SOHO CHINA LIMITED
SOHO中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

2016 INTERIM RESULTS ANNOUNCEMENT

- Achieved total revenue of approximately RMB727 million during the Period, representing an increase of approximately 85% compared with the same period of 2015; and achieved rental income of approximately RMB700 million during the Period, representing an increase of approximately 60% compared with the same period of 2015.

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

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

- As at 30 June 2016, the Company achieved 85% occupancy for investment properties, including recently completed Hongkou SOHO and Bund SOHO.

- SOHO 3Q is the largest shared office space in China. As at 31 July 2016, the Company has opened 16 SOHO 3Q centers in Beijing and Shanghai with 13,603 seats, which is expected to reach approximately 16,000 seats by the end of 2016. At the end of July 2016, SOHO 3Q's average occupancy rate reached approximately 70%.

- The Company has made the decision to minimize offshore debt and brought the offshore borrowing from approximately 56% of the total debt as at 31 December 2015 down to approximately 6% at the end of the Period through prepayment of syndicated loans of US$644 million and HK$4,050 million and early redemption of all outstanding senior notes of aggregate principal amount of approximately US$253 million.

- At the end of the Period, funding cost was decreased to 4.4%, and ratio of net debt to total equity attributable to owners of the Company was approximately 37%.

- On 29 July 2016, the Group entered into an agreement to dispose of SOHO Century Plaza. The total sales amount (including value-added tax) was approximately RMB3,297 million or RMB76,700 per sq.m., implying a 21% premium over the re-valued book value as at 30 June 2016.

- The Board recommended the declaration and payment of a Special Dividend of RMB0.19 per share.

The board (the "Board") of directors (the "Directors") of SOHO China Limited (the "Company" or "SOHO China" or "we") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 (the "Period"), which have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The 2016 interim results of the Group have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 17 August 2016. The interim financial report is unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers.

For the six months ended 30 June 2016, the Group achieved a turnover of approximately RMB727 million, representing an increase of approximately 85% compared with approximately RMB393 million for the same period in 2015. Rental income for the Period amounted to approximately RMB700 million, representing an increase of approximately 60% compared with the same period in 2015. The gross profit margin for the Period was approximately 77%, further improved from approximately 75% in the same period of 2015. During the Period, net profit attributable to equity shareholders of the Company was approximately RMB599 million and RMB959 million excluding extraordinary expenses of RMB360 million due to the prepayment of the offshore debt. Net profit attributable to equity shareholders of the Company was approximately RMB135 million in the same period of 2015.

The Board recommended the declaration and payment of a special dividend of RMB0.19 per share (the "Special Dividend") to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company at close of business on Wednesday, 5 October 2016, being the record date for determination of entitlements to the Special Dividend. The declaration and payment of the Special Dividend is subject to, among other things, Shareholders' approval at the extraordinary general meeting of the Company to be held on Tuesday, 27 September 2016 (the "EGM").

Condensed Consolidated Interim Income Statement
For the six months ended 30 June 2016
(Expressed in Renminbi)

		Unaudited Six months ended 30 June	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Turnover	*3*	**727,093**	392,537
Cost of sales		**(165,156)**	(97,321)
Gross profit		**561,937**	295,216
Valuation gains on investment properties		**1,135,502**	114,139
Other gains – net		**–**	121,914
Other revenue and income		**207,741**	156,307
Selling expenses		**(22,121)**	(25,355)
Administrative expenses		**(108,619)**	(87,259)
Other operating expenses		**(111,404)**	(81,610)
Profit from operations		**1,663,036**	493,352
Financial income	*4(a)*	**71,275**	221,226
Financial expenses	*4(a)*	**(656,220)**	(331,599)
Share of results of joint venture		**(4,706)**	(7,945)
Profit before taxation	*4*	**1,073,385**	375,034
Income tax	*5*	**(478,333)**	(237,077)
Profit for the period		**595,052**	137,957
Attributable to:			
Equity shareholders of the Company		**599,112**	134,528
Non-controlling interests		**(4,060)**	3,429
Profit for the period		**595,052**	137,957
Earnings per share (RMB per share)	*6*		
Basic		**0.115**	0.026
Diluted		**0.115**	0.026

Condensed Consolidated Interim Balance Sheet
As at 30 June 2016
(Expressed in Renminbi)

