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SOHO CHINA LIMITED
SOHO 中國有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 410)

**2015 INTERIM RESULTS ANNOUNCEMENT
AND APPOINTMENT OF EXECUTIVE DIRECTOR**

- Following the business model transition from “build-to-sell” to “build-and-hold” for SOHO China, 2015 marks the first year during which the results of the Company have stopped showing any positive contribution from property sales. While our completed investment properties performed well during the Period, the overall rental income remained relatively small as it takes time to ramp up the occupancy of such investment properties.
- During the Period, the Company delivered major improvements in rental income and occupancy rates across its investment property portfolio in Beijing and Shanghai. Of the six major developments that are currently being leased on the market with a total leasable GFA of 522,119 square meters, 73% occupancy was achieved as of 30 June 2015. Most of such developments were launched to the market less than a year ago.
- Achieved rental income of approximately RMB439 million during the Period, representing an increase of approximately 168% year-on-year. The Group’s rental income in the second half of 2015 will continue to grow.
- Gross profit margin for the Period was approximately 75%, up approximately 25 percentage points from the same period of 2014.
- As of 30 June 2015, the Company had total cash and bank deposits of approximately RMB9,770 million and total debt of approximately RMB19,934 million. Ratio of net debt to total equity of the Company was approximately 25%, compared with approximately 19% as of 31 December 2014.
- As of 30 June 2015, net asset value attributable to equity shareholders of the Company was approximately RMB7.47 per Share (approximately HK\$9.47 per Share).
- Achieved net profit attributable to equity shareholders of the Company of approximately RMB135 million during the Period, compared with approximately RMB2,697 million in the same period of 2014.

- Following the recent completion of Hongkou SOHO in July 2015 and Bund SOHO in August 2015, 73% of the Group's rental properties portfolio by total GFA have been completed.
- In February 2015, SOHO China introduced one-stop O2O (online-to-offline) coworking space, SOHO 3Q. Up to the end of July 2015, we have opened five SOHO 3Q centers with more than 3,000 seats. By the end of this year, we will have 11 SOHO 3Q centers with more than 11,000 seats. We are confident that SOHO 3Q will soon become a major growth driver for the Group.
- Due to the business model transition, the Company will adopt a new dividend policy from 2015 onwards, under which, the Company will declare once only regular dividend for any financial year at its final results announcement, subject to the approval of the shareholders of the Company at general meeting. The amount of such dividend will be based on the net profit attributable to the equity shareholders of the Company for that financial year.

The board (the "Board") of directors (the "Directors") of SOHO China Limited (the "Company" or "SOHO China") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 (the "Period"), which have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The 2015 interim results of the Group have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 20 August 2015. The interim financial report is unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers.

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

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

Condensed Consolidated Interim Income Statement
For the six months ended 30 June 2015
(Expressed in Renminbi)

		Unaudited	
		Six months ended 30 June	
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
Turnover	3(a)	392,537	4,750,232
Cost of sales		(97,321)	(2,359,727)
Gross profit		295,216	2,390,505
Valuation gains on investment properties		114,139	1,975,586
Other gains – net	4(b)	113,969	256,737
Other operating income		156,307	172,278
Selling expenses		(25,355)	(110,569)
Administrative expenses		(87,259)	(108,668)
Other operating expenses		(81,610)	(62,187)
Profit from operations		485,407	4,513,682
Finance income	4(a)	221,226	380,717
Finance expenses	4(a)	(331,599)	(187,932)
Profit before taxation	4	375,034	4,706,467
Income tax expense	5	(237,077)	(1,994,469)
Profit for the period		137,957	2,711,998
Attributable to:			
Equity shareholders of the Company		134,528	2,696,568
Non-controlling interests		3,429	15,430
Profit for the period		137,957	2,711,998
Earnings per share (RMB)	6		
Basic		0.026	0.512
Diluted		0.026	0.511

Condensed Consolidated Interim Statement of Balance Sheet
For the six months ended 30 June 2015
(Expressed in Renminbi)

	<i>Note</i>	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current assets			
Investment properties		53,953,700	52,875,060
Property and equipment		636,541	650,618
Bank deposits		371,153	39,485
Interest in joint ventures		4,049,087	4,057,032
Deferred tax assets		1,466,626	1,441,063
Long-term receivables		81,612	24,755
		<hr/>	<hr/>
Total non-current assets		60,558,719	59,088,013
Current assets			
Properties under development and completed properties held for sale		4,072,614	3,982,897
Deposits and prepayments		469,040	633,569
Trade and other receivables	7	841,191	675,884
Bank deposits		253,653	377,008
Cash and cash equivalents		9,144,668	12,061,801
		<hr/>	<hr/>
Total current assets		14,781,166	17,731,159
Current liabilities			
Bank loans		1,550,215	1,353,285
Rental and sales deposits		315,427	337,270
Trade and other payables	8	4,305,454	4,620,667
Taxation		4,881,130	5,205,578
		<hr/>	<hr/>
Total current liabilities		11,052,226	11,516,800
Net current assets		3,728,940	6,214,359
		<hr/>	<hr/>
Total assets less current liabilities		64,287,659	65,302,372
		<hr/>	<hr/>

		Unaudited	Audited
		30 June	31 December
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
Non-current liabilities			
Bank loans		12,348,464	12,846,904
Senior notes		6,035,176	6,062,108
Contract retention payables		103,400	178,603
Deferred tax liabilities		5,868,108	5,750,771
Derivative financial instruments		11,924	4,018
		<hr/>	<hr/>
Total non-current liabilities		24,367,072	24,842,404
		<hr/>	<hr/>
Net Assets		39,920,587	40,459,968
		<hr/>	<hr/>
Capital and Reserves			
Share capital	9	106,112	106,112
Reserves		38,714,229	39,257,039
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		38,820,341	39,363,151
		<hr/>	<hr/>
Non-controlling interests		1,100,246	1,096,817
		<hr/>	<hr/>
Total equity		39,920,587	40,459,968
		<hr/>	<hr/>

Notes to the condensed consolidated interim financial statements

1 BASIS OF PREPARATION

The condensed interim financial statements of the Company and the Group have been prepared in accordance with the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard “HKAS” 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). Details of these changes in accounting policies are set out in Note 2.

2 CHANGES IN ACCOUNTING POLICIES

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

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

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

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

	Unaudited Six months ended 30 June	
	2015 RMB’000	2014 RMB’000
Sale of property units	(46,344)	4,586,430
Rental income from investment properties	438,881	163,802
	<u>392,537</u>	<u>4,750,232</u>

(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.

	Properties development		Properties investment		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Income statement items						
Reportable segment revenue	<u>(46,344)</u>	4,586,430	<u>438,881</u>	163,802	<u>392,537</u>	4,750,232
Reportable segment gross profit	<u>(45,695)</u>	2,236,432	<u>340,911</u>	154,073	<u>295,216</u>	2,390,505
Reportable segment profit	<u>96,865</u>	1,230,107	<u>171,161</u>	1,672,199	<u>268,026</u>	2,902,306
	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
	2015	2014	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance sheet items						
Reportable segment assets	<u>26,420,676</u>	45,327,331	<u>80,650,868</u>	62,753,548	<u>107,071,544</u>	108,080,879
Reportable segment liabilities	<u>(17,814,224)</u>	(26,532,761)	<u>(32,117,025)</u>	(24,516,871)	<u>(49,931,249)</u>	(51,049,632)

(d) **Reconciliation of reportable segment profit**

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

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

(a) **Finance income and finance expenses**

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

(b) **Other gains-net**

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

(c) **Other items**

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

The Group received total government grants of RMB50,840,000 (2014: nil) in relation to the tax refunds from Dongcheng District Finance Bureau, Beijing in June 2015.

5 INCOME TAX

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

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and the Company’s subsidiaries registered in the BVI and the Cayman Islands are not subject to any income tax.
- (ii) In accordance with the Corporate Income Tax Law of the People’s Republic of China, the income tax rate applicable to the Company’s subsidiaries in the People’s Republic of China (the “PRC”) is 25% (2014: 25%).
- (iii) In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

- (iv) According to the Implementation Rules of the Corporate Income Tax Law of the People's Republic of China, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognised for the dividends that have been and expected to be declared.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2015 of RMB134,528,000 (2014: RMB2,696,568,000) and the weighted average number of ordinary shares of 5,192,306,000 (2014: 5,267,413,000) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity shareholders of the Company of RMB134,528,000 (2014: RMB2,696,568,000), and the weighted average number of ordinary shares of 5,194,709,000 (2014: 5,270,669,000) after adjusting for the effect of share award and share option schemes.

7 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Trade receivables		
Current	161,271	94,353
Less than 1 month past due	9,922	8,347
1 to 6 months past due	18,666	2,089
6 months to 1 year past due	3,950	192
More than 1 year past due	84,063	90,644
Amounts past due	116,601	101,272
Total	277,872	195,625
	Unaudited At 30 June 2015 RMB'000	Audited At 31 December 2014 RMB'000
Trade receivables	277,872	195,625
Other receivables	604,685	521,625
Less: allowance for doubtful debts	(41,366)	(41,366)
	841,191	675,884

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

8 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 2015 RMB'000	Audited At 31 December 2014 <i>RMB'000</i>
Due within 1 month or on demand	1,981,213	2,143,849
Due after 1 month but within 3 months	372,876	444,389
Accrued expenditure on land and construction	2,354,089	2,588,238
Amounts due to related parties	731,654	731,654
Consideration payable for acquisition of subsidiaries and joint ventures	100,000	100,000
Others	785,989	818,600
Financial liabilities measured at amortised costs	3,971,732	4,238,492
Other taxes payable	333,722	382,175
	4,305,454	4,620,667

9 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Unaudited Six months ended 30 June 2015 RMB'000	2014 <i>RMB'000</i>
No interim dividend in respect of the Period was proposed by the Board (2014: RMB0.12 per ordinary share)	-	623,943

Based on the new dividend policy adopted by the Company, future regular dividends will be declared once a year at the final results announcement, subject to the approval of the shareholders of the Company at general meeting.

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.13 per ordinary share (2014: RMB0.13 per ordinary share)	674,874	683,483

(b) Share capital and treasury shares

- (i) *Share capital*

	Unaudited			
	Six months ended 30 June			
	2015		2014	
	No. of shares	Share capital	No. of shares	Share capital
	(thousands)	RMB'000	(thousands)	RMB'000
Authorised:				
Ordinary shares of HKD0.02 each	7,500,000	–	7,500,000	–
At 1 January	5,199,524	106,112	5,290,169	107,868
Shares repurchased and cancelled this period	–	–	(39,374)	(763)
Shares issued under the employee's share options schemes	–	–	45	1
At 30 June	5,199,524	106,112	5,250,840	107,106

During the six months ended 30 June 2015, the Group did not acquire its own shares through purchases on the Stock Exchange (2014: repurchased 39,374,000 Shares). The total amount paid to acquire the shares was HKD nil (2014: HKD244,547,000).

(ii) *Treasury shares*

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

During the six months ended 30 June 2015, a subsidiary of the Group purchased 208,500 shares (30 June 2014: 222,000 shares) of the Company on the Stock Exchange, at a total consideration of HKD1,098,000 (30 June 2014: HKD1,358,640), for the employees' share award scheme launched on 23 December 2010 (see Note 9(d)).

(c) **Employees' share option schemes**

Share Option Scheme

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

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

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

As of 30 June 2015, there were outstanding Options carrying the rights to subscribe for 8,184,000 Shares (31 December 2014: 8,184,000 Shares) representing 0.16% (31 December 2014: 0.16%) of the issued share capital of the Company. No Options were cancelled during the Period (30 June 2014: nil).

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

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

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*	<u>5.53</u>	<u>5.67</u>

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

(d) Employees' share award scheme

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

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

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

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

BUSINESS REVIEW

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

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

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

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

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

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

Rental Portfolio

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

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

Notes:

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

Major Projects in Beijing

Qianmen Avenue

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

Wangjing SOHO

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

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

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

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

Guanghualu SOHO II

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

SOHO Leeza

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

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

The project is currently under construction.

Major Projects in Shanghai

SOHO Century Plaza

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

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

SOHO Fuxing Plaza

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

Sky SOHO

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

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

Hongkou SOHO

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

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

Bund SOHO

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

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

SOHO Tianshan Plaza

SOHO Tianshan Plaza is located at a prime location in the Hongqiao Foreign Trade Center in Changning District in Shanghai. The Hongqiao Foreign Trade Center is Shanghai's first central business district for foreign enterprises in Shanghai and a gathering place for Changning's office, business and high-end residential apartments. In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan neighbors the Inner Circle and Loushanguan Station on subway line 2. Surrounded by a lively and bustling commercial atmosphere, SOHO Tianshan Plaza is situated at the hub for office, retail and luxurious residential apartments in Changning District. Upon completion, SOHO Tianshan Plaza will greatly enhance the quality of office and commercial facilities in the area.

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

The project is currently under construction.

Gubei Project

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

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

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

The project is currently under construction.

The Bund 8-1 Land

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

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

The project is currently under construction.

