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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)

2018 INTERIM RESULTS ANNOUNCEMENT AND CHANGE OF COMPOSITION OF THE BOARD AND THE BOARD COMMITTEES

FINANCIAL HIGHLIGHTS

- Operating profit in the Period (before adjustment for the valuation gains of investment properties) was approximately RMB1,530 million (approximately RMB628 million in 1H2017), representing an increase of approximately 144% compared with the same period last year.

- Rental income in the Period was approximately RMB848 million, compared with approximately RMB818 million in 1H2017. Adjusted for the effect of the disposals of Hongkou SOHO and Sky SOHO in 2017, rental income from the Group's retained properties in the Period increased by approximately 17% from 1H2017.

- As at 30 June 2018, the average occupancy of the Group's investment properties was approximately 97%.

- In 1H2017, the Group undertook a comprehensive revaluation of its investment properties which produced a very significant valuation gain of approximately RMB6,155 million. This reflected the reduction in capitalisation rates and the significant increase in rental rates since the previous valuation. In the Period, the valuation gain was approximately RMB480 million, reflecting more modest changes in real estