximately RMB109 million in the same period of 2014. The decrease was driven mainly by the reduction in headcounts of the Group in relation to the change of business model.

Financial income and expense

Financial income for the Period was approximately RMB221 million, representing a decrease of approximately RMB160 million as compared with approximately RMB381 million in the same period of 2014, due to the decrease in cash position and market interest rates.

Financial expenses for the Period were approximately RMB332 million, representing an increase of approximately RMB144 million as compared with approximately RMB188 million in the same period of 2014. The increase was driven mainly by the increase in average debt balance of the Company as well as the decrease in interest expense capitalized. The latter was caused by the decrease in the aggregate cost of investment properties that were under development during the Period.

Valuation gains on investment properties

Valuation gains on investment properties for the Period were approximately RMB114 million, a decrease of RMB1,862 million compared with RMB1,976 million in the same period of 2014. Smaller valuation gains on investment properties were mainly driven by the relatively stable prime office markets in Beijing and Shanghai during the Period.

Income tax

Income tax of the Group is composed of the PRC Corporate Income Tax and the Land Appreciation Tax. The PRC Corporate Income Tax for the Period was approximately RMB144 million, representing a decrease of approximately RMB524 million as compared with approximately RMB668 million in the same period of 2014. Land Appreciation Tax for the Period was approximately RMB1 million, representing a decrease of approximately RMB731 million as compared with approximately RMB732 million in the same period of 2014. Deferred Tax for the Period was approximately RMB92 million, representing a decrease of approximately RMB502 million as compared with approximately RMB594 million in the same period of 2014.

Senior notes, bank loans and collaterals

On 31 October 2012, the Group 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").

As of 30 June 2015, the bank loans of the Group were approximately RMB13,899 million, of which approximately RMB1,550 million are due within one year, approximately RMB3,209 million are due after one year but within two years, approximately RMB8,560 million are due after two years but within five years and approximately RMB580 million area due after five years. As at 30 June 2015, bank loans of approximately RMB13,899 million of the Group were collateralized by the Group's land use rights, properties, restricted bank deposits and shares of certain subsidiaries or guaranteed by certain subsidiaries of the Group.

As at 30 June 2015, the Group had Senior Notes and bank loans of approximately RMB19,934 million, equivalent to approximately 26% of the total assets (31 December 2014: 26%). Net debt (bank loans + Senior Notes – cash and cash equivalents and bank deposits) to total equity ratio was approximately 25% (31 December 2014: 19%). The average tenor of the entire debt portfolio of the Company was approximately 5.1 years.

Risks of foreign exchange fluctuation and interest rate

The Group conducts its business primarily in Renminbi. As of 30 June 2015, the Company had total cash and cash equivalents and bank deposits amounted to approximately RMB9,770 million. The majority of the Company's cash reserves were denominated in RMB to meet future construction and other payments in the PRC. Total debts as of the balance sheet date amounted to approximately RMB19,934 million of which approximately 30% are in fixed rates USD bonds, approximately 41% are in HKD/USD floating rates bank borrowings and approximately 29% are in RMB bank loans raised in the PRC. In September 2013, the Group entered into an interest rate swap agreement for the syndicated loans denominated in US dollars (USD415 million) to hedge the potential interest rate risk. While no currency hedge was employed by the Group on its non-RMB debts, its operating cash flow and liquidity has not been subject to significant influence from fluctuations in exchange rate.

Contingent liabilities

As at 30 June 2015, the Group entered into agreements with certain banks to provide guarantees in respect of mortgage loans offered to the buyers of property units. The aggregate amount of guaranteed mortgage loans guaranteed by the Group relating to such agreements was approximately RMB5,226 million as at 30 June 2015 (approximately RMB6,433 million as at 31 December 2014).

There is no change of the status of the litigation with regard to the Bund 8-1 project from the statement disclosed in the results announcement of the Company for the year ended 31 December 2014.

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 2015, the Group's contracted capital commitments for properties under development and investment properties were approximately RMB5,512 million (approximately RMB6,209 million as at 31 December 2014). The amount mainly comprised the contracted development cost of existing projects. Given the Group's cash reserves of RMB9,770 million as of the balance sheet together with the Company's future operating cash flows and new debt finance raised from diversified channels, the Group is well positioned to meet the funding needs of all capital commitments.

Employees and remuneration policy

As at 30 June 2015, the Group had 2,456 employees, including 253 employees for Commune by the Great Wall and 1,819 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. Pursuant to the terms of the share option scheme adopted on 14 September 2007, 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.

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 of 30 June 2015, 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 (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 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)	63.9309%
Pan Zhang Xin Marita	–	–	3,324,100,000(L)	3,324,100,000(L)	63.9309%
Yan Yan	16,023,511(L) (Note 2)	–	–	16,023,511(L)	0.3082%

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 8,184,000 shares granted on 6 November 2012 under the Share Option Scheme and (ii) 7,839,511 shares beneficially owned.

(ii) Interests in the 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 2015, 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 of the Company

As at 30 June 2015, 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 of the Company:

Name	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding
HSBC International Trustee Limited (Note 2)	Trustee	3,325,461,500 (L)	63.9570% (L)
Capevale Limited	Interests of controlled corporation	3,324,100,000 (L)	63.9309% (L)
Boyce Limited (Note 3)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)
Capevale Limited (Note 4)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)

Notes:

(1) (L) represents the shareholders' long position in shares or underlying shares.

(2) HSBC International Trustee Ltd. (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 Ltd. held 3,324,100,000(L) shares under the trust for the benefit of the beneficiaries of the trust, including Mrs. Pan Zhang Xin Marita. Boyce Ltd., which is incorporated in the British Virgin Islands, held 1,662,050,000(L) shares. Capevale Ltd., which is incorporated in the British Virgin Islands, held 1,662,050,000(L) shares.

(3) Boyce Ltd., incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Ltd., a company incorporated in the Cayman Islands.

(4) Capevale Ltd., incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Ltd., a company incorporated in the Cayman Islands.

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2015, none of any person who had interests or short positions in the shares and underlying shares of the Company which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

Directors' rights to acquire shares of the Company

Save as disclosed in the sections headed "Employees' Share Award Scheme" and "Share Option Scheme" below, at no time during the Period were the 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 which would 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 211,500 Shares at a consideration of approximately HKD1,113,886 and sold on the Stock Exchange a total of 3,000 Shares at a consideration of approximately HKD15,710. During the Period, no share (30 June 2014: 1,281,500 shares) was granted to employees.

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, those referred to in (ii) are known as the "Business Associates"), as the Board may in its absolute discretion select, to take up Options (collectively, those referred to in (i) and (ii) above are known as 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 the 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 such 1% limit will be subject to prior shareholders' approval with the relevant Participant and his/her close 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 2015, there were outstanding Options carrying the rights to subscribe for 8,184,000 Shares (31 December 2014: 8,184,000 Shares) representing 0.16% (31 December 2014: 0.16%) of the issued share capital of the Company. No Options were cancelled during the Period (2014: nil).

Details of the Options granted under the Share Option Scheme and remained outstanding Options as at 30 June 2015 are as follows:

			Number of Options				
Name and class of grantees	Date of grant	Outstanding as of 1 January 2015	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2015
(1) Directors							
Yan Yan	6 November 2012 (Note 1)	8,184,000	–	–	–	–	8,184,000
Total		8,184,000	–	–	–	–	8,184,000

Note:

(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
8,184,000	6 November 2013 to 5 November 2022*	5.53	5.67

* 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.

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 27 September 2013, the Company, as borrower, entered into a credit agreement (the "2013 Credit Agreement") with a syndicate of banks for the US$415 million and HK$4,263 million (equivalent to approximately US$550 million) (the "Total Commitments of 2013 Syndicated Loan") 4-year transferable term loan facilities (the "2013 Syndicated Loan"). The 2013 Credit Agreement was subsequently amended on 21 May 2011 under which, among others, the maturity of the term loan facilities has been extended to 2018.

On 24 June 2014, the Company, as borrower, entered into a credit agreement (the "June 2014 Credit Agreement") with a syndicate of banks for the US$250 million (the "Total Commitments of 2014 Syndicated Loan") 5-year transferable term loan facilities (the "2014 Syndicated Loan").

On 18 November 2014, the Company, as borrower, entered into a credit agreement (the "November 2014 Credit Agreement") with a bank for the HK$1,170 million (the "Total Commitments of 2014 Bilateral Loan") 5-year transferable term loan facilities (the "2014 Bilateral Loan").

Pursuant to the terms of the 2013 Credit Agreement, June 2014 Credit Agreement, and the November 2014 Credit Agreement, the Company as borrower and certain subsidiaries of the Company, as guarantors, must, among others, procure that:

1. Mr. Pan Shiyi ("Mr. Pan") and Mrs. Pan Zhang Xin Marita ("Ms. Zhang"), directly or indirectly through the Little Brothers Settlement ("the Trust") constituted on 25 November 2005 by a deed of settlement between Ms. Zhang as settlor and HSBC International Trustee Ltd. as original trustee and under which Ms. Zhang is also the protector and a beneficiary (the "Trust"), in the aggregate, remain the beneficial ownership of not less than 51% of the entire issued share capital of the Company; and

2. (i) Mr. Pan or Ms. Zhang remains as the chairman of the Company at all times; or (ii) Mr. Pan or Ms. Zhang remains as the chief executive officer of the Company at all times, unless the chairman or the chief executive officer is replaced by a person approved by the majority lenders within 30 days from the date each of Mr. Pan and Ms. Zhang ceases to be either the chairman or the chief executive officer of the Company (as the case may be).

Failing that, among other things, all or part of the Total Commitments of 2013 Syndicated Loan, Total Commitments of 2014 Syndicated Loan and Total Commitments of 2014 Bilateral Loan may be cancelled and/or all outstanding liabilities of the Company under the 2013 Credit Agreement, the June 2014 Credit Agreement, and the November 2014 Credit Agreement and/or other documentation in relation to the 2013 Syndicated Loan, the 2014 Syndicated Loan and the 2014 Bilateral Loan will become immediately due and payable. As of 30 June 2015, the Trust is the beneficial owner of approximately 63.9570% 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 budget, business plan and significant operational matters.

As of 20 August 2015, the Board comprised seven Directors, including four executive Directors, namely Mr. Pan Shiyi (Chairman), Mrs. Pan Zhang Xin Marita (Chief Executive Officer), Ms. Yan Yan and Mr. Jim Lam (appointed on 20 August 2015); and three independent non-executive Directors, namely Mr. Sun Qiang Chang (appointed on 8 May 2015), Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua (appointed on 8 May 2015).

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 regular 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. Save as 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. The number of independent non-executive Directors also represents 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 Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua. The Audit Committee is chaired by Mr. Sun Qiang Chang.

The Audit Committee had reviewed the interim results for the six months ended 30 June 2015 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.

Purchase, Sale or Redemption of Listed Securities of the Company

The trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 211,500 Shares at a total consideration of approximately HKD1,113,886 and sold on the Stock Exchange a total of 3,000 Shares at a consideration of approximately HKD15,710 pursuant to the terms of the trust deed under the Employees' Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the Period.

CORPORATE INFORMATION

Executive Directors	Pan Shiyi *(Chairman)* Pan Zhang Xin Marita *(Chief Executive Officer)* Yan Yan Jim Lam (appointed on 20 August 2015)
Independent non-executive Directors	Sun Qiang Chang (appointed on 8 May 2015) Cha Mou Zing, Victor Xiong Ming Hua (appointed on 8 May 2015)
Company Secretary	Mok Ming Wai
Members of the Audit Committee	Sun Qiang Chang *(Chairman)* Cha Mou Zing, Victor Xiong Ming Hua
Members of the Remuneration Committee	Cha Mou Zing, Victor *(Chairman)* Sun Qiang Chang Xiong Ming Hua
Members of the Nomination Committee	Pan Shiyi *(Chairman)* Cha Mou Zing, Victor Xiong Ming Hua
Authorised Representatives	Pan Zhang Xin Marita Mok Ming Wai
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Corporate Headquarter	11F, Section A Chaowai SOHO No. 6B Chaowai Street Chaoyang District Beijing 100020 China

CORPORATE INFORMATION

Principal Place of Business in Hong Kong	36/F Tower Two Times Square 1 Matheson Street Causeway Bay 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 18th Floor, United Centre 95 Queensway Hong Kong
Auditors	PricewaterhouseCoopers 22/F, Prince's Building 10 Chater Road Central, Hong Kong
Principal Banker	Agricultural Bank of China Limited Bank of China Limited Bank of Communications Co., Ltd. China Everbright Bank Company Limited China Merchants Bank Corporation Ltd. Industrial and Commercial Bank of China Limited Standard Chartered Bank (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation 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 24 to 48, which comprises the interim condensed consolidated balance sheet of SOHO China Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 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 2015

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2015
(Expressed in Renminbi)

		Unaudited	
		Six months ended 30 June	
		2015	2014
	Note	**RMB'000**	RMB'000
Turnover	6	**392,537**	4,750,232
Cost of sales		**(97,321)**	(2,359,727)
Gross profit		**295,216**	2,390,505
Valuation gains on investment properties	10	**114,139**	1,975,586
Other gains – net	7(b)	**113,969**	256,737
Other operating income		**156,307**	172,278
Selling expenses		**(25,355)**	(110,569)
Administrative expenses		**(87,259)**	(108,668)
Other operating expenses		**(81,610)**	(62,187)
Profit from operations		**485,407**	4,513,682
Finance income	7(a)	**221,226**	380,717
Finance expenses	7(a)	**(331,599)**	(187,932)
Profit before taxation	7	**375,034**	4,706,467
Income tax expense	8	**(237,077)**	(1,994,469)
Profit for the period		**137,957**	2,711,998
Attributable to:			
Equity shareholders of the Company		**134,528**	2,696,568
Non-controlling interests		**3,429**	15,430
Profit for the period		**137,957**	2,711,998
Earnings per share (RMB)	9		
Basic		**0.026**	0.512
Diluted		**0.026**	0.511

