



SOHO CHINA LIMITED

INTERIM REPORT 2016



The board (the “Board”) of directors (the “Directors”) of SOHO China Limited (the “Company” or “SOHO China” or “we”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 (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 2016 interim results of the Group have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board on 17 August 2016. The interim financial report is unaudited, but has been reviewed by the Company’s auditor, PricewaterhouseCoopers.

The Group achieved turnover of approximately RMB727 million during the Period, representing an increase of approximately 85% compared with the same period of 2015; and achieved rental income of approximately RMB700 million for the Period, representing an increase of approximately 60% compared with the same period of 2015.

Gross profit margin for the Period was approximately 77%, further improved from approximately 75% in the same period of 2015.

During the Period, net profit attributable to equity shareholders of the Company was approximately RMB599 million and RMB959 million excluding extraordinary expenses of RMB360 million due to the prepayment of the offshore debt. Net profit attributable to equity shareholders of the Company was approximately RMB135 million in the same period of 2015.

The Board recommended the declaration and payment of a special dividend of RMB0.19 per share (the “Special Dividend”).



CONTENTS

02/	Business Review and Market Outlook	08/	Management Discussion & Analysis		
12/	Other Information	21/	Corporate Information	23/	Unaudited Interim Financial Report

BUSINESS REVIEW AND MARKET OUTLOOK

Business Review and Market Outlook

The first half of the year 2016 has witnessed a steady growth in the prime office market in Beijing and Shanghai. Rents for prime office in Beijing have reached RMB374 per square meter (“sq.m.”) per month by the second quarter of 2016, an increase by 1.1% compared to last year and by 0.3% compared to the first quarter of 2016, according to Jones Lang LaSalle (JLL) research. Vacancy rate remained low at 4.6%. Prime office market in Shanghai has also been expanding smoothly and steadily, with rents reaching RMB321 per sq.m. per month, growing 3.9% compared to last year and 0.9% compared to the first quarter of 2016, while vacancy rate was 5.0%. The stable rise in prime office rents and low vacancy rates in the past year has demonstrated a relatively healthy balance in the market supply and demand in Beijing and Shanghai. As always, we remain strongly optimistic about the development in the central business district (“CBD”) office market of these two metropolitan areas.

During the Period, SOHO China’s office leasing business has been progressing smoothly with outstanding results. Hongkou SOHO and Bund SOHO, completed last year, have both seen a significant increase in their occupancy rates. Hongkou SOHO’s office occupancy rate has risen from 30.6% at the beginning of 2016 to 62.0%. Bund SOHO, which began leasing operation in October 2015, has almost reached full capacity by the end of June 2016, with an office occupancy rate of 92.5%. In addition, Sky SOHO’s office occupancy rate has increased to 85.5%. By the end of June 2016, our major investment property offices for lease have reached an average occupancy rate of 85.1%. During the Period, retail spaces have also achieved different levels of growth in their occupancy rates. By the end of the Period, the average occupancy rate for retail area has surpassed 85.0%.

During the Period, there was no new completion of properties. By the end of June 2016, we held a gross floor area (“GFA”) of approximately 1.2 million sq.m. of completed prime office spaces in Beijing and Shanghai. This portfolio, composed of eight projects so far, is mainly located in the CBD areas of Beijing and Shanghai. Moreover, another three office projects, namely, SOHO Leeza in Beijing as well as SOHO Tianshan Plaza and Gubei Project in Shanghai, are still under construction. After completion of all projects, we will hold a high quality investment property portfolio with a total GFA of approximately 1.7 million sq.m. and a leasable area of approximately 1.2 million sq.m.. Our combination of large volume and high quality business investments is unparalleled across the market.

SOHO China is deeply committed to up-to-date assessment and innovation. As traditional investment property continues to mature, we are also paying close attention to market trends and developing new products and services based on emerging demand. Rapid development in the mobile internet technology enables the idea of a mobile office. People are enjoying a more flexible work style with greater freedom in choosing their office hours and space. Large companies want more adaptable workspace that allows scale and human resources adjustments in times of market fluctuations. Start-ups want more flexible and shorter lease terms that impose less restriction on their endeavor. High-tech companies want to save the problem of decorating offices, so that they can focus more on productive business. Service providers and consumer companies want more effective business networks that can help them connect with their customers and enhance their branding. SOHO 3Q, our innovative business solution service, satisfies all of these new demands in the mobile era. In short, SOHO 3Q allows short-term leasing of SOHO China’s prime office space, with online booking, selection and payment. Tenants can rent a single office, or even a single seat, for as short as a week or a month, directly through their mobile devices. In addition, SOHO 3Q provides food, coffee, photocopying and printing services, as well as furniture and other facilities that help streamline working. Yet, SOHO 3Q is not only a co-working space, but also a business community platform that attracts and unites tenants in different industries, from different forms of business, and at different development stages. We hope that this platform can offer opportunities of communication, collaboration, and mutual support to our customers, and we are introducing new service providers to make SOHO 3Q more than just a workplace.

BUSINESS REVIEW AND MARKET OUTLOOK

SOHO 3Q's co-working business officially began in February 2015. By the end of July 2016, SOHO 3Q has opened 16 centers, which offer 13,603 seats in Beijing and Shanghai. By the end of 2016, we expect to reach approximately 16,000 seats in total, all of which will reside in SOHO China's own properties. At the end of July 2016, SOHO 3Q's average occupancy rate reached approximately 70%.

Risk control has been a key aspect for SOHO China's corporate governance. Since 2015, the Company has been controlling financial risk and replacing foreign debts with low-interest domestic debts as needed, based on fluctuations in and future expectation of exchange rate and interest rates. As at the end of June 2016, foreign currency debt accounted for only 6% of the Company's total debt, with average interest rate down to about 4.4%. By the end of the Period, SOHO China possessed approximately RMB3,380 million in cash, with net debt to equity attributable to owners of the Company ratio of around 37%.

On 29 July 2016, the Group entered into an agreement to dispose of SOHO Century Plaza for a total sales amount (including value-added tax of approximately RMB75 million) of approximately RMB3,297 million or RMB76,700 per sq.m., which was approximately 21% higher than its re-valued book value as at 30 June 2016. SOHO Century Plaza only accounts for approximately 3.7% of the total leasable area of all investment properties portfolio held by the Group, and the impact on the Group's total rental income as a result of the disposal would be very small.

Rental Portfolio

As at 30 June 2016, the major properties in the Group's rental portfolio were as follows:

Projects	Effective interest	Leasable GFA ¹ (sq.m.)	Rental Income 1H 2016 (RMB'000)	Occupancy Rate ² as at 30 June 2016
Completed Projects – Beijing				
Qianmen Avenue Project	100.0%	35,317	51,494	88.8%
Wangjing SOHO Tower 3	100.0%	133,766	171,695	93.2%
Guanghualu SOHO II	100.0%	94,279	94,837	81.3%
Completed Projects – Shanghai				
SOHO Century Plaza	100.0%	42,954	53,362	94.1%
SOHO Fuxing Plaza	100.0%	88,234	62,163	92.5%
Sky SOHO	100.0%	128,175	65,471	83.6%
Hongkou SOHO	100.0%	70,042	27,649	63.4%
Bund SOHO	61.50%	73,781	75,020	82.6%
Projects Under Construction – Beijing and Shanghai				
SOHO Tianshan Plaza	100.0%	115,619	–	–
SOHO Leeza	100.0%	133,780	–	–
Gubei Project	100.0%	113,416	–	–

Notes:

1. Attributable to the Group
2. Occupancy rate for office and retail, including SOHO 3Q (if any)

BUSINESS REVIEW AND MARKET OUTLOOK

Major Projects in Beijing

Qianmen Avenue Project

Qianmen Avenue 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. We have the right to retail area of approximately 54,691 sq.m., of which approximately 35,317 sq.m. is now available for lease. The Group successfully repositioned and upgraded the tenant mix at Qianmen Avenue by introducing the flagship and ‘experience’ stores from many renowned international and local brands including 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 its positioning.



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 sq.m.. The project comprises three towers (Towers 1, 2 and 3), among which, Towers 1 and 2 were sold and revenue was recognized by the end of 2014.

The Group is holding Wangjing SOHO Tower 3 with approximately 133,766 sq.m. of leasable area as investment property, of which approximately 123,568 sq.m. are for office use and approximately 10,198 sq.m. are for retail use. Tower 3 was completed in September 2014.

The Wangjing area where Wangjing SOHO is located is one of Beijing’s most well-developed high-end residential area where noticeably lacks large-scale office and commercial facilities. Upon full completion of Wangjing SOHO in 2014, the project 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 in the PRC 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 at the heart of Beijing’s CBD, 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 GFA of the project is approximately 165,201 sq.m. and the total leasable area is approximately 94,279 sq.m., including approximately 63,308 sq.m. of office area and approximately 30,971 sq.m. of retail area. The project was completed in November 2014.





SOHO Leeza

SOHO Leeza is located in the center of the Lize Financial Business District in Beijing. 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 current Financial Street which we believe is one of the most expensive office markets in the world. The Lize Financial Business District is planned to provide quality offices, apartments, exhibition centers, commercial zones and leisure facilities aiming to accommodate the increasing demand arising from the continued expansion of financial companies around the current Financial Street area.

We acquired the land use right for SOHO Leeza through a successful bid of RMB1.922 billion in September 2013. The Lize Financial Business District is currently home to hundreds of financial institutions and large corporations, including financial companies 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, etc..

SOHO Leeza has a total planned GFA of approximately 172,800 sq.m., and a total leasable GFA of approximately 133,780 sq.m.

The project is currently under construction. The Group intends to hold SOHO Leeza as an investment property.

Major Projects in Shanghai

SOHO Century Plaza

The project is the first completed office building wholly-owned by the Group in Shanghai as an investment property. It has a total GFA of 60,501 sq.m. and a total leasable GFA of approximately 42,954 sq.m., including approximately 42,522 sq.m. of office area and approximately 432 sq.m. of retail area. The project is almost fully occupied with approximately 50% leased to Shanghai Futures Exchange and the rest mainly to financial institutions and service companies.

SOHO Century Plaza 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 convenient subway networks and road systems. 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. Century Avenue Station is currently the largest subway transportation hub in China.

On 29 July 2016, the Group entered into an agreement to dispose of its entire ownership interest in SOHO Century Plaza. Details were disclosed in the Company's announcement dated 29 July 2016.



BUSINESS REVIEW AND MARKET OUTLOOK



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. It is right next to Shanghai Xintiandi, the most bustling and diverse commercial area of Shanghai. SOHO Fuxing Plaza has a total GFA of approximately 135,052 sq.m. and a leasable area of approximately 88,234 sq.m., of which approximately 46,344 sq.m. is for office use and approximately 41,890 sq.m. is for retail use. The project was completed in September 2014.

Sky SOHO

Sky SOHO is situated in Shanghai's Hongqiao Linkong Economic Zone, adjacent to the Shanghai Hongqiao transportation hub, which is the convergence point for a variety of 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 128,175 sq.m., which consists of approximately 103,014 sq.m. of office area and approximately 25,161 sq.m. of retail area, as an investment property.



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 within 300 meters of Baoshan Road Station, the interchange station for subway lines 3 and 4.

The project has a total GFA of approximately 93,800 sq.m. and a leasable GFA of approximately 70,042 sq.m., including approximately 65,304 sq.m. of office area and approximately 4,738 sq.m. of retail area. The Group is holding Hongkou SOHO as an investment property. The project was 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 located 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 73,781 sq.m., including approximately 50,439 sq.m. of office area and approximately 23,342 sq.m. of retail area. The Group is holding the project as an investment property. The project was completed in August 2015.

BUSINESS REVIEW AND MARKET OUTLOOK

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 area is Shanghai's first CBD for foreign enterprises and a gathering place for Changning's office, business and high-end residential apartments in Shanghai. In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan Plaza neighbors the Inner Circle and Loushanguan Station on subway line 2. Surrounded by a lively and bustling commercial atmosphere, SOHO Tianshan Plaza is situated at the hub for office, retail and luxurious residential apartments in 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 sq.m., and a total leasable GFA of approximately 115,619 sq.m..

The project is currently under construction. The Group is holding the project as an investment property.



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.

We acquired the land use right to this parcel of land through a successful bid of RMB3.19 billion made in April 2013. 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 sq.m., of which above-ground GFA is approximately 113,416 sq.m.. The Group intends to hold the Gubei project as an investment property. The project is currently under construction.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Turnover

Turnover for the Period was approximately RMB727 million, representing an increase of approximately RMB334 million or approximately 85% as compared with approximately RMB393 million during the same period of 2015. This growth of total revenue was mainly due to the increase of rental income based on the significant improvement of occupancy rate of completed investment properties that are currently being leased.

Property Lease

Rental income for the Period was approximately RMB700 million, representing an increase of approximately RMB261 million or approximately 60% as compared with approximately RMB439 million during the same period of 2015. The increase in rental income was mainly attributable to the higher occupancy rate of Hongkou SOHO and Bund SOHO which were completed and opened in the second half of 2015. In addition, Sky SOHO and Guanghai SOHO II achieved higher occupancy rate during the Period compared with the same period of 2015.

Profitability

Gross profit for the Period was approximately RMB562 million, representing an increase of approximately RMB267 million or approximately 91% as compared with approximately RMB295 million in the same period of 2015. Gross profit margin for the Period was approximately 77%, further improved from 75% in the same period of 2015.

During the Period, net profit attributable to the equity shareholders of the Company was approximately RMB599 million and RMB959 million excluding extraordinary expenses of RMB360 million due to the prepayment of the offshore debt. Net profit attributable to equity shareholders of the Company was approximately RMB135 million in the same period of 2015.

Cost Control

Selling expenses for the Period were approximately RMB22 million, representing a decrease of approximately RMB3 million or approximately 12% as compared with approximately RMB25 million in the same period of 2015.

Administrative expenses for the Period were approximately RMB109 million, representing an increase of approximately RMB22 million as compared with approximately RMB87 million in the same period of 2015. The increase was driven mainly by spending increase in operational and administration expenses in relation to SOHO 3Q's development.

Financial Income and Expenses

Financial income for the Period was approximately RMB71 million, representing a decrease of approximately RMB150 million as compared with approximately RMB221 million in the same period of 2015, due to the decrease in cash position and market interest rates.

Financial expenses for the Period were approximately RMB656 million, representing an increase of approximately RMB324 million as compared with approximately RMB332 million in the same period of 2015. The increase was driven mainly by the extraordinary expenses in relation to the early redemption of senior notes and prepayment of syndicated loans as well as the decrease in capitalized interest expenses which 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 RMB1,136 million, representing an increase of approximately RMB1,022 million compared with approximately RMB114 million in the same period of 2015.

Income Tax

Income tax of the Group is composed of the PRC Corporate Income Tax, the Land Appreciation Tax and the Deferred Tax. The PRC Corporate Income Tax for the Period was approximately RMB65 million, representing a decrease of approximately RMB79 million as compared with approximately RMB144 million in the same period of 2015. The Land Appreciation Tax for the Period was approximately RMB7 million, representing an increase of approximately RMB6 million as compared with approximately RMB1 million in the same period of 2015. The Deferred Tax for the Period was approximately RMB406 million, representing an increase of approximately RMB314 million as compared with approximately RMB92 million in the same period of 2015.

Senior Notes, Bank Loans, Corporate Bonds and Collaterals

As disclosed in the Company's announcements dated 7 April 2016 and 6 June 2016, out of the US\$400 million 7.125% senior notes due 2022 (the "2022 Notes"), the remaining outstanding principal amount of US\$253,269,000 were redeemed in full on 6 June 2016 (the "Redemption"). Upon completion of the Redemption, the 2022 Notes were cancelled.

As at 30 June 2016, the bank loans and corporate bonds of the Group were approximately RMB16,239 million. Among the bank loans, approximately RMB759 million are due within one year, approximately RMB2,807 million are due after one year but within two years, approximately RMB2,699 million are due after two years but within five years and approximately RMB6,988 million are due after five years. As at 30 June 2016, bank loans of approximately RMB13,253 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 2016, the amount of corporate bonds was approximately RMB2,986 million.

As at 30 June 2016, the Group had senior notes, corporate bonds and bank loans of approximately RMB16,239 million, equivalent to approximately 24% of the total assets (31 December 2015: approximately 25%), net debt (bank loans + senior notes + corporate bonds – cash and cash equivalents and bank deposits) to equity attributable to owners of the Company ratio was approximately 37% (31 December 2015: approximately 24%).

MANAGEMENT DISCUSSION & ANALYSIS

Risks of Foreign Exchange Fluctuation and Interest Rate

In order to optimize the debt structure and control the risk from fluctuations of offshore and onshore market interest rate and exchange rate, during the Period, the Group prepaid syndicated loans of US\$644 million and HK\$4,050 million and redeemed senior notes with the aggregate principal amount of approximately US\$253 million, which brought the proportion of offshore borrowing down to only approximately 6% of the total debt at the end of the Period. The Company has successfully lowered the funding cost to 4.4% as at 30 June 2016. During the Period, the Group's operating cash flow and liquidity has not been subject to significant influence from fluctuations in exchange rate.

Contingent Liabilities

As at 30 June 2016, the Group entered into agreements with certain banks to provide guarantees in respect of mortgage loans offered to the buyers of property units. The amount of guaranteed mortgage loans guaranteed by the Group relating to such agreements was approximately RMB3,927 million as at 30 June 2016 (approximately RMB4,482 million as at 31 December 2015).

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in its ordinary course of business. While the outcome of such contingencies, lawsuits or other proceedings cannot be determined at present, based on the information currently available and to the best knowledge, information and belief of the Board, 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 2016, the Group's total capital commitment for properties under development and investment properties was approximately RMB3,843 million (approximately RMB5,553 million as at 31 December 2015). The amount mainly comprised the contracted and the authorized but not contracted development cost of the existing projects.

Employees and Remuneration Policy

As at 30 June 2016, the Group had 2,246 employees, including 248 employees for Commune by the Great Wall and 1,673 employees for the property management company.

The remuneration package of the Group's employees includes basic salary and bonuses. Bonuses are determined on a monthly basis based on performance reviews. The remuneration of leasing employees consists of performance-based commissions and bonuses. 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 employees' share award scheme (the "Employees' Share Award Scheme") on 23 December 2010 as part of its employees' remuneration package, and had granted shares of the Company (the "Shares") to various employees, including various Directors pursuant to the rules of the Employees' Share Award Scheme.

MANAGEMENT DISCUSSION & ANALYSIS

Material Events

As disclosed in the Company's announcements dated 13 November 2015, 6 January 2016 and 22 January 2016, Beijing Wangjing SOHO Real Estate Co., Ltd.* (北京望京搜候房地產有限公司), a wholly-owned subsidiary of the Company, issued the domestic corporate bonds in the PRC in the aggregate principal amount of RMB3 billion at the coupon rate of 3.45% for a term of 3 years. The issue of the corporate bonds completed on 26 January 2016 and the corporate bonds are listed on the Shanghai Stock Exchange (SSE Code: 136175).

As disclosed in the Company's announcements dated 7 April 2016 and 6 June 2016, the Company completed its Redemption of an aggregate principal amount of US\$253,269,000 of all outstanding 2022 Notes on 6 June 2016 (the "Redemption Date"). The redemption price equals to 100% of the principal amount thereof, being US\$253,269,000, plus the applicable premium of US\$27,466,512.38 and accrued and unpaid interest of US\$1,453,658.53 to the Redemption Date. The total redemption price paid by the Company on the Redemption Date is US\$282,189,170.91.

* *For identification purposes only*

OTHER INFORMATION

Principal Activities

The principal activities of the Group are real estate development, property leasing and property management. There were no significant changes in the nature of the Group's principal activities during the Period.

Dividend

The Board has recommended the declaration and payment of the Special Dividend of RMB0.19 per share out of the share premium account of the Group (the "Share Premium Account") to shareholders of the Company whose names appear on the register of members of the Company at close of business on Wednesday, 5 October 2016, being the record date for determination of entitlements to the Special Dividend. The Board did not recommend the declaration of interim dividend for the six months ended 30 June 2016 (2015 interim dividend: Nil).

The declaration and payment of the Special Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions: (a) the passing of an ordinary resolution by the shareholders of the Company approving the declaration and payment of the Special Dividend out of the Share Premium Account; and (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the payment of the Special Dividend, unable to pay its liabilities as they fall due in the ordinary course of business.

An extraordinary general meeting will be convened on Tuesday, 27 September 2016 for the purposes of, among other things, considering and, if thought fit, approving the declaration and payment of the Special Dividend out of the Share Premium Account.

Share Capital

As at 30 June 2016, the Company had 5,199,524,031 Shares in issue (31 December 2015: 5,199,524,031 Shares).

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

As at 30 June 2016, 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/ underlying shares	Approximate percentage of shareholding
Pan Shiyi	-	3,324,100,000(L) (Note 2)	-	3,324,100,000(L)	63.9309%
Pan Zhang Xin Marita	-	-	3,324,100,000(L) (Note 3)	3,324,100,000(L)	63.9309%
Yan Yan	17,404,940(L) (Note 4)	-	-	17,404,940(L)	0.3347%
Tong Ching Mau	171,365(L)	-	-	171,365(L)	0.0033%

Notes:

- (1) (L) represents the Directors’ long position in Shares or underlying Shares.
- (2) Mr. Pan had deemed interests in 3,324,100,000 Shares held by his spouse, Mrs. Pan Zhang Xin Marita as mentioned in note (3) below.
- (3) Each of Boyce Limited and Capevale Limited (“Capevale BVI”), both of which were incorporated in the British Virgin Islands, was interested in 1,662,050,000 Shares. Boyce Limited and Capevale BVI are the wholly-owned subsidiaries of Capevale Limited (“Capevale Cayman”), which was incorporated in the Cayman Islands. Cititrust Private Trust (Cayman) Limited (in its capacity as the trustee of the trust) is the legal owner of 100% of the issued share capital of Capevale Cayman. Cititrust Private Trust (Cayman) Limited held these shares under The Little Brothers Settlement (the “Trust”), for the benefit of the beneficiaries of the Trust, including Mrs. Pan Zhang Xin Marita.
- (4) These interests include (i) options to subscribe for 8,184,000 Shares granted on 6 November 2012 under the Share Option Scheme but not yet exercised as at 30 June 2016, and (ii) 9,220,940 Shares beneficially owned by Ms. Yan.

OTHER INFORMATION

(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 (Note)	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 (Note)	0.75%

Note: These interests were held by Beijing Redstone Industry Co., Ltd..

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2016, 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 2016, 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
Cititrust Private Trust (Cayman) Limited (Note 2)	Trustee	3,324,100,000 (L)	63.9309% (L)
Capevale Cayman (Note 2)	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 BVI (Note 4)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)
JPMorgan Chase & Co. (Note 5)	Beneficial owner	8,403,629 (L)	0.1616% (L)
		800,000 (S)	0.0154% (S)
	Investment manager	7,500 (L)	0.0001% (L)
	Custodian corporation/approved lending agent	267,504,050 (L)(P)	5.1448% (L)(P)

Notes:

- (1) (L) represents the shareholders' long position in Shares or underlying Shares. (S) represents shareholders' short position in Shares or underlying Shares. (P) represents lending pool in shares or underlying Shares.
- (2) Cititrust Private Trust (Cayman) Limited (in its capacity as the trustee of the trust) is the legal owner of 100% of the issued share capital of Capevale Cayman, a company incorporated in the Cayman Islands. Capevale Cayman wholly owns Boyce Limited and Capevale BVI, each of which was interested in 1,662,050,000 Shares. Accordingly, Cititrust Private Trust (Cayman) Limited is deemed to be interested in the 3,324,100,000 Shares held by Boyce Limited and Capevale BVI via its interest in Capevale Cayman under the Trust for the benefit of the beneficiaries of the Trust, including Mrs. Pan Zhang Xin Marita.
- (3) Boyce Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Cayman, a company incorporated in the Cayman Islands.
- (4) Capevale BVI, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Cayman, a company incorporated in the Cayman Islands.
- (5) These interests were held by JPMorgan Chase & Co. via its controlled corporations, namely, J.P. Morgan Clearing Corp, J.P. Morgan Investment Management Inc., J.P. Morgan Whitefriars Inc., J.P. Morgan Securities plc and JPMorgan Chase Bank N.A..

