SOHO CHINA LIMITED
SOHO中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

- Achieved contract sales amount of RMB13,680 million in 2009, increased by 77% year over year
- Achieved turnover of RMB7,413 million, increased by 138% year over year
- Achieved net profit attributable to equity shareholders of the Company of RMB3,300 million, increased by 727% year over year
- Recommended dividend of RMB0.20 per share

The board of directors ("the Board") of SOHO China Limited ("Company" or "the Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively "Group" or "the Group") for the year ended 31 December 2009 ("the Year" or "the Period"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountant and the relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). The 2009 audited consolidated annual results of the Group have been reviewed by the audit committee of the Company and approved by the Board on 11 March 2010.

For the year ended 31 December 2009, the Group achieved a turnover of RMB7,413 million, increased by 138% year over year, gross profit of RMB3,857 million and gross profit margin of 52%. Net profit attributable to equity shareholders of the Company was RMB3,300 million, increased by 727% year over year.

The Board recommended the payment of 61% of the core net profit (not including of valuation gain on investment property) for the year as dividend of RMB0.20 per share for the year of 2009 subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"), which will be held in May 2010.

Consolidated income statement
for the year ended 31 December 2009

	Note	**2009**	**2008**
		RMB'000	*RMB'000*
Turnover	3	7,413,451	3,121,375
Cost of properties sold		(3,556,393)	(1,577,391)
Gross profit		3,857,058	1,543,984
Valuation gain on investment property		2,144,461	–
Other operating revenue		115,065	91,831
Selling expenses		(262,084)	(237,820)
Administrative expenses		(184,801)	(242,637)
Other operating expenses		(121,857)	(101,655)
Profit from operations		5,547,842	1,053,703
Financial income	4(a)	233,693	204,671
Financial expenses	4(a)	(146,620)	(135,552)
Government grants	5	23,795	26,337
Profit before taxation	4	5,658,710	1,149,159
Income tax	6	(2,264,020)	(726,219)
Profit for the year		3,394,690	422,940
Attributable to:			
Equity shareholders of the Company		3,300,178	399,073
Minority interests		94,512	23,867
Profit for the year		3,394,690	422,940
Dividends payable to equity shareholders of the Company attributable to the year:			
Final dividend proposed after the balance sheet date	11	1,037,531	518,766
Earnings per share (RMB)	7		
Basic		0.636	0.076
Diluted		0.625	0.076

Consolidated balance sheet
at 31 December 2009

	Note	**2009**	**2008**
		RMB'000	*RMB'000*
Non-current assets			
Fixed assets			
– Investment property		2,920,000	–
– Other property and equipment		672,211	700,721
		3,592,211	700,721
Bank deposits		1,277,691	782,346
Deferred tax assets		557,761	89,807
Total non-current assets		5,427,663	1,572,874
Current assets			
Properties under development and completed properties held for sale		21,520,795	13,898,145
Trade and other receivables	8	1,565,984	691,261
Cash and cash equivalents		9,241,879	9,908,804
Total current assets		32,328,658	24,498,210
Current liabilities			
Bank loans		550,000	1,233,238
Trade and other payables	9	7,708,176	5,335,269
Taxation		3,700,397	2,278,387
Total current liabilities		11,958,573	8,846,894
Net current assets		20,370,085	15,651,316
Total assets less current liabilities		25,797,748	17,224,190

Consolidated balance sheet
at 31 December 2009 (continued)

	Note	**2009**	**2008**
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans		5,769,660	3,000,000
Convertible bonds		1,958,783	–
Contract retention payables		22,241	26,719
Deferred tax liabilities		604,537	72,584
Total non-current liabilities		8,355,221	3,099,303
NET ASSETS		17,442,527	14,124,887
CAPITAL AND RESERVES			
Share capital	10	107,485	107,485
Reserves		17,116,130	13,880,557
Total equity attributable to equity shareholders of the Company		17,223,615	13,988,042
Minority interests		218,912	136,845
TOTAL EQUITY		17,442,527	14,124,887

1 Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised 2007), Presentation of financial statements
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- HKAS 23 (revised 2007), Borrowing costs
- Amendments to HKFRS 2, Share-based payment – vesting conditions and cancellations
- HK(IFRIC) 15, Agreements for the construction of real estate

The amendments to HKAS 23 and HKFRS 2 and Interpretation HK(IFRIC) 15 have had no material impact on the Group's financial statements as the amendments and Interpretation were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented (see Note 3). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment of the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, whether out of pre– or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3 Turnover and segment reporting

(a) Turnover

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

	2009	**2008**
	RMB'000	*RMB'000*
Sale of property units	7,342,132	3,121,375
Rental income from investment property	71,319	–
	7,413,451	3,121,375

(b) Segment reporting

The Group manages its businesses based on development status of current projects, which are divided into completed projects held for sale and projects under development, and investment property. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Completed projects held for sale

This segment includes projects which have been completed and the Group has obtained completion certificates for those projects.

(ii) Projects under development

This segment includes projects which are under development.

(iii) Investment property

This segment includes one project which has been completed and is held to earn rental income.

(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 sales 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.

Inter-segment pricing is based on similar terms as those available to other external parties.

Management is provided with segment information concerning turnover, cost of properties sold, gross profit, valuation gain on investment property, net operating expenses, financial income, financial expenses, government grants, income tax, investment property, properties under development and completed properties held for sale, cash and cash equivalents, bank deposits in non-current assets, bank loans, and capital expenditure on fixed assets.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended 31 December 2009 and 2008 is set out below:

	Completed projects held for sale		Projects under development		Investment property		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement items								
Reportable segment revenue	7,342,132	3,121,375	–	–	71,319	–	7,413,451	3,121,375
Cost of properties sold	(3,556,393)	(1,577,391)	–	–	–	–	(3,556,393)	(1,577,391)
Reportable segment gross profit	3,785,739	1,543,984	–	–	71,319	–	3,857,058	1,543,984
Valuation gain on investment property	–	–	–	–	2,144,461	–	2,144,461	–
Operating expenses, net	(229,073)	(243,353)	(73,855)	(161,566)	(4,603)	–	(307,531)	(404,919)
Financial income	35,188	152,168	95,880	62,024	823	–	131,891	214,192
Financial expenses	(81,550)	(124,683)	(12,092)	(2,817)	(6,215)	–	(99,857)	(127,500)
Government grants	23,795	26,337	–	–	–	–	23,795	26,337
Reportable segment profit/(loss) before taxation	3,534,099	1,354,453	9,933	(102,359)	2,205,785	–	5,749,817	1,252,094
Income tax	(1,704,167)	(795,260)	(23,739)	52,308	(551,446)	–	(2,279,352)	(742,952)
Reportable segment profit/(loss)	1,829,932	559,193	(13,806)	(50,051)	1,654,339	–	3,470,465	509,142
Balance sheet items								
Investment property	–	–	–	–	2,920,000	–	2,920,000	–
Properties under development and completed properties held for sale	6,476,512	1,646,114	15,191,228	12,397,461	–	–	21,667,740	14,043,575
Cash and cash equivalents	2,233,776	3,236,584	5,398,684	5,256,033	10,537	–	7,642,997	8,492,617
Bank deposits in non-current assets	643,386	642,418	634,305	139,928	–	–	1,277,691	782,346
Bank loans	550,000	1,000,000	4,200,000	3,233,238	–	–	4,750,000	4,233,238
Reportable segment assets	15,335,019	10,879,801	26,656,148	20,582,901	3,606,364	–	45,597,531	31,462,702
Reportable segment liabilities	12,365,241	9,125,707	14,590,533	10,151,596	1,902,023	–	28,857,797	19,277,303
Capital expenditure on fixed assets	3,523	12,435	1,996	5,541	775,539	–	781,058	17,976

(d) Reconciliations of reportable segment profit or loss, assets and liabilities

	2009	2008
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	3,470,465	509,142
Elimination of intra-group profit	(45,993)	(50,198)
Unallocated head office and corporate expenses	(29,782)	(36,004)
Consolidated profit	3,394,690	422,940
Properties under development and completed properties held for sale		
Reportable segment properties under development and completed properties held for sale	21,667,740	14,043,575
Elimination of intra-group transactions	(146,945)	(145,430)
Consolidated properties under development and completed properties held for sale	21,520,795	13,898,145
Cash and cash equivalents		
Reportable segment cash and cash equivalents	7,642,997	8,492,617
Unallocated head office and corporate cash and cash equivalents	1,598,882	1,416,187
Consolidated cash and cash equivalents	9,241,879	9,908,804
Bank loans		
Reportable segment bank loans	4,750,000	4,233,238
Unallocated head office and corporate bank loans	1,569,660	–
Consolidated bank loans	6,319,660	4,233,238
Assets		
Reportable segment assets	45,597,531	31,462,702
Elimination of intra-group balances	(12,293,596)	(8,344,147)
Unallocated head office and corporate assets	4,452,386	2,952,529
Consolidated total assets	37,756,321	26,071,084

	2009	2008
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	28,857,797	19,277,303
Elimination of intra-group balances	(12,194,619)	(8,318,704)
Unallocated head office and corporate liabilities	3,650,616	987,598
Consolidated total liabilities	20,313,794	11,946,197

4 Profit before taxation

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

(a) Financial income and expenses

	2009	2008
	RMB'000	*RMB'000*
Financial income		
Interest income	(150,878)	(189,014)
Net foreign exchange gain	(48,499)	–
Net gain on derivative financial instruments	(34,316)	(15,657)
	(233,693)	(204,671)
Financial expenses		
Interest on bank loans wholly repayable within five years	248,993	156,261
Interest expenses on the convertible bonds	89,619	–
Less: Interest expense capitalised into properties under development	(201,492)	(148,051)
	137,120	8,210
Net foreign exchange loss	–	124,063
Bank charges and others	9,500	3,279
	146,620	135,552

(b) Staff costs

	2009	2008
	RMB'000	*RMB'000*
Salaries, wages and other benefits	145,289	147,939
Contributions to defined contribution retirement plan	8,701	9,098
Equity-settled share-based payment expenses	9,648	25,526
	163,638	182,563

(c) Other items

	2009	2008
	RMB'000	*RMB'000*
Depreciation	24,010	22,311

5 Government grants

The Group received government grants of RMB8,840,000 (2008: RMB nil) from the Finance Bureau of Huairou County of Beijing pursuant to the local regulations issued by the People's Government of Huairou County of Beijing in relation to SOHO Newtown project, RMB12,255,000 (2008: RMB26,337,000) from the Finance Bureau of Chongwen District of Beijing pursuant to the local regulations issued by the People's Government of Chongwen District of Beijing in relation to Guanghualu SOHO project, and RMB2,700,000 (2008: RMB nil) from the Finance Bureau of Chaoyang District of Beijing pursuant to Notice of Rewards issued by the Development and Reform Commission of Chaoyang District of Beijing in relation to Jianwai SOHO project.

6 Income tax

	2009	2008
	RMB'000	*RMB'000*
PRC Corporate Income Tax		
– Provision for the year	1,022,324	314,326
– Under-provision in respect of prior years	30,785	–
Land Appreciation Tax	1,081,909	477,056
Deferred tax	129,002	(65,163)
	2,264,020	726,219

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 are not subject to any income tax.

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 ranged from 20% to 25% (2008: 18% to 25%).

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%.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,300,178,000 (2008: RMB399,073,000) and the weighted average of 5,187,003,000 ordinary shares (2008: 5,218,966,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Note	**2009**	**2008**
		'000	*'000*
Issued ordinary shares at 1 January		5,187,657	5,232,413
Effect of repurchase of own shares		–	(13,447)
Effect of treasury shares	10(i)	(654)	–
Weighted average number of ordinary Shares at 31 December		5,187,003	5,218,966

(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 of RMB3,389,797,000 (2008: RMB399,073,000) and the weighted average number of ordinary shares of RMB5,424,446,000 shares (2008: RMB5,218,966,000), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2009	**2008**
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders	3,300,178	399,073
After tax effect of effective interest on the liability component of the convertible bonds	89,619	–
Profit attributable to ordinary equity shareholders (diluted)	3,389,797	399,073

(ii) Weighted average number of ordinary shares (diluted)

	2009	2008
	'000	*'000*
Weighted average number of ordinary shares at 31 December	5,187,003	5,218,966
Effect of conversion of convertible bonds	237,443	–
Weighted average number of ordinary shares (diluted) at 31 December	5,424,446	5,218,966

The share options granted to the employees did not have dilutive effect as at 31 December 2009 and 2008.

8 Trade and other receivables

	Note	2009	2008
		RMB'000	*RMB'000*
Trade receivables	(i)	567,996	230,531
Amounts due from related parties		4,414	35,221
Other receivables		106,252	40,371
Less: Allowance for doubtful debts		(7,720)	(1,650)
Loans and receivables		670,942	304,473
Deposits and prepayments		895,042	347,567
Derivate financial instruments		–	39,221
		1,565,984	691,261

(i) The ageing analysis of trade receivables are as follows:

	2009	2008
	RMB'000	*RMB'000*
Current	491,159	93,231
Less than 1 month past due	12,412	536
1 to 6 months past due	1,244	68,780
6 months to 1 year past due	16,554	9,996
More than 1 year past due	46,627	57,988
Amounts past due	76,837	137,300
	567,996	230,531

The Group's credit risk is primarily attributable to trade and other receivables. 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 selling price.

9 Trade and other payables

	Note	**2009**	**2008**
		RMB'000	*RMB'000*
Accrued expenditure on land and construction	(i)	1,827,479	1,200,680
Staff salaries and welfare payables		32,832	32,738
Consideration payable for acquisition of subsidiaries		16,320	1,106,479
Advances from a third party		–	39,784
Others		234,588	157,886
Financial liabilities measured at amortised costs		2,111,219	2,537,567
Sales deposits		5,314,274	2,611,535
Other taxes payable		282,683	174,836
Derivative financial instruments		–	11,331
		7,708,176	5,335,269

(i) The ageing analysis of accrued expenditure on land and construction is as follows:

	2009	**2008**
	RMB'000	*RMB'000*
Due within 1 month or on demand	350,494	392,564
Due after 1 month but within 3 months	1,476,985	808,116
	1,827,479	1,200,680

10 Share capital

	Note	2009		2008	
		No. of shares *('000)*	**Share capital** *RMB'000*	**No. of shares** *('000)*	**Share capital** *RMB'000*
Authorised:					
Ordinary shares of HKD0.02 each		7,500,000		7,500,000	
Issued and fully paid:					
At 1 January		5,187,657	107,485	5,232,413	108,352
Repurchase of own shares		–	–	(44,756)	(867)
Treasury shares	(i)	(2,210)	–	–	–
At 31 December		5,185,447	107,485	5,187,657	107,485

(i) Treasury shares

On 14 September 2009, the Group, through Charm Beat International Limited, a wholly owned subsidiary of the Company, acquired 2,210,000 shares of the Company on market, at a total consideration of HKD9,960,300, for the purpose of setting up an employees' share award scheme in which certain senior management personnel (including any executive directors) of the Group would be entitled to participate. The purpose of the employees' share award scheme is to give incentive to participants in order to retain them for the continued development of the Group. The shares are held as treasury shares and have been deducted from total equity attributable to equity shareholders of the Company.

(ii) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	**Exercise price**	**2009** *Number*	**2008** *Number*
8 October 2008 to 7 October 2013	HKD8.30	10,190,575	11,326,365
30 January 2009 to 29 January 2014	HKD6.10	5,818,000	6,654,000
30 June 2009 to 29 June 2014	HKD4.25	1,080,000	1,080,000
		17,088,575	19,060,365

Each option entitles the holder to subscribe for one ordinary share in the Company.

11 Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2009	2008
	RMB'000	*RMB'000*
Final dividend proposed after the balance sheet date of RMB0.20 per share (2008: RMB0.10 per share)	1,037,531	518,766

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

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

	2009	2008
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.10 per share (2008: RMB0.10 per share)	518,766	523,241

BUSINESS REVIEW

During 2009, the Group achieved total contract sales amount of RMB13,680 million, 77% higher than that of 2008. Contract sales area was 312,243 square meters (not including car parks), 97% higher than that of 2008, and average selling price was RMB43,252 per square meter.

The Group's 2009 contract sales amount was mainly generated from the following projects: Sanlitun SOHO, ZhongGuanCun SOHO, Chaoyangmen SOHO Phase I & II and Beijing SOHO Residences.

Project	Total sellable area *	Total sellable area launched *	Percentage of sold out of launched by 31 December 2009	Total contract sales amount by 31 December 2009 *	Contract sales amount * during 2009	Contract sales area* during 2009	Average price during 2009
	(sq.m.)	*(sq.m.)*		*(RMB'000)*	*(RMB'000)*	*(sq.m.)*	*(RMB/sq.m.)*
Sanlitun SOHO	354,900	354,900	93%	15,786,371	8,865,727	188,111	47,130
ZhongGuanCun SOHO	44,362	33,244	91%	1,193,887	1,193,887	30,165	39,579
Chaoyangmen SOHO Phase I	53,936	46,394	100%	1,368,479	1,368,479	46,394	29,497
Chaoyangmen SOHO Phase II	34,428	29,828	97%	1,331,398	1,331,398	28,848	46,152
Beijing SOHO Residences	53,001	53,001	78%	1,864,944	778,796	18,625	41,815

* *Total sellable area, total sellable area launched, contract sales area and amount exclude that of car parks in the projects.*

In 2009, the Group completed the development of Sanlitun SOHO Phase I, Chaoyangmen SOHO Phase II and ZhongGuanCun SOHO, with a total gross floor area ("GFA") of about 360,000 square meters (including car parks). As at 31 December 2009, major properties under development, unsold or undelivered are as follows, among which Tiananmen South (Qianmen) is the only property that the Group holds as investment property.

Project	**Type**	**GFA**	**Group Interest**
		(sq.m.)	*(%)*
Sanlitun SOHO Phase II	Retail, residential	223,000	95%
Chaoyangmen SOHO Phase II	Retail, office	60,000	100%
Guanghualu SOHO II	Retail, office	167,000	100%
Galaxy SOHO	Retail, office	334,000	100%
The Exchange-SOHO	Retail, office	80,000	100%
Wang Jing Plot B29	Retail, office	500,000	100%
SOHO Nexus Centre	Retail, office	103,000	100%
Tiananmen South (Qianmen)	Retail	55,000	100%
Total		1,522,000	

PROJECTS UNDER DEVELOPMENT

During 2009, the Group primarily undertook the development of the following projects: Sanlitun SOHO, ZhongGuanCun SOHO, Chaoyangmen SOHO Phase II, Galaxy SOHO (also known as Chaoyangmen SOHO Phase III) and Guanghualu SOHO II.

Sanlitun SOHO

Sanlitun SOHO is located close to the second embassy district and the Workers' Stadium in Beijing. The site is in the popular Sanlitun entertainment district. With a total planned GFA of approximately 465,371 square meters, Sanlitun SOHO is one of the largest commercial and residential complexes available for sale in central Beijing. It is developed into five office towers and four residential towers on top of shopping malls, which are linked by an outdoor plaza. Pre-sale of Sanlitun SOHO commenced on 12 July 2008. As at 31 December 2009, the contract sales area for Sanlitun SOHO was 328,718 square meters (not including car parks), with an average price of RMB48,024 per square meter. Total contract sales amount was RMB15,886 million.

During 2009, Sanlitun SOHO Phase I with total GFA of approximately 240,000 square meters was completed and delivered. Sanlitun SOHO Phase II is under construction and will be completed and delivered in 2010.

ZhongGuanCun SOHO

ZhongGuanCun SOHO is located at the centre of Zhongguancun in Beijing. Zhongguancun area is often referred to as the "Silicon Valley of China". It is where some of the most well known high tech and internet companies in China choose to locate their headquarters. It is also a vibrant and dynamic IT central business district area populated by start-up small and medium enterprises. ZhongGuanCun SOHO is an office and retail complex with a construction site area of 5,654 square meters, and a total planned GFA of 59,060 square meters. In August 2008, the Group acquired ZhongGuanCun SOHO at a total consideration of RMB890 million. Construction of ZhongGuanCun SOHO was almost completed at the time of acquisition and was fully completed in 2009.

Sales of ZhongGuanCun SOHO commenced on 8 May 2009. The retail space on B1 and office space on another two floors has not been offered for sale. As at 31 December 2009, the total contract sales area was 30,165 square meters (not including car parks) with an average price of RMB39,579 per square meter, accounting for approximately 91% of total sellable area launched. Total contract sales amount was RMB1,201 million.

Chaoyangmen SOHO

Chaoyangmen SOHO (formerly known as "Kaiheng Centre") is located on Chaoyangmennei Dajie in Dongcheng District, Beijing. The total construction site area of Chaoyangmen SOHO is approximately 68,642 square meters with 500 meters of street front along the East Second Ring Road. The project is located at the junction of two subway lines, Line 2 and Line 6. This centrally located project is expected to be supported by a large flow of pedestrian traffic. In May 2008, the Group acquired Chaoyangmen SOHO at a total consideration of approximately RMB5,544 million. Before this acquisition, about 53,075 square meters (representing approximately 11% of the total planned GFA) of Kaiheng Centre had already been sold to Bank of China as its Beijing branch headquarters.

On 5 June 2009, the Group reached an agreement to block sell Chaoyangmen Phase I with a GFA of 46,394 square meters for RMB1,221 million. The Group retained a 9.1% interest in the acquiring company and was granted a put option to transfer its 9.1% interest to the controlling shareholder of the acquiring company at a consideration of RMB288 million at a later date. The Group exercised such option in 2009.

Pre-sale of Chaoyangmen SOHO Phase II commenced on 13 July 2009 and achieved a pre-sale amount of RMB963 million on that day. As at 31 December 2009, the pre-sale area for Chaoyangmen SOHO Phase II was approximately 28,848 square meters (not including car parks), representing 97% of total sellable area launched, with a total contract sales amount of RMB1,331 million and an average price of RMB46,152 per square meter.

The basement retail space of Chaoyangmen SOHO Phase I and Phase II has not been offered for sale.

Construction of Chaoyangmen SOHO Phase I was already completed at the time of the Group's acquisition. Construction for Chaoyangmen Phase II was completed during 2009 and it will be delivered in the first half of 2010.

Galaxy SOHO

Galaxy SOHO (also known as Chaoyangmen SOHO phase III) is designed by Zaha Hadid Architects and will be developed into a high quality and innovative commercial property. With total GFA of approximately 334,000 square meters, Galaxy SOHO will be the Group's iconic development within the 2nd Ring Road of Beijing.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of the Beijing Central Business District ("CBD") with a total planned GFA of approximately 167,000 square meters. It is the Group's sixth project in Beijing CBD and is now under construction.

ACQUISITION OF NEW PROJECTS

During 2009, the Group acquired four projects with total consideration of approximately RMB10,560 million, 65% higher than that of 2008. The total GFA of these acquisitions were approximately 738,540 square meters, 50% higher than that of 2008. Details are as follows:

Project	**Acquisition Date**	**GFA** *(square meters)*	**Consideration** *(RMB million)*
Tiananmen South (Qianmen)	May 2009	54,691	1,770
The Exchange-SOHO	August 2009	80,509	2,450
Wang Jing Plot B29	September 2009	500,000	4,000
SOHO Nexus Centre	November 2009	103,340	2,340
Total		738,540	10,560

Tiananmen South (Qianmen)

On 15 May 2009, the Group entered into a framework agreement and a supplemental agreement to purchase 54,691 square meters of retail properties at Tiananmen South (Qianmen), through Beijing Danshi Investment Management Co., Ltd. ("Beijing Danshi") (a company controlled by the Company's chairman, Mr. Pan Shiyi). The total consideration of this purchase was RMB1,768 million, at RMB32,328 per square meter. Of the 54,691 square meters, approximately 22,763 square meters are located on Qianmen Avenue, which have been fully built, and approximately 31,928 square meters are located on the east side of Qianmen Avenue, largely yet to be built.