	Note	**Unaudited 30 June 2016** *RMB'000*	Audited 31 December 2015 *RMB'000*
Non-current assets			
Investment properties		**56,865,000**	55,004,000
Property and equipment		**821,586**	843,691
Bank deposits		**342,454**	354,689
Intangible assets		**7,199**	8,063
Interest in joint ventures		**6,320**	11,026
Deferred tax assets		**1,481,828**	1,439,106
Long-term receivables		**–**	53,494
Total non-current assets		**59,524,387**	57,714,069
Current assets			
Properties under development and completed properties held for sale		**4,307,848**	4,204,072
Deposits and prepayments		**435,321**	455,155
Trade and other receivables	*7*	**783,150**	801,209
Bank deposits		**254,464**	251,600
Cash and cash equivalents		**2,782,679**	8,405,967
Total current assets		**8,563,462**	14,118,003
Total assets		**68,087,849**	71,832,072
Equity and liabilities			
Equity attributable to owners of the Company	*9*		
Share capital		**106,112**	106,112
Reserves		**35,100,050**	36,493,759
Non-controlling interests		**1,106,097**	1,122,657
Total equity		**36,312,259**	37,722,528

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Liabilities			
Non-current liabilities			
Bank loans		**12,493,786**	14,345,757
Senior notes		**–**	1,614,493
Corporate bonds		**2,986,475**	–
Contract retention payables		**92,764**	135,346
Deferred tax liabilities		**6,450,941**	6,001,871
Derivative financial instruments		**–**	4,965
Total non-current liabilities		**22,023,966**	22,102,432
Current liabilities			
Bank loans		**759,178**	1,921,483
Rental and sales deposits		**240,462**	320,222
Trade and other payables	*8*	**3,912,967**	4,578,666
Taxation		**4,839,017**	5,186,741
Total current liabilities		**9,751,624**	12,007,112
Total Liabilities		**31,775,590**	34,109,544
Total equity and liabilities		**68,087,849**	71,832,072

Notes to the condensed consolidated interim financial statements

1 BASIS OF PREPARATION

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

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). Details of these changes in accounting policies are set out in Note 2.

Going concern

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

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

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

2 CHANGES IN ACCOUNTING POLICIES

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

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

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

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

(b) Segment reporting

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

(c) Segment results, assets and liabilities

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

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

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

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

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

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

(d) Reconciliation of reportable segment profit

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

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

(b) Other items

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

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

5 INCOME TAX

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

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Company and the Company's subsidiaries registered in the BVI and the Cayman Islands are not subject to any income tax.

(ii) In accordance with the Corporate Income Tax Law of the People's Republic of China (the "PRC"), the income tax rate applicable to the Company's subsidiaries in the PRC is 25% (2015: 25%).

(iii) In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

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

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

(b) Diluted earnings per share

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

7 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2016 *RMB'000*	Audited At 31 December 2015 *RMB'000*
Trade receivables		
Current	**93,461**	89,108
Less than 1 month past due	**13,379**	26,191
1 to 6 months past due	**57,634**	45,805
6 months to 1 year past due	**14,544**	3,732
More than 1 year past due	**86,791**	91,012
Amounts past due	**172,348**	166,740
Total	**265,809**	255,848

	Unaudited At 30 June 2016 *RMB'000*	Audited At 31 December 2015 *RMB'000*
Trade receivables	**265,809**	255,848
Other receivables	**577,485**	607,005
Less: allowance for doubtful debts	**(60,144)**	(61,644)
	783,150	801,209

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

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

9 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

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

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

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

(b) Share capital and treasury shares

(i) Share capital

	Unaudited Six months ended 30 June			
	2016		2015	
	No. of shares ***(thousands)***	**Share capital** ***RMB'000***	No. of shares *(thousands)*	Share capital *RMB'000*
Authorised:				
Ordinary shares of HKD0.02 each	**7,500,000**	**–**	7,500,000	–
At 1 January	**5,199,524**	**106,112**	5,199,524	106,112
Shares repurchased and cancelled this period	**–**	**–**	–	–
Shares issued under the employee's share options schemes	**–**	**–**	–	–
At 30 June	**5,199,524**	**106,112**	5,199,524	106,112

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

(ii) Treasury shares

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

During the six months ended 30 June 2016, a subsidiary of the Group purchased 753,000 shares (30 June 2015: 208,500 shares) of the Company on The Stock Exchange of Hong Kong Limited, at a total consideration of HKD2,680,000 (30 June 2015: HKD1,098,000), for the employees' share award scheme launched on 23 December 2010 (see Note 9(d)).

(c) Employees' share option schemes

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

During the six months ended 30 June 2016, no option (30 June 2015: Nil) was exercised to subscribe for ordinary shares of the Company.

(d) Employees' share award scheme

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

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

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

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

BUSINESS REVIEW

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

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

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

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

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

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

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

Rental Portfolio

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

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

Notes:

1. Attributable to the Group

2. Occupancy rate for office and retail, including SOHO 3Q (if any)

Major Projects in Beijing

Qianmen Avenue Project

Qianmen Avenue Project is located in the Qianmen area immediately south of Tiananmen Square, within one of the largest "Hutong" (traditional Beijing courtyards) conservation areas in Beijing. We have the right to retail area of approximately 54,691 sq.m., of which approximately 35,317 sq.m. is now available for lease. The Group successfully repositioned and upgraded the tenant mix at Qianmen Avenue by introducing the flagship and 'experience' stores from many renowned international and local brands including Madame Tussaud's Wax Museum. The Group will continue to work towards its goal of developing Qianmen Avenue into a premier "tourist destination". Leveraging on its massive visitor traffic, the project will continue to attract and retain high-quality tenants that fit its positioning.

Wangjing SOHO

Wangjing SOHO is a large-scale retail and office property in the Wangjing area of Beijing consisting of a total GFA of approximately 510,000 sq.m.. The project comprises three towers (Towers 1, 2 and 3), among which, Towers 1 and 2 were sold and revenue was recognized by the end of 2014.

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

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

Guanghualu SOHO II

Guanghualu SOHO II is located at the heart of Beijing's CBD, close to subway line 1 and line 10. The area is a mature business district in Beijing which hosts 70% of the city's foreign enterprises. The total GFA of the project is approximately 165,201 sq.m. and the total leasable area is approximately 94,279 sq.m., including approximately 63,308 sq.m. of office area and approximately 30,971 sq.m. of retail area. The project was completed in November 2014.

SOHO Leeza

SOHO Leeza is located in the center of the Lize Financial Business District in Beijing. Located between Beijing's West second and third Ring Roads, the Lize Financial Business District is expected to be developed into Beijing's next financial district, acting as an extension to Beijing's current Financial Street which we believe is one of the most expensive office markets in the world. The Lize Financial Business District is planned to provide quality offices, apartments, exhibition centers, commercial zones and leisure facilities aiming to accommodate the increasing demand arising from the continued expansion of financial companies around the current Financial Street area.

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

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

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

Major Projects in Shanghai

SOHO Century Plaza

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

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

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

SOHO Fuxing Plaza

SOHO Fuxing Plaza is situated on Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway line 10 and line 13. It is right next to Shanghai Xintiandi, the most bustling and diverse commercial area of Shanghai. SOHO Fuxing Plaza has a total GFA of approximately 135,052 sq.m. and a leasable area of approximately 88,234 sq.m., of which approximately 46,344 sq.m. is for office use and approximately 41,890 sq.m. is for retail use. The project was completed in September 2014.

Sky SOHO

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

Sky SOHO was completed in November 2014. Following the disposal of approximately half of the total leasable space of Sky SOHO to Ctrip Affiliates in September 2014, the Group is holding the remaining parts of the project with a leasable area of approximately 128,175 sq.m., which consists of approximately 103,014 sq.m. of office area and approximately 25,161 sq.m. of retail area, as an investment property.

Hongkou SOHO

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

The project has a total GFA of approximately 93,800 sq.m. and a leasable GFA of approximately 70,042 sq.m., including approximately 65,304 sq.m. of office area and approximately 4,738 sq.m. of retail area. The Group is holding Hongkou SOHO as an investment property. The project was completed in July 2015.

Bund SOHO

Bund SOHO is located on the exclusive strip of land in Shanghai referred to as the Bund. Bund SOHO is located very close to Shanghai's most famous City God Temple and next to the Bund's multi-dimensional transportation hub and yacht wharf.

The Group is entitled to a leasable GFA of approximately 73,781 sq.m., including approximately 50,439 sq.m. of office area and approximately 23,342 sq.m. of retail area. The Group is holding the project as an investment property. The project was completed in August 2015.

SOHO Tianshan Plaza

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

SOHO Tianshan Plaza has a total planned GFA of approximately 170,238 sq.m., and a total leasable GFA of approximately 115,619 sq.m..

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

Gubei Project

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

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

The project has a total GFA of approximately 158,648 sq.m., of which above-ground GFA is approximately 113,416 sq.m.. The Group intends to hold the Gubei project as an investment property. The project is currently under construction.

FINANCIAL REVIEW

Turnover

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

Property Lease

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

Profitability

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

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

Cost Control

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

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

Financial Income and Expenses

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

Financial expenses for the Period were approximately RMB656 million, representing an increase of approximately RMB324 million as compared with approximately RMB332 million in the same period of 2015. The increase was driven mainly by the extraordinary expenses in relation to the early redemption of senior notes and prepayment of syndicated loans as well as the decrease in capitalized interest expenses which was caused by the decrease in the aggregate cost of investment properties that were under development during the Period.

Valuation Gains on Investment Properties

Valuation gains on investment properties for the Period were approximately RMB1,136 million, representing an increase of approximately RMB1,022 million compared with approximately RMB114 million in the same period of 2015.

Income Tax

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

Senior Notes, Bank Loans, Corporate Bonds and Collaterals

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

As at 30 June 2016, the bank loans and corporate bonds of the Group were approximately RMB16,239 million. Among the bank loans, approximately RMB759 million are due within one year, approximately RMB2,807 million are due after one year but within two years, approximately RMB2,699 million are due after two years but within five years and approximately RMB6,988 million are due after five years. As at 30 June 2016, bank loans of approximately RMB13,253 million of the Group were collateralized by the Group's land use rights, properties, restricted bank deposits and shares of certain subsidiaries or guaranteed by certain subsidiaries of the Group. As at 30 June 2016, the amount of corporate bonds was approximately RMB2,986 million.

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

Risks of Foreign Exchange Fluctuation and Interest Rate

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

Contingent Liabilities

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

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in its ordinary course of business. While the outcome of such contingencies, lawsuits or other proceedings cannot be determined at present, based on the information currently available and to the best knowledge, information and belief of the Board, any resulting liabilities will not have a material adverse effect on the financial position, liquidity or operating results of the Group.

Capital Commitment

As at 30 June 2016, the Group's total capital commitment for properties under development and investment properties was approximately RMB3,843 million (approximately RMB5,553 million as at 31 December 2015). The amount mainly comprised the contracted and the authorized but not contracted development cost of the existing projects.

Employees and Remuneration Policy

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

The remuneration package of the Group's employees includes basic salary and bonuses. Bonuses are determined on a monthly basis based on performance reviews. The remuneration of leasing employees consists of performance-based commissions and bonuses. Pursuant to the terms of the share option scheme adopted on 14 September 2007, the Company granted share options to various directors and employees. The Company adopted the employees' share award scheme (the "Employees' Share Award Scheme") on 23 December 2010 as part of its employees' remuneration package, and had granted shares of the Company (the "Shares") to various employees, including various Directors pursuant to the rules of the Employees' Share Award Scheme.

OTHER INFORMATION

Principal Activities

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

Dividend

The Board has recommended the declaration and payment of the Special Dividend of RMB0.19 per share out of the share premium account of the Group (the "Share Premium Account"). The Board did not recommend the declaration of interim dividend for the six months ended 30 June 2016 (2015 interim dividend: Nil).

Subject to the fulfilment of the conditions set out in the section headed "Conditions of the Payment of Special Dividend out of Share Premium Account" below, the Special Dividend is intended to be paid out of the Share Premium Account pursuant to Articles 136 and 137 of the articles of association of the Company (the "Articles of Association") and in accordance with the Companies Law Cap. 22 of the Cayman Islands.

Conditions of the Payment of Special Dividend out of Share Premium Account

The declaration and payment of the Special Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

(a) the passing of an ordinary resolution by the Shareholders at the EGM approving the declaration and payment of the Special Dividend out of the Share Premium Account pursuant to Articles 136 and 137 of the Articles of Association; and

(b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the payment of the Special Dividend, unable to pay its liabilities as they fall due in the ordinary course of business.

The conditions set out above cannot be waived. If such conditions are not satisfied, the Special Dividend will not be paid.

Subject to the fulfilment of the above conditions, it is expected that the Special Dividend will be paid in cash on or about Monday, 17 October 2016 to the qualifying Shareholders whose names appear on the register of members of the Company at close of business on Wednesday, 5 October 2016, being the record date for determination of entitlements to the Special Dividend.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 23 September 2016 to Tuesday, 27 September 2016 (both days inclusive), for the purpose of determing the Shareholders who are entitled to attend and vote at the EGM, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, 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 p.m. on Thursday, 22 September 2016.

The register of members of the Company will also be closed from Monday, 3 October 2016 to Wednesday, 5 October 2016 (both days inclusive), for the purpose of determining the entitlements of the Shareholders to the Special Dividend, during which period no transfer of Shares will be effected. In order to qualify for the proposed Special Dividend, which is subject to satisfaction of the conditions as disclosed above, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, 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 p.m. on Friday, 30 September 2016.

EGM

The EGM will be convened to consider and, if thought fit, to approve the declaration and payment of the Special Dividend out of the Share Premium Account. No Shareholder is required under the Listing Rules to abstain from voting on the proposed ordinary resolution at the EGM.

A circular containing further information about the Special Dividend and the notice of the EGM will be published and despatched to the Shareholders as soon as practicable.

Share Capital

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

Purchase, Sale or Redemption of Listed Securities of the Company

During the Period, the Company had not repurchased any Shares on the Stock Exchange. The trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 752,500 Shares at a total consideration of approximately HK$2,679,701 pursuant to the terms of the trust deed under the Employees' Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the Period.

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 had reviewed the interim results for the six months ended 30 June 2016 of the Group and took the view that the Company was in full compliance with all applicable accounting standards and regulations and had made adequate disclosure.

Material Events

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

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

Publication of Results Announcement

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

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 17 August 2016

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

* *For identification purposes only*