Market Outlook

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

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

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

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

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

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

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

FINANCIAL REVIEW

Turnover

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

Property Lease

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

Property Development

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

Profitability

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

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

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

Cost Control

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

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

Financial Income and Expense

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

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

Valuation Gains on Investment Properties

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

Income Tax

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

Senior Notes, Bank Loans and Collaterals

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

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

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

Credit Ratings

As of 30 June 2015, the Group's ratings were maintained at Ba1 (outlook Stable) from Moody's and BB+ (outlook Stable) from Standard and Poor's.

Risks of Foreign Exchange Fluctuation and Interest Rate

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

Contingent Liabilities

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

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

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

Capital Commitment

As at 30 June 2015, the Group's contracted capital commitments for properties under development and investment properties were approximately RMB5,512 million (approximately RMB6,209 million as at 31 December 2014). The amount mainly comprised the contracted development cost of existing projects. Given the Group's cash reserves of RMB9,770 million as of the balance sheet together with the Company's future recurring operating cash flows and new debt finance raised from diversified channels, the Group is well positioned to meet the funding needs of all capital commitments.

Employees and Remuneration Policy

As at 30 June 2015, the Group had 2,456 employees, including 253 employees for Commune by the Great Wall and 1,819 employees for the property management company.

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

OTHER INFORMATION

Principal Activities

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

Dividend

No interim dividend in respect of the six months ended 30 June 2015 was proposed by the Board (2014 interim dividend: RMB0.12 per Share). Based on the new dividend policy adopted by the Company, future regular dividends will be declared once a year at the final results announcement, subject to the approval of the shareholders of the Company at general meeting. In June 2015, the Company paid the final dividend of RMB0.12 per Share for the year ended 31 December 2014 to the shareholders of the Company.

Share Capital

Details of the movements in share capital of the Company during the Period are set out in note 9 to the condensed consolidated financial statements.

As at 30 June 2015, the Company had 5,199,524,031 Shares in issue (31 December 2014: 5,199,524,031 Shares).

Purchase, Sale or Redemption of Listed Securities of the Company

During the Period, the Company has not repurchased any Shares on the Stock Exchange. The trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 211,500 Shares at a total consideration of approximately HKD1,113,886 and sold on the Stock Exchange a total of 3,000 Shares at a total consideration of approximately HKD15,710 pursuant to the terms of the trust deed under the Employees' Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the Period.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (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 have confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

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.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua. The Audit Committee is chaired by Mr. Sun Qiang Chang.

The Audit Committee had reviewed the interim results for the six months ended 30 June 2015 of the Group and took the view that the Company was in full compliance with all applicable accounting standards and regulations and had made adequate disclosures.

APPOINTMENT OF EXECUTIVE DIRECTOR

The Board announces that Mr. Jim LAM ("Mr. Lam") was appointed as an executive Director with effect from the conclusion of the board meeting held on 20 August 2015.

The biographical details of Mr. Lam are as follows:

Mr. Jim LAM

Mr. Jim Lam, aged 44, is an executive Director and Chief Financial Officer of the Company. He joined the Company in 2014. Prior to joining the Company, Mr. Lam acted as the chief financial officer and executive director of Top Spring International Holdings Limited (a company listed on the Stock Exchange, Stock Code: 3688) and the chief financial officer of Greentown China Holdings Limited (a company listed on the Stock Exchange, Stock Code: 3900). Mr. Lam also worked for an international audit firm and various international investment banks. Overall, Mr. Lam has over 20 years of experience in the field of auditing, equity research, investment and financial management. Mr. Lam received his bachelor's degree in business administration from the Chinese University of Hong Kong in 1992 and a Master's degree in accounting and finance from the London School of Economics and Political Science in 1996. He is also a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Lam has entered into a service contract with the Company for a term of three years commencing from 20 August 2015, which may be terminated by either party by serving not less than one month's written notice to the other. Mr. Lam is entitled to receive a basic salary of RMB2,424,764 annually which was determined by the Board with reference to his job responsibility and prevailing market rate together with discretionary bonus based on his performance.

Mr. Lam does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. Meanwhile, he does not have any interest in the listed securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Lam has not held any directorships in public companies, the securities of which are listed in Hong Kong or overseas in the last three years, nor held any other positions in the Company or any of its subsidiaries. Save as disclosed herein, there is no information relating to Mr. Lam that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules or any other matter concerning the appointment of Mr. Lam that needs to be brought to the attention of the Stock Exchange and the shareholders of the Company.

The Board would like to take this opportunity to welcome Mr. Lam to the Board.

Publication of Financial Information

The Company's 2015 interim report which sets out all the information required by the Listing Rules will be published on the designated website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.sohochina.com> in due course.

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 20 August 2015

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