The two agreements were intended to restructure the original agreements entered into in early 2007 by the same parties and disclosed in the prospectus of the Company, under which the Group has the right to acquire from Beijing Danshi its 100% economic interest in the Tiananmen South (Qianmen) project. However, despite two years of intensive effort, the requisite government approvals for the transfer have remained outstanding. All parties therefore have agreed to a revised agreement under which the Group will acquire through Beijing Danshi the right to acquire direct ownership of the above-mentioned properties in the most desirable areas of the project. In addition, the Group will have the right of first refusal for the development of other parts of the project in the future. Proposed restructuring of Tiananmen South (Qianmen) project was approved by independent shareholders at the extraordinary general meeting of the Company held on 16 June 2009.

The Group keeps these completed retail properties as investment properties. As at 31 December 2009, nearly 90% of the fully built area held by the Group was leased out.

The Exchange – SOHO

On 18 August 2009, the Group acquired The Exchange at a total consideration of USD equivalent to RMB2,450 million plus the amount of working capital of the project company prior to the transaction closing date. The Group renamed the property as The Exchange – SOHO. The Exchange – SOHO is located at No.1486 Nanjing Road West, Shanghai, in the heart of the Nanjing Road West Commercial Business District. It is in close proximity to a concentration of five-star hotels, high-end shopping centres and two metro stations (Line 10 and planned Line 4), as well as Shanghai's main east-west thoroughfare – Yan'an Elevated Highway. The 52-floor project with a height of 217 meters is among Shanghai's tallest skyscrapers. It is comprised of a total above-ground GFA of 71,671 square meters of commercial space and a total below-ground GFA of 8,838 square meters for parking and storage.

This acquisition marks the Group's much anticipated entry into the Shanghai commercial property market. The Group is actively looking to acquire completed or near-completion commercial projects that can generate return within a relatively short timeframe.

Wang Jing Plot B29

On 3 September 2009, the Group made a successful bid of RMB4 billion for the land use right in respect of plot B29 situated at Wang Jing, Chaoyang District, Beijing ("Plot B29") through a public bidding process.

Plot B29 is to be developed into large-scale retail and office properties with a total GFA of approximately 500,000 square meters. Wang Jing area is Beijing's most mature high-end residential area of the largest scale, which is noticeably lacking in large-scale office and commercial facilities. The development of Plot B29 will complete and add balance to the overall urban master plan for Wang Jing. There is excellent accessibility to Plot B29, with two subway lines and one light rail nearby and easy access to the airport expressway. This development, zoned to stand 200 meters high, will be the first landmark and point of access to central Beijing from the airport expressway. Wang Jing is also home to the China headquarters of many multinational companies, including Daimler, Siemens, Microsoft, and Caterpillar whose headquarters are situated nearby.

SOHO Nexus Centre

On 18 November 2009, the Group acquired "Nexus Centre", a 37-storey office and retail complex located at East Third Ring Road, Beijing. Nexus Centre is a completed grade-A building with total GFA of 103,340 square meters and total above ground sellable GFA of 82,165 square meters. It is located at the busiest part of East Third Ring Road, Beijing, and directly adjacent to both Beijing CBD and Sanlitun. With direct access to the No. 10 Subway Line, it is convenient in every direction. The Group renamed it as "SOHO Nexus Centre" after completion of the acquisition.

The Group commenced sales of SOHO Nexus Centre on 20 January 2010. As at 28 February 2010, the total contract sales area was approximately 59,000 square meters (not including car parks) with an average selling price of RMB43,630 per square meter. Total contract sales amount was RMB2,579 million.

BUSINESS AND MARKET OUTLOOK

The financial crisis in the past two years had great impact on the existing economic and financial system, and the impact on global economy is continuing. Through this crisis, we have learned that a new economic order – more globalized, fairer and more favorable to the development of China's economy – is shaping up and growing.

The real estate industry in China has enormous potential for development under the new economic order.

Urbanization will inevitably be the trend of the next few years. This large-scale urbanization throughout the country will also provide great prospect for the development of the real estate industry. Urbanization brings demands not only for residential properties, but also for the office and the retail properties. In addition, such urbanization requests a comprehensive mix of property products to meet the needs for housing, employment and leisure.

In the past several years, the government and private sector have invested tremendously in residential properties. On the contrary, office and retail properties catering local enterprises in Beijing and Shanghai have been relatively short of supply. Accordingly, commercial properties have far higher investment return than residential properties.