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2016, 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 any rights to acquire benefits by means of 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.

OTHER INFORMATION

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 752,500 Shares at a consideration of approximately HKD2,679,701 pursuant to the terms of the trust deed under the Employee's Share Award Scheme. During the Period, no shares (30 June 2015: Nil) was granted to employees of the Group.

Share Option Scheme

The Company has adopted a share option scheme (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.

OTHER INFORMATION

As at 30 June 2016, there were outstanding Options carrying the rights to subscribe for 8,184,000 Shares (31 December 2015: 8,184,000 Shares) representing 0.16% (31 December 2015: 0.16%) of the total number of issued shares of the Company as at 30 June 2016 and the date of this report. No Options were cancelled during the Period (2015: nil).

Details of the Options granted under the Share Option Scheme and remained outstanding Options as at 30 June 2016 are as follows:

Name and class of grantees	Date of grant	Number of Options					Outstanding as at 30 June 2016
		Outstanding as at 1 January 2016	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Director							
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. 10% of such Options (round up to the nearest whole number constituting a board lot size or its multiples) are exercisable on each of the first six anniversaries from the date of grant and the remaining 40% of such Options are exercisable after the seventh anniversary of the date of grant, subject to the terms and conditions of the Share Option Scheme.

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.

OTHER INFORMATION

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 has 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”). On 7 March 2016, the Company prepaid all the outstanding 2013 Syndicated Loan in advance.

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 4 March 2016, the Company prepaid all the outstanding 2014 Syndicated Loan in advance.

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, the 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 Trust constituted on 25 November 2005 by a deed of settlement between Ms. Zhang as settlor and HSBC International Trustee Limited¹ as original trustee under which Ms. Zhang is also the protector and a beneficiary, in 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).

Note:

1. Since January 2016, the trustee has been changed from HSBC International Trustee Limited to Cititrust Private Trust (Cayman) Limited.

Failing that, among other things, all or part of the Total Commitments of 2013 Syndicated Loan, the Total Commitments of 2014 Syndicated Loan and the 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 at 30 June 2016, the Trust is the beneficial owner of approximately 63.9309% 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 at 30 June 2016, 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 Ms. Tong Ching Mau (appointed on 18 May 2016); and three independent non-executive Directors, namely Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua.

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.

OTHER INFORMATION

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 of the Company 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 2016 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 disclosure.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Period, the Company had not repurchased any Shares on the Stock Exchange.

During the Period, the trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 752,500 Shares at a total consideration of approximately HKD2,679,701 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.

On behalf of the Board

Pan Shiyi
Chairman

Hong Kong
17 August 2016

CORPORATE INFORMATION

Executive Directors	Pan Shiyi (<i>Chairman</i>) Pan Zhang Xin Marita (<i>Chief Executive Officer</i>) Yan Yan Tong Ching Mau (appointed on 18 May 2016)
Independent non-executive Directors	Sun Qiang Chang Cha Mou Zing, Victor Xiong Ming Hua
Company Secretary	Mok Ming Wai
Members of the Audit Committee	Sun Qiang Chang (<i>Chairman</i>) Cha Mou Zing, Victor Xiong Ming Hua
Members of the Remuneration Committee	Cha Mou Zing, Victor (<i>Chairman</i>) Sun Qiang Chang Xiong Ming Hua
Members of the Nomination Committee	Pan Shiyi (<i>Chairman</i>) 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 Headquarters	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 Co., 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 44, which comprises the interim condensed consolidated balance sheet of SOHO China Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2016 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, 17 August 2016

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2016
(Expressed in Renminbi)

	Note	Unaudited Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Turnover	6	727,093	392,537
Cost of sales		(165,156)	(97,321)
Gross profit		561,937	295,216
Valuation gains on investment properties	10	1,135,502	114,139
Other gains – net		–	121,914
Other revenue and income		207,741	156,307
Selling expenses		(22,121)	(25,355)
Administrative expenses		(108,619)	(87,259)
Other operating expenses		(111,404)	(81,610)
Profit from operations		1,663,036	493,352
Financial income	7(a)	71,275	221,226
Financial expenses	7(a)	(656,220)	(331,599)
Share of results of joint venture		(4,706)	(7,945)
Profit before taxation	7	1,073,385	375,034
Income tax	8	(478,333)	(237,077)
Profit for the period		595,052	137,957
Attributable to:			
Equity shareholders of the Company		599,112	134,528
Non-controlling interests		(4,060)	3,429
Profit for the period		595,052	137,957
Earnings per share (RMB per share)	9		
Basic		0.115	0.026
Diluted		0.115	0.026

The notes on pages 30 to 44 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 19(a).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016
(Expressed in Renminbi)

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit for the period	595,052	137,957
Other comprehensive income for the period (after tax):		
<i>Items that may be reclassified to Income Statement</i>		
Exchange differences on translation of financial statements of foreign operations	(191,051)	2,672
Total comprehensive income for the period	404,001	140,629
Attributable to:		
– Equity shareholders of the Company	408,061	137,200
– Non-controlling interests	(4,060)	3,429
Total comprehensive income for the period	404,001	140,629

The notes on pages 30 to 44 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2016
(Expressed in Renminbi)