The notes on pages 31 to 48 form an integral part of these condensed consolidated interim financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the interim period are set out in Note 18(a).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015
(Expressed in Renminbi)

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit for the period	**137,957**	2,711,998
Other comprehensive income for the period (after tax):		
Items that may be reclassified to Income Statement		
Exchange differences on translation of financial statements of foreign operations	**2,672**	(85,979)
Total comprehensive income for the period	**140,629**	2,626,019
Attributable to:		
– Equity shareholders of the Company	**137,200**	2,610,589
– Non-controlling interests	**3,429**	15,430
Total comprehensive income for the period	**140,629**	2,626,019

The notes on pages 31 to 48 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2015
(Expressed in Renminbi)

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current assets			
Investment properties	10	**53,953,700**	52,875,060
Property and equipment	11	**636,541**	650,618
Bank deposits		**371,153**	39,485
Interest in joint ventures		**4,049,087**	4,057,032
Deferred tax assets		**1,466,626**	1,441,063
Long-term receivables		**81,612**	24,755
Total non-current assets		**60,558,719**	59,088,013
Current assets			
Properties under development and completed properties held for sale	12	**4,072,614**	3,982,897
Deposits and prepayments		**469,040**	633,569
Trade and other receivables	13	**841,191**	675,884
Bank deposits		**253,653**	377,008
Cash and cash equivalents	14	**9,144,668**	12,061,801
Total current assets		**14,781,166**	17,731,159
Current liabilities			
Bank loans	17	**1,550,215**	1,353,285
Rental and sales deposits	15	**315,427**	337,270
Trade and other payables	16	**4,305,454**	4,620,667
Taxation		**4,881,130**	5,205,578
Total current liabilities		**11,052,226**	11,516,800
Net current assets		**3,728,940**	6,214,359
Total assets less current liabilities		**64,287,659**	65,302,372
Non-current liabilities			
Bank loans	17	**12,348,464**	12,846,904
Senior notes		**6,035,176**	6,062,108
Contract retention payables		**103,400**	178,603
Deferred tax liabilities		**5,868,108**	5,750,771
Derivative financial instruments		**11,924**	4,018
Total non-current liabilities		**24,367,072**	24,842,404
NET ASSETS		**39,920,587**	40,459,968

The notes on pages 31 to 48 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2015
(Expressed in Renminbi)

	Note	**Unaudited 30 June 2015 RMB'000**	Audited 31 December 2014 RMB'000
CAPITAL AND RESERVES	18		
Share capital		**106,112**	106,112
Reserves		**38,714,229**	39,257,039
Total equity attributable to equity shareholders of the Company		**38,820,341**	39,363,151
Non-controlling interests		**1,100,246**	1,096,817
Total equity		**39,920,587**	40,459,968

The notes on pages 31 to 48 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 2015
(Expressed in Renminbi)

		Unaudited											
		Attributable to owners of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	General reserve fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015		106,112	7,683,218	(36,033)	9,661	48,814	(815,150)	189,527	551,340	31,625,662	39,363,151	1,096,817	40,459,968
Profit for the period		–	–	–	–	–	–	–	–	134,528	134,528	3,429	137,957
Other comprehensive income		–	–	–	–	–	2,672	–	–	–	2,672	–	2,672
Total comprehensive income		–	–	–	–	–	2,672	–	–	134,528	137,200	3,429	140,629
Treasury shares	18(b)(ii)	–	–	(867)	–	–	–	–	–	–	(867)	–	(867)
Dividends approved in respect of the previous year	18(a)(ii)	–	(674,874)	–	–	–	–	–	–	–	(674,874)	–	(674,874)
Employees' share award scheme	18(d)	–	–	–	–	3,023	–	–	–	–	3,023	–	3,023
Employees' share option schemes		–	–	–	–	614	–	–	–	–	614	–	614
Vesting of shares under employees' share award scheme		–	874	4,872	–	(5,746)	–	–	–	–	–	–	–
Hedging		–	–	–	–	(7,906)	–	–	–	–	(7,906)	–	(7,906)
Balance at 30 June 2015		106,112	7,009,218	(32,028)	9,661	38,799	(812,478)	189,527	551,340	31,760,190	38,820,341	1,100,246	39,920,587

The notes on pages 31 to 48 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 2015
(Expressed in Renminbi)