Although huge potential lies within the development of China's real estate industry, new problems brought up by the global financial crisis and the stimulus policies will continue to affect the industry in the coming year. We are fully aware of such problems. In 2009, the government issued many stimulus policies to boost the economy. Consequently, over-capacity, which had been seen in almost every industry in China, became more pronounced. Currently in China, the government policies dominate the market. Property industry experienced greater governmental influence. Affluent credit and anticipation on inflation pumped up the price of some real estate products, which were offering extraordinarily low return. The growth of China's economy was mainly driven by investments. Last year we witnessed abundant capital inflow into the property market, resulting in doubled prices of some real estate products. On the other hand, consumption level stayed low and real economy remained depressed. Mismatch between real estate and real economy led to high property vacancy during the year.

Our view on the market is as follows: industry cycle became shorter; policy has great impact on market volatility. In order to control residential prices and asset bubble, government has tightened credit for property from the beginning of 2010. 2010 could be an uncertain year for property market. The Company will remain cautious on acquisitions and is well-equipped with over RMB40 billion worth of property to be sold for the next three years.

Steady and sustainable growth is the long term goal of the Company. In 2010 and the foreseeable future, when China's economy is still volatile due to policy impact, the Company will follow the "Zhong Yong" philosophy of China to facilitate a healthy development and strengthen its capability to embrace the challenges from the market risk and fluctuation.

FINANCIAL REVIEW

Turnover

Turnover (net of business tax) for 2009 was RMB7,413 million, representing an increase of RMB4,292 million or 138% as compared with RMB3,121 million in 2008. This was mainly attributable to the increase in the floor area booked in 2009. Area booked during the Period was 177,483 square meters (not including car parks), representing an increase of 120% compared to 80,598 square meters in 2008. In 2009, average price of booked floor area (not including car parks) was RMB40,956 per square meter, which is 6% higher than RMB38,467 per square meter in 2008. Turnover of 2009 mainly came from Sanlitun SOHO Phase I, ZhongGuanCun SOHO, Chaoyangmen SOHO Phase I and Beijing SOHO Residences.

Cost of properties sold

Cost of properties sold for 2009 was RMB3,556 million, RMB1,979 million higher than RMB1,577 million in 2008, mainly attributable to the increase in the floor area booked.

Gross profit

Gross profit for 2009 was RMB3,857 million, representing an increase of RMB2,313 million or 150% as compared with RMB1,544 million in 2008. Gross profit margin for 2009 was 52%, as compared to 49% in 2008.

Selling expenses

Selling expenses for 2009 was RMB262 million, representing an increase of RMB24 million or 10% over RMB238 million in 2008. The increase was mainly the result of the tremendous growth in contract sales and turnover in 2009. However, selling expenses as a percentage of contract sales and turnover has decreased. In 2009, selling expenses represented 2% of contract sales (2008: 3%), and 3.5% of turnover (2008: 7.6%).

Administrative expenses

Administrative expenses for 2009 was RMB185 million, representing a decrease of RMB58 million or 24% over RMB243 million in 2008. The significant decrease in administrative expenses was mainly attributable to our efforts in improving internal management efficiency through department consolidation and budgeting management. As a result, although the size of the Group and contract sales were expanded, administrative expenses decreased.

Financial Income

Financial income for 2009 was RMB234 million, representing an increase of RMB29 million or 14% over RMB205 million for 2008. The increase in financial income was mainly attributable to realized exchange profit and some cash management tools.

Financial expenses

Financial expenses for 2009 was RMB147 million, representing a slight increase of 8% over RMB136 million for 2008. The increase in financial expenses was mainly attributable to the interest expenses of the convertible bonds issued by the Company on 2 July 2009.

Valuation gain on investment property

Valuation gain on investment property for 2009 is RMB2,144 million, attributable to the completed 22,454 square meters of Tiananmen South (Qianmen) project. The Group had no valuation gain on investment property in 2008.

Profit before taxation

Profit before taxation for 2009 was RMB5,659 million, representing an increase of RMB4,510 million or 393% as compared with RMB1,149 million in 2008. The increase was mainly due to the higher gross profit and valuation gain on investment property as discussed above.

Income tax

Income tax is comprised of the PRC Corporate Income Tax and the Land Appreciation Tax. The PRC Corporate Income Tax for 2009 was RMB1,182 million, representing an increase of RMB933 million as compared with RMB249 million in 2008. Land Appreciation Tax for 2009 was RMB1,082 million, representing an increase of RMB605 million as compared with RMB477 million in 2008. Tax increased with the increasing profit.

Net profit attributable to the equity holders of the Company

Net profit attributable to the equity shareholders of the Company for 2009 was RMB3,300 million, representing an increase of RMB2,901 million as compared with RMB399 million in 2008. Core net profit, not including valuation gain on investment property, was RMB1,692 million, representing an increase of 324% as compared with that of 2008.