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Non-current assets			
Investment properties	10	56,865,000	55,004,000
Property and equipment	11	821,586	843,691
Bank deposits		342,454	354,689
Intangible assets		7,199	8,063
Interest in joint ventures		6,320	11,026
Deferred tax assets		1,481,828	1,439,106
Long-term receivables		–	53,494
Total non-current assets		59,524,387	57,714,069
Current assets			
Properties under development and completed properties held for sale	12	4,307,848	4,204,072
Deposits and prepayments		435,321	455,155
Trade and other receivables	13	783,150	801,209
Bank deposits		254,464	251,600
Cash and cash equivalents	14	2,782,679	8,405,967
Total current assets		8,563,462	14,118,003
Total assets		68,087,849	71,832,072
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	19	106,112	106,112
Reserves		35,100,050	36,493,759
Non-controlling interests		1,106,097	1,122,657
Total equity		36,312,259	37,722,528

The notes on pages 30 to 44 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2016
(Expressed in Renminbi)

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Liabilities			
Non-current liabilities			
Bank loans	17	12,493,786	14,345,757
Senior notes		–	1,614,493
Corporate bonds	18	2,986,475	–
Contract retention payables		92,764	135,346
Deferred tax liabilities		6,450,941	6,001,871
Derivative financial instruments		–	4,965
Total non-current liabilities		22,023,966	22,102,432
Current liabilities			
Bank loans	17	759,178	1,921,483
Rental and sales deposits	15	240,462	320,222
Trade and other payables	16	3,912,967	4,578,666
Taxation		4,839,017	5,186,741
Total current liabilities		9,751,624	12,007,112
Total Liabilities		31,775,590	34,109,544
Total equity and liabilities		68,087,849	71,832,072

The notes on pages 30 to 44 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 2016
(Expressed in Renminbi)

		Unaudited											
		Attributable to owners of the Company									Non-controlling interests		Total equity
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	RMB'000	RMB'000	
At 1 January 2016	106,112	5,202,742	(32,338)	9,661	46,487	(1,636,954)	189,527	567,436	32,147,198	36,599,871	1,122,657	37,722,528	
Profit for the period	-	-	-	-	-	-	-	-	599,112	599,112	(4,060)	595,052	
Other comprehensive income	-	-	-	-	-	(191,051)	-	-	-	(191,051)	-	(191,051)	
Total comprehensive income	-	-	-	-	-	(191,051)	-	-	599,112	408,061	(4,060)	404,001	
Treasury shares	19(b)(ii)	-	(2,263)	-	-	-	-	-	-	(2,263)	-	(2,263)	
Dividends approved in respect of the previous year	19(a)(ii)	-	(1,807,179)	-	-	-	-	-	-	(1,807,179)	-	(1,807,179)	
Expenses on employees' share award scheme		-	-	-	2,062	-	-	-	-	2,062	-	2,062	
Expenses on employees' share option schemes		-	-	-	645	-	-	-	-	645	-	645	
Vesting of shares under employees' share award scheme	19(d)	-	1,540	3,207	-	(4,747)	-	-	-	-	-	-	
Hedging		-	-	-	4,965	-	-	-	-	4,965	-	4,965	
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	(12,500)	(12,500)	
Balance at 30 June 2016	106,112	3,397,103	(31,394)	9,661	49,412	(1,828,005)	189,527	567,436	32,746,310	35,206,162	1,106,097	36,312,259	

		Unaudited											
		Attributable to owners of the Company									Non-controlling interests		Total equity
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	RMB'000	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	19(b)(ii)	-	(867)	-	-	-	-	-	-	(867)	-	(867)	
Dividends approved in respect of the previous year	19(a)(ii)	-	(674,874)	-	-	-	-	-	-	(674,874)	-	(674,874)	
Expenses on employees' share award scheme		-	-	-	3,023	-	-	-	-	3,023	-	3,023	
Expenses on employees' share option schemes		-	-	-	614	-	-	-	-	614	-	614	
Vesting of shares under employees' share award scheme	19(d)	-	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 30 to 44 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 2016
(Expressed in Renminbi)

	Note	Unaudited Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Net cash generated from/(used in) operations		128,278	(203,399)
Interest received		56,385	239,875
Interest paid		(781,314)	(646,458)
Income tax paid		(419,709)	(487,728)
Cash flows from operating activities – net		(1,016,360)	(1,097,710)
Cash flows from investing activities			
– payment for development costs and purchase of investment properties		(952,154)	(789,167)
– purchases of property and equipment		(8,901)	(3,032)
– purchases of property under development		–	(530,799)
– proceeds from sale of property and equipment		–	274
– decrease in term deposits with banks and other financial institutions over 3 months		–	100,000
– decrease/(increase) in bank deposits		9,371	(208,313)
– net proceeds on disposal of a subsidiary		–	656,460
– proceeds from disposal of completed investment properties		–	8,100
Cash flows from investing activities – net		(951,684)	(766,477)
Cash flows from financing activities			
– dividends paid to equity holders and non-controlling interests		(1,819,679)	(674,874)
– repurchase of senior notes		(1,658,836)	–
– proceeds from corporate bonds		2,984,230	–
– proceeds from bank loans		6,063,774	810,319
– repayment of bank loans		(9,224,581)	(1,069,448)
– payment for purchase of treasury shares for employees' share award scheme		(2,263)	(867)
Cash flows from financing activities – net		(3,657,355)	(934,870)
Net decrease in cash and cash equivalents		(5,625,399)	(2,799,057)
Cash and cash equivalents at 1 January		8,405,967	11,961,801
Effect of foreign exchange rates changes		2,111	(18,076)
Cash and cash equivalents at 30 June	14	2,782,679	9,144,668

The notes on pages 30 to 44 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 (“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 17 August 2016.

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

2 Basis of preparation

The condensed consolidated interim financial statements of 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 consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 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.

Going concern

As at 30 June 2016, the Group’s current liabilities exceeded its current assets by approximately RMB1,188,162,000. The directors of the Company have considered the Group’s available sources of funds as follows:

- Expected net proceeds from disposal of SOHO Century Plaza (Note 22);
- Unutilised banking facilities of approximately RMB4,574 million as at 30 June 2016; and
- Other available sources of financing from banks and other financial institutions given the Group’s credit history.

The directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future, and therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

3 Estimates

The preparation of the condensed consolidated 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 consolidated 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 2015, with the exception of changes in estimation required in determining the provision of income taxes.