		Unaudited											
		Attributable to owners of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	General reserve fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014		107,868	9,427,382	(39,932)	7,904	47,168	(376,480)	189,527	524,947	27,572,224	37,460,608	1,025,187	38,485,795
Profit for the period		–	–	–	–	–	–	–	–	2,696,568	2,696,568	15,430	2,711,998
Other comprehensive income		–	–	–	–	–	(85,979)	–	–	–	(85,979)	–	(85,979)
Total comprehensive income		–	–	–	–	–	(85,979)	–	–	2,696,568	2,610,589	15,430	2,626,019
Treasury shares	18(b)(ii)	–	–	(1,074)	–	–	–	–	–	–	(1,074)	–	(1,074)
Repurchase of own shares													
– Par value paid		(763)	–	(838)	–	–	–	–	–	–	(1,601)	–	(1,601)
– Premium paid		–	(192,657)	(204,316)	–	–	–	–	–	–	(396,973)	–	(396,973)
– Transfer between reserves		–	(763)	–	763	–	–	–	–	–	–	–	–
Dividends approved in respect of the previous year	18(a)(ii)	–	(683,483)	–	–	–	–	–	–	–	(683,483)	–	(683,483)
Employees' share award scheme	18(d)	–	–	–	–	3,899	–	–	–	–	3,899	–	3,899
Employees' share option schemes		–	–	–	–	760	–	–	–	–	760	–	760
Shares issued under the employees' share option schemes		1	283	–	–	(67)	–	–	–	–	217	–	217
Vesting of shares under employees' share award scheme		–	822	3,970	–	(4,792)	–	–	–	–	–	–	–
Hedging		–	–	–	–	(6,940)	–	–	–	–	(6,940)	–	(6,940)
Balance at 30 June 2014		107,106	8,551,584	(242,190)	8,667	40,028	(462,459)	189,527	524,947	30,268,792	38,986,002	1,040,617	40,026,619

The notes on pages 31 to 48 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015
(Expressed in Renminbi)

	Note	Unaudited Six months ended 30 June 2015 RMB'000	 2014 RMB'000
Cash flows from operating activities			
Net cash (used in)/generated from operations		**(203,399)**	3,340,258
Interest received		**239,875**	380,717
Interest paid		**(646,458)**	(455,590)
Income tax paid		**(487,728)**	(3,031,022)
Cash flows from operating activities – net		**(1,097,710)**	234,363
Cash flows from investing activities			
– payment for development costs and purchase of investment properties		**(789,167)**	(1,577,762)
– purchases of property and equipment		**(3,032)**	(6,361)
– purchases of property under development		**(530,799)**	–
– proceeds from sale of property and equipment		**274**	2,239
– decrease in term deposits with banks and other financial institutions over 3 months		**100,000**	1,058,796
– increase in bank deposits		**(208,313)**	(1,448,675)
– net proceeds on disposal of a subsidiary	19(iii)	**656,460**	3,037,838
– proceeds from disposal of completed investment properties		**8,100**	–
Cash flows from investing activities – net		**(766,477)**	1,066,075
Cash flows from financing activities			
– dividends paid to equity holders and non-controlling interests		**(674,874)**	(683,483)
– repurchase of own shares		**–**	(398,574)
– proceeds from bank loans		**810,319**	4,460,988
– repayment of bank loans		**(1,069,448)**	(429,168)
– payment for purchase of treasury shares for employees' share award scheme		**(867)**	(1,074)
– proceeds from shares issued under the employees' share option schemes		**–**	217
Cash flows from financing activities – net		**(934,870)**	2,948,906
Net (decrease)/increase in cash and cash equivalents		**(2,799,057)**	4,249,344
Cash and cash equivalents at 1 January		**11,961,801**	9,069,485
Effect of foreign exchange rates changes		**(18,076)**	17,799
Cash and cash equivalents at 30 June	14	**9,144,668**	13,336,628

The notes on pages 31 to 48 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General information

SOHO China Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in real estate development and investment. The Group has operations mainly in the People's Republic of China (the "PRC" or "China").

The Company is a limited liability company incorporated and domiciled in Cayman Islands. The address of its registered office is at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman,KY1-1111, Cayman Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial statements are presented in Renminbi ("RMB"), unless otherwise stated. The condensed consolidated interim financial statements were approved for issue on 20 August 2015.

The condensed consolidated interim financial statements have been reviewed, not audited.

2 Basis of preparation

The condensed interim financial statements of the Company and the Group have 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").

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014 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 4.

3 Estimates

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 2014, with the exception of changes in estimation required in determining the provision of income taxes.

4 Changes in accounting policies

The Group has applied, for the first time, the following amendment that has had no material effect on the Group's results and financial position:

Amendment to HKAS 19 'Regarding defined benefit plans'. This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

5 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 2014.

There have been no changes in the risk management department or in any risk management policies since 31 December 2014.

(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
- Bank loans
- Contract retention payables

(c) Fair value estimation

The table below analyses investment properties and cash flow hedge carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investment properties	–	–	**53,953,700**	**53,953,700**
Office premises	–	–	**354,462**	**354,462**
Total assets	–	–	**54,308,162**	**54,308,162**
Liabilities				
Derivatives used for hedging	–	**11,924**	–	**11,924**
Total liabilities	–	**11,924**	–	**11,924**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investment properties	–	–	52,875,060	52,875,060
Office premises	–	–	354,462	354,462
Total assets	–	–	53,229,522	53,229,522
Liabilities				
Derivatives used for hedging	–	4,018	–	4,018
Total liabilities	–	4,018	–	4,018

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 during the period.

There were no other changes in valuation techniques during the period.

5 Financial risk management and financial instruments (continued)

(d) Valuation techniques used to derive Level 2 fair values

Level 2 hedging derivatives comprise interest rate swaps. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

(e) Valuation techniques used to derive Level 3 fair values

Fair values of investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the properties by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

For completed investment properties, the valuation was determined using the income capitalization approach (term and reversionary method). Final valuation results will also take reference to the valuation using sale comparison approach.

When using sale comparison method, sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

When using income capitalization approach, unobservable inputs will be used and taken into account. These unobservable inputs includes: term yield, reversionary yield and rental per square meter during reversionary period.

(f) Group's valuation processes

The Group's investment properties were valued at the end of the reporting period by independent professionally qualified valuers, CB Richard Ellis Ltd. ("CBRE"), which hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO) and the Audit Committee (AC).

At the end of each financial reporting period the finance department:

- Verifies all major inputs to the independent valuation report;
- Analyses property valuation movements and changes in fair values when compared to the prior period valuation report;
- Holds discussions with the independent valuer and reports to the CFO and AC.

6 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	
	2015	2014
	RMB'000	RMB'000
Sale of property units	**(46,344)**	4,586,430
Rental income from investment properties	**438,881**	163,802
	392,537	4,750,232

(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.

(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.

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

6 Turnover and segment reporting (continued)

(c) Segment results, assets and liabilities (continued)

	Properties development		Properties investment		Total	
	Unaudited Six months ended 30 June		Unaudited Six months ended 30 June		Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Income statement items						
Reportable segment revenue	**(46,344)**	4,586,430	**438,881**	163,802	**392,537**	4,750,232
Reportable segment gross profit	**(45,695)**	2,236,432	**340,911**	154,073	**295,216**	2,390,505
Reportable segment profit	**96,865**	1,230,107	**171,161**	1,672,199	**268,026**	2,902,306

	Properties development		Properties investment		Total	
	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000	**Unaudited At 30 June 2015 RMB'000**	Audited At 31 December 2014 RMB'000	**Unaudited At 30 June 2015 RMB'000**	Audited At 31 December 2014 RMB'000
Balance sheet items						
Reportable segment assets	**26,420,676**	45,327,331	**80,650,868**	62,753,548	**107,071,544**	108,080,879
Reportable segment liabilities	**(17,814,224)**	(26,532,761)	**(32,117,025)**	(24,516,871)	**(49,931,249)**	(51,049,632)

(d) Reconciliation of reportable segment profit

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Profit		
Reportable segment profit	**268,026**	2,902,306
Unallocated head office and corporate expenses	**(130,069)**	(190,308)
Consolidated profit	**137,957**	2,711,998

7 Profit before taxation

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

(a) Finance income and finance expenses

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Finance income		
Interest income	**221,226**	380,717
	221,226	380,717
Finance expenses		
Interest on bank loans	**380,048**	308,884
Interest expenses on the senior notes	**199,095**	199,443
Less: Interest expense capitalised into properties under development and investment properties	**(272,081)**	(363,552)
	307,062	144,775
Net foreign exchange loss	**9,836**	28,282
Net loss on settlement of financial assets at fair value through profit or loss: Held for trading	**10,726**	10,965
Bank charges and others	**3,975**	3,910
	331,599	187,932

(b) Other gains–net

		Unaudited Six months ended 30 June	
	Note	**2015 RMB'000**	2014 RMB'000
Gain on disposal of subsidiaries	19	**121,914**	256,678
Gain on liquidation of subsidiaries		**–**	59
Loss on investment in joint venture		**(7,945)**	–
		113,969	256,737

7 Profit before taxation (continued)

(c) Other items

	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000
Depreciation	**16,835**	13,967
Staff cost	**87,924**	105,294
	104,759	119,261

The Group received total government grants of RMB50,840,000 (2014: nil) in relation to the tax refunds from Dongcheng District Finance Bureau, Beijing.

8 Income tax

	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000
Provision for the period		
PRC Corporate Income Tax	**144,118**	667,829
Land Appreciation Tax	**1,185**	732,393
Deferred tax	**91,774**	594,247
	237,077	1,994,469

(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% (2014: 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.