Cash and cash equivalents

Cash and cash equivalents as at 31 December 2009 was RMB9,242 million, representing a decrease of RMB667 million as compared with RMB9,909 million as at 31 December 2008. In 2009, cash inflow through property sales, issue of convertible bonds and bank loans, was close to the cash outflow for land and project acquisition cost, construction costs, working capital and operating expenses.

Net cash outflow for acquisitions of subsidiaries

In 2009, net cash outflow for acquisitions of subsidiaries was RMB4,768 million, representing an increase of RMB3,169 million as compared with RMB1,599 million in 2008. In 2009, this cash outflow was mainly for acquisition of The Exchange – SOHO project and the SOHO Nexus Centre project. In 2008, this cash outflow was mainly for acquisition of Chaoyangmen SOHO project.

Total current assets and liquidity ratio

Total current assets as at 31 December 2009 were RMB32,329 million, representing an increase of RMB7,831 million or 32% over RMB24,498 million as at 31 December 2008. Liquidity ratio (total current assets/current liabilities) decreased from 2.77 as at 31 December 2008 to 2.70 as at 31 December 2009.

Convertible bonds, bank loans and collaterals

On 2 July 2009, the Company issued a five-year HK$2,800 million convertible bonds ("the Convertible Bonds"), bearing interest at the rate of 3.75% per annum. Each bond will be convertible on or after 11 August 2009 up to and including 25 June 2014 into ordinary shares of the Company at an initial conversion price of HK$5.88. As at 31 December 2009, the carrying amounts of liability and equity component of the Convertible Bonds were RMB1,959 million and RMB514 million respectively.

As at 31 December 2009, the loan balance of the Group was RMB6,320 million. Of all the loans, RMB350 million was due in January 2010, RMB200 million is due in April 2010, RMB2,400 million is due in September 2011, RMB1,800 million is due in March 2012 and USD loan equivalent to RMB1,570 million is due in August 2012. As at 31 December 2009, bank loans of RMB4,750 million of the Group were collateralized by the Group's land use rights, properties and restricted bank deposits.

As at 31 December 2009, the Group had Convertible Bonds and bank loans of RMB8,278 million, equivalent to 21.9% of the total assets (2008: 16.2%). Net debt (bank loans + Convertible Bonds – cash and cash equivalents and bank deposits) to equity ratio was -13.0% (2008: -46.2%).

Interest rate risk

The Group's bank loans carried floating interest rate based on the base lending rate of the People's Bank of China ("PBOC") and London Interbank Offered Rate ("LIBOR"). PBOC did not adjust the base interest rate for RMB loans in 2009. LIBOR decreased from 1.4% at the beginning of the year to 0.25% at year end. Our interest rate risk is mainly from the floating interest rate of loans, the increase of which may result in an increase in our financing cost.

Foreign currency risk

The Group's operations are mostly conducted in RMB. In 2009, the medium exchange rate of USD against RMB decreased from 6.8346 at the beginning of the year to 6.8282 at year end. If the exchange rates experience great volatility, the Group's foreign currency from the Convertible Bonds and bank loans would be subject to foreign exchange loss.

Contingent liabilities

As at 31 December 2009, the Group's guarantees to banks with respect to mortgage loans provided to buyers of property units was RMB3,702 million (RMB2,959 million as at 31 December 2008). This increase was attributable to the increase in accumulated contract sales.

Capital commitments

As at 31 December 2009, the Group's contracted capital commitments for properties under development was RMB1,083 million (RMB1,661 million as at 31 December 2008). The amount mainly comprised contracted property development cost and land acquisition cost.

OTHER INFORMATION

Dividend

The Board has approved a resolution to recommend the payment of a final dividend of RMB0.20 per share for the year ended 31 December 2009.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 5 May 2010 to Tuesday, 11 May 2010 (both days inclusive), during such period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted at the AGM of the Company, and eligible for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on Tuesday, 4 May 2010.

Purchase, sale or redemption of listed securities of the Company

On 14 September 2009, the Group, through Charm Beat International Limited, a wholly owned subsidiary of the Company, acquired 2,210,000 shares of the Company on market, at a total consideration of HK$ 9,960,300, for the purpose of setting up an employees' share award scheme in which certain senior management personnel (including any executive directors) of the Group would be entitled to participate. The purpose of the employees' share award scheme is to give incentive to participants in order to retain them for the continued development of the Group. The shares are held as treasury shares and have been deducted from total equity attributable to equity shareholders of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2009.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code")

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

Code of Corporate Governance Practices

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

Audit committee

The audit committee had reviewed the audited consolidated annual results of the Company for the year ended 31 December 2009 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

Publication of Results Announcement

This annual results announcement is available for viewing on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at www.sohochina.com.

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 11 March 2010

As at the date of this announcement, the executive directors of the Company are Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Yan Yan and Mr. Wang Shaojian Sean; and the independent non-executive directors of the Company are Dr. Ramin Khadem, Mr. Cha Mou Zing Victor and Mr. Yi Xiqun.