4 Changes in accounting policies

Amendments to HKFRSs effective for the financial year ending 31 December 2016 do not have a material impact on the financial statements of the Group in the current period and prior years.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

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 2015.

There have been no changes in the risk management department or in any risk management policies since 31 December 2015.

(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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5 Financial risk management and financial instruments (continued)

(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).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2016.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investment properties	–	–	56,865,000	56,865,000
Office premises	–	–	354,462	354,462
Total assets	–	–	57,219,462	57,219,462

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investment properties	–	–	55,004,000	55,004,000
Office premises	–	–	354,462	354,462
Total assets	–	–	55,358,462	55,358,462
Liabilities				
Derivatives used for hedging	–	4,965	–	4,965
Total liabilities	–	4,965	–	4,965

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation (continued)

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.

(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, valuation was done primarily using direct comparison method. Income capitalization approach is also used as a reference method in deriving the final valuation results.

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 include: 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, Jones Lang LaSalle Limited ("JLL"), 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 valuers and reports to the CFO and AC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	
	2016	2015
	RMB'000	RMB'000
Sale of property units	26,635	(46,344)
Rental income from investment properties	700,458	438,881
	727,093	392,537

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6 Turnover and segment reporting (continued)

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

	Properties development		Properties investment		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Income statement items						
Reportable segment revenue	26,635	(46,344)	700,458	438,881	727,093	392,537
Reportable segment gross profit	18,773	(45,695)	543,164	340,911	561,937	295,216
Reportable segment profit	6,055	96,865	932,722	171,161	938,777	268,026

	Properties development		Properties investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance sheet items						
Reportable segment assets	19,339,854	19,285,189	89,937,518	83,519,676	109,277,372	102,804,865
Reportable segment liabilities	(13,634,660)	(13,837,247)	(37,057,364)	(31,444,404)	(50,692,024)	(45,281,651)

(d) Reconciliation of reportable segment profit

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit		
Reportable segment profit	938,777	268,026
Unallocated head office and corporate expenses	(343,725)	(130,069)
Consolidated profit	595,052	137,957

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7 Profit before taxation

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

(a) Financial income and financial expenses

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Financial income		
Interest income	71,275	221,226
	71,275	221,226
Financial expenses		
Interest on bank loans	529,244	380,048
Interest expenses on the corporate bonds and senior notes	306,976	199,095
Less: Interest expense capitalised into properties under development and investment properties	(199,382)	(272,081)
	636,838	307,062
Net foreign exchange loss	2,237	9,836
Net loss on settlement of financial assets at fair value through profit or loss: Held for trading	14,927	10,726
Bank charges and others	2,218	3,975
	656,220	331,599

(b) Other items

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Depreciation and amortization	31,870	16,835
Staff cost	86,147	87,924
	118,017	104,759

The Group received total government grants of RMB63,650,000 (2015: RMB50,840,000) in relation to certain completed projects from the local finance bureaus pursuant to the regulations issued by the respective local governments. These were recognised in "Other revenue and income".

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 Income tax

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Provision for the period		
PRC Corporate Income Tax	65,034	144,118
Land Appreciation Tax	6,951	1,185
Deferred tax	406,348	91,774
	478,333	237,077

- (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 PRC is 25% (2015: 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 PRC, 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 2016 of RMB599,112,000 (2015: RMB134,528,000) and the weighted average number of ordinary shares of 5,192,590,000 (2015: 5,192,306,000) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2016 of RMB599,112,000 (2015: RMB134,528,000), and the weighted average number of ordinary shares of 5,192,590,000 (2015: 5,194,709,000) after adjusting for the effect of share award and share option schemes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10 Investment properties

	Unaudited At 30 June 2016 RMB'000	Unaudited At 30 June 2015 RMB'000
Opening balance	55,004,000	52,875,060
Additions	692,290	903,533
Transfer from completed properties held for sale to Investment properties	33,208	60,968
Unrealised gains recognized in condensed consolidated income statement	1,135,502	114,139
Closing balance	56,865,000	53,953,700

The completed investment properties of the Group as at 30 June 2016 and 31 December 2015 were revalued. The valuations were carried out by JLL and by CB Richard Ellis Ltd. ("CBRE") respectively.

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 2016 and 31 December 2015. The valuations were carried out by JLL and by CBRE respectively.

During the six months ended 30 June 2016, a net gain of RMB1,135,502,000 (2015: RMB114,139,000) and deferred tax thereon of RMB283,876,000 (2015: RMB28,535,000) have been recognised in condensed consolidated income statement in respect of investment properties.

11 Property and equipment

During the six months ended 30 June 2016, the Group incurred capital expenditure of property and equipment with a cost of RMB8,901,000 (2015: RMB3,032,000). Office equipment and motor vehicles with a net book value of RMB nil (2015: RMB274,000) were disposed of during the six months ended 30 June 2016, resulting in gains on disposal of RMB nil (2015: loss of RMB164).

12 Properties under development and completed properties held for sale

	Unaudited At 30 June 2016 RMB'000	Audited At 31 December 2015 RMB'000
Properties under development	502,860	385,237
Completed properties held for sale	3,804,988	3,818,835
	4,307,848	4,204,072

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13 Trade and other receivables

	Unaudited At 30 June 2016 RMB'000	Audited At 31 December 2015 RMB'000
Trade receivables		
Current	93,461	89,108
Less than 1 month past due	13,379	26,191
1 to 6 months past due	57,634	45,805
6 months to 1 year past due	14,544	3,732
More than 1 year past due	86,791	91,012
Amounts past due	172,348	166,740
Total	265,809	255,848
	Unaudited At 30 June 2016 RMB'000	Audited At 31 December 2015 RMB'000
Trade receivables	265,809	255,848
Other receivables	577,485	607,005
Less: allowance for doubtful debts	(60,144)	(61,644)
	783,150	801,209

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14 Cash and cash equivalents

	Unaudited At 30 June 2016 RMB'000	Audited At 31 December 2015 RMB'000
Cash on hand	382	384
Cash at bank and other financial institutions	1,365,347	945,190
Term deposits with banks and other financial institutions	1,416,950	7,460,393
Cash and cash equivalents in the condensed consolidated balance sheet	2,782,679	8,405,967
Cash and cash equivalents in the condensed consolidated statement of cash flows	2,782,679	8,405,967