9 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 2015 of RMB134,528,000 (2014: RMB2,696,568,000) and the weighted average number of ordinary shares of 5,192,306,000 (2014: 5,267,413,000) 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 2015 is based on the profit attributable to ordinary equity shareholders of the Company of RMB134,528,000 (2014: RMB2,696,568,000), and the weighted average number of ordinary shares of 5,194,709,000 (2014: 5,270,669,000) after adjusting for the effect of share award and share option schemes.

10 Investment properties

	Unaudited At 30 June 2015 RMB'000	Unaudited At 30 June 2014 RMB'000
Opening balance	**52,875,060**	48,728,000
Additions	**903,533**	1,737,832
Transfer from completed properties held for sale to Investment properties	**60,968**	1,713,867
Disposal of a subsidiary	**–**	(2,987,855)
Unrealised gains recognized in condensed consolidated income statement	**114,139**	1,975,586
Closing balance	**53,953,700**	51,167,430

The completed investment properties of the Group were revalued as at 30 June 2015 and 31 December 2014. The valuations were carried out by 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 2015 and 31 December 2014. The valuations were carried out by CBRE.

During the six months ended 30 June 2015, a net gain of RMB114,139,000 (2014: RMB1,975,586,000) and deferred tax thereon of RMB28,534,750 (2014: RMB493,896,500) have been recognised in condensed consolidated income statement in respect of investment properties.

11 Property and equipment

During the six months ended 30 June 2015, the Group incurred capital expenditure of property and equipment with a cost of RMB3,032,000 (2014: RMB6,361,000). Office equipment and motor vehicles with a net book value of RMB274,000 (2014: RMB2,822,000) were disposed of during the six months ended 30 June 2015, resulting in gains on disposal of RMB164 (2014: loss of RMB583,000).

12 Properties under development and completed properties held for sale

	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Properties under development	**1,363,734**	1,195,328
Completed properties held for sale	**2,708,880**	2,787,569
	4,072,614	3,982,897

13 Trade and other receivables

	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Trade receivables		
Current	**161,271**	94,353
Less than 1 month past due	**9,922**	8,347
1 to 6 months past due	**18,666**	2,089
6 months to 1 year past due	**3,950**	192
More than 1 year past due	**84,063**	90,644
Amounts past due	**116,601**	101,272
Total	**277,872**	195,625

	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Trade receivables	**277,872**	195,625
Other receivables	**604,685**	521,625
Less: allowance for doubtful debts	**(41,366)**	(41,366)
	841,191	675,884

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.

14 Cash and cash equivalents

	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Cash on hand	**419**	1,404
Cash at bank and other financial institutions	**4,633,348**	4,012,471
Term deposits with banks and other financial institutions	**4,510,901**	8,047,926
Cash and cash equivalents in the condensed consolidated balance sheet	**9,144,668**	12,061,801
Less: Term deposits with banks and other financial institutions over 3 months	**–**	100,000
Cash and cash equivalents in the condensed consolidated statement of cash flows	**9,144,668**	11,961,801

15 Rental and sales deposits

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

16 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:

	Note	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Due within 1 month or on demand		**1,981,213**	2,143,849
Due after 1 month but within 3 months		**372,876**	444,389
Accrued expenditure on land and construction		**2,354,089**	2,588,238
Amounts due to related parties	21(a)	**731,654**	731,654
Consideration payable for acquisition of subsidiaries and joint ventures		**100,000**	100,000
Others		**785,989**	818,600
Financial liabilities measured at amortised costs		**3,971,732**	4,238,492
Other taxes payable		**333,722**	382,175
		4,305,454	4,620,667

17 Bank loans

	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Current	**1,550,215**	1,353,285
Non current	**12,348,464**	12,846,904
	13,898,679	14,200,189

Movements in borrowings is analysed as follows:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
At beginning of the period	**14,200,189**	11,046,184
New bank loans raised	**810,319**	4,460,988
Repayment of bank loans	**(1,069,448)**	(429,168)
Effective interest adjustment	**(36,834)**	37,416
Exchange rate effect	**(5,547)**	75,963
At end of the period	**13,898,679**	15,191,383

18 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	
	2015 **RMB'000**	2014 RMB'000
No interim dividend in respect of the six months ended 30 June 2015 was proposed by the Board (2014: RMB0.12 per ordinary share)	**–**	623,943

Based on the new dividend policy adopted by the Company, future regular dividends will be declared once a year at the final results announcement.

(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	
	2015 **RMB'000**	2014 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 (2014: RMB0.13 per ordinary share)	**674,874**	683,483

18 Capital, reserves and dividends (continued)

(b) Share capital and treasury shares

(i) Share capital

	Unaudited Six months ended 30 June			
	2015		2014	
	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	**5,199,524**	**106,112**	5,290,169	107,868
Shares repurchased and cancelled this period	**–**	**–**	(39,374)	(763)
Shares issued under the employee's share options schemes	**–**	**–**	45	1
At 30 June	**5,199,524**	**106,112**	5,250,840	107,106

During the six months ended 30 June 2015, the Group acquired nil (2014: 39,374,000) of its own shares through purchases on the Stock Exchange of Hong Kong Limited. The total amount paid to acquire the shares was HKD nil (2014: HKD244,547,000) and has been deducted from shareholders' equity.

(ii) Treasury shares

	Unaudited Six months ended 30 June			
	2015		2014	
	No. of shares (thousands)	**Treasury shares RMB'000**	No. of shares (thousands)	Treasury shares RMB'000
At 1 January	**8,009**	**36,033**	9,252	39,932
Shares repurchased and to be cancelled	**–**	**–**	43,291	205,154
Shares purchased for employee's share award scheme	**209**	**867**	222	1,074
Vesting of shares under employee's share award scheme	**(1,370)**	**(4,872)**	(1,115)	(3,970)
At 30 June	**6,848**	**32,028**	51,650	242,190

During the six months ended 30 June 2015, a subsidiary of the Group purchased 208,500 shares (30 June 2014: 222,000 shares) of the Company on the Stock Exchange of Hong Kong Limited, at a total consideration of HKD 1,098,000 (30 June 2014: HKD 1,358,640), for the employees' share award scheme launched on 23 December 2010 (see Note 18(d)).

18 Capital, reserves and dividends (continued)

(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 HKD 1 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 2015 (30 June 2014: nil).

During the six months ended 30 June 2015, no option (30 June 2014: 45,000 shares) was exercised to subscribe for ordinary shares of the Company.

(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.

During the six months ended 30 June 2015, no share (30 June 2014: 1,281,500 shares) was granted to employees.

During the six months ended 30 June 2015, the employees' share award scheme transferred 1,370,391 shares (30 June 2014: 1,115,057 shares) to the awardees upon vesting of certain awarded shares. The total cost of the vested shares was HKD7,284,898 (30 June 2014: HKD6,065,588).

19 Disposal of a subsidiary

On 27 February 2014, the Group entered into agreements with Financial Street Holdings Co., Ltd. ("Financial Street"), pursuant to which the Group agreed to sell to Financial Street its entire equity interests in the SOHO Jing'an Project Company and related shareholder loans in a subsidiary which holds SOHO Jing'an Project, for a total consideration of RMB2,176,488,000. The disposal was completed during the six months ended 30 June 2015.

		As at disposal date RMB'000
Proceeds on disposal of the subsidiary	(i)	2,176,488
Carrying value of the subsidiary disposed	(ii)	(2,054,574)
Gains on disposal of the subsidiary		121,914

(i) Proceeds on disposal of the subsidiary are as follows:

	Carrying value RMB'000
Proceeds received in cash in previous year	1,480,000
Proceeds received in cash during the six months ended 30 June 2015	666,488
Proceeds receivable	30,000
	2,176,488

(ii) The Assets and liabilities arising from the disposal are as follows:

Property under development	2,010,799
Cash and cash equivalents	10,028
Trade and other receivables	33,747
Net assets of the subsidiary	2,054,574

(iii) Inflow of cash related to the disposal of the subsidiary, net of cash disposed

Proceeds received in cash during the six months ended 30 June 2015	666,488
Cash and cash equivalents in the subsidiary disposed of	(10,028)
Cash inflow on disposal during the six months ended 30 June 2015	656,460

20 Commitments and contingent liabilities

(a) Commitments

Commitments in respect of properties under development and investment properties outstanding at 30 June 2015 and 31 December 2014 not provided for in the consolidated financial statements were as follows:

	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Contracted for	**1,351,790**	1,395,531
Authorised but not contracted for	**4,160,451**	4,813,375
	5,512,241	6,208,906

(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 2015 was RMB5,226,053,000 (31 December 2014: RMB6,433,147,000).

(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"), which 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.

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.

20 Commitments and contingent liabilities (continued)

(d) Legal contingencies (continued)

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 Haizhenmen will be refunded by 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.

As at the date of approval of the financial statements, the result of the Appeal was not available. The directors of the Company, after consultation with the PRC legal advisers, do not consider there is a need to make any provision in respect of the Appeal and Trial Judgement, nor any impairment in respect of the investment in joint ventures.

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.

21 Material related party transactions

(a) Amounts due to related parties

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

		Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Shanghai Yi Dian	(i)	**303,917**	303,917
Shanghai Rural Commercial Bank	(i)	**303,917**	303,917
Wang Rensheng	(i)	**123,820**	123,820
		731,654	731,654

(i) The balances as at 30 June 2015 mainly represented the total advances of RMB731,654,000 (31 December 2014: RMB731,654,000) from Shanghai Yi Dian Holdings (Group) Co., Ltd., Shanghai Rural Commercial Bank and Wang Rensheng, 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 fix term of repayment.

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