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:

	Unaudited At 30 June 2016 RMB'000	Audited At 31 December 2015 RMB'000
Due within 1 month or on demand	1,853,023	2,355,022
Due after 1 month but within 3 months	124,877	47,188
Accrued expenditure on land and construction	1,977,900	2,402,210
Amounts due to related parties	814,382	814,382
Consideration payable for acquisition of joint ventures	100,000	100,000
Others	925,618	883,041
Financial liabilities measured at amortised costs	3,817,900	4,199,633
Other taxes payable	95,067	379,033
	3,912,967	4,578,666

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17 Bank loans

	Unaudited At 30 June 2016 RMB'000	Audited At 31 December 2015 RMB'000
Current	759,178	1,921,483
Non current	12,493,786	14,345,757
	13,252,964	16,267,240

Movements in borrowings is analysed as follows:

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
At beginning of the period	16,267,240	14,200,189
New bank loans raised	6,063,774	810,319
Repayment of bank loans	(9,301,639)	(1,069,448)
Effective interest adjustment	189,608	(36,834)
Exchange rate effect	33,981	(5,547)
At end of the period	13,252,964	13,898,679

18 Corporate bonds

A wholly owned subsidiary of the Company, Beijing Wangjing SOHO Real Estate Co., Ltd., issued Corporate Bonds on 26 January 2016 in the aggregate amount of RMB3 billion at the coupon rate of 3.45% for a term of 3 years. The Corporate Bonds are listed on the Shanghai Stock Exchange and guaranteed by the Company.

19 Capital, reserves and dividends

(a) Dividends

Dividends payable to equity shareholders of the Company attributable to the interim period

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Special dividend proposed after the balance sheet date of RMB0.19 per ordinary share (2015: Nil)	987,910	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19 Capital, reserves and dividends (continued)

(a) Dividends (continued)

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

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Special dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.348 per ordinary share (2015: RMB Nil per ordinary share)	1,809,434	–
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB Nil per ordinary share (2015: RMB0.13 per ordinary share)	–	674,874

(b) Share capital and treasury shares

(i) Share capital

	Unaudited Six months ended 30 June			
	2016		2015	
	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	–
Issued and fully paid:				
At 1 January	5,199,524	106,112	5,199,524	106,112
Shares repurchased and cancelled this period	–	–	–	–
Shares issued under the employee's share options schemes	–	–	–	–
At 30 June	5,199,524	106,112	5,199,524	106,112

During the six months ended 30 June 2016, the Group acquired Nil (2015: Nil) of its own shares through purchases on The Stock Exchange of Hong Kong Limited.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19 Capital, reserves and dividends (continued)

(b) Share capital and treasury shares (continued)

(ii) Treasury shares

	Unaudited Six months ended 30 June			
	2016		2015	
	No. of shares (thousands)	Treasury shares RMB'000	No. of shares (thousands)	Treasury shares RMB'000
At 1 January	7,122	32,338	8,009	36,033
Shares repurchased and to be cancelled	–	–	–	–
Shares purchased for employee's share award scheme	753	2,263	209	867
Vesting of shares under employee's share award scheme	(854)	(3,207)	(1,370)	(4,872)
At 30 June	7,021	31,394	6,848	32,028

During the six months ended 30 June 2016, a subsidiary of the Group purchased 753,000 shares (30 June 2015: 208,500 shares) of the Company on The Stock Exchange of Hong Kong Limited, at a total consideration of HKD2,680,000 (30 June 2015: HKD1,098,000), for the employees' share award scheme launched on 23 December 2010 (see Note 19(d)).

(c) Employees' share option schemes

The Company has adopted a Pre-IPO share option scheme and an IPO share option scheme on 14 September 2007, whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at HKD1 consideration to subscribe for shares of the Company. 12,058,000 shares under the Pre-IPO share option scheme, 7,259,000 shares, 1,080,000 shares and 8,184,000 shares under the IPO share option scheme were granted on 8 October 2007, 30 January 2008, 30 June 2008 and 6 November 2012 respectively, with an exercise price of HKD8.30, HKD6.10, HKD4.25 and HKD5.53. The options vest in a period of three to seven years from the date of grant and are then exercisable within a period of six to ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company. No options were granted during the six months ended 30 June 2016 (30 June 2015: nil).

During the six months ended 30 June 2016, no option (30 June 2015: Nil) 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 2016, no share (30 June 2015: Nil) was granted to employees.

During the six months ended 30 June 2016, the employees' share award scheme transferred 854,000 shares (30 June 2015: 1,370,391 shares) to the awardees upon vesting of certain awarded shares. The total cost of the vested shares was HKD5,693,000 (30 June 2015: HKD7,284,898).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20 Commitments and contingent liabilities

(a) Commitments

Commitments in respect of properties under development and investment properties outstanding at 30 June 2016 and 31 December 2015 not provided for in the consolidated financial statements were as follows:

	Unaudited At 30 June 2016 RMB'000	Audited At 31 December 2015 RMB'000
Contracted for	1,500,879	2,130,348
Authorised but not contracted for	2,342,366	3,423,096
	3,843,245	5,553,444

(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 2016 was RMB3,926,510,000 (31 December 2015: RMB4,481,661,000).

(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.

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 2016 RMB'000	Audited At 31 December 2015 RMB'000
Shanghai Yi Dian	(i)	345,281	345,281
Shanghai Rural Commercial Bank	(i)	345,281	345,281
Wang Rensheng	(i)	123,820	123,820
		814,382	814,382

(i) The balances as at 30 June 2016 mainly represented the total advances of RMB814,382 (31 December 2015: RMB814,382) from Shanghai Yi Dian Holdings (Group) Co., Ltd. ("Shanghai Yi Dian"), 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.

22 Events after the balance sheet date

On 29 July 2016, the Company entered into an agreement with Guo Hua Life Insurance Co., Ltd., pursuant to which SOHO Century Plaza was disposed of at the consideration of RMB3,222 million, net of value-added tax.

SOHO T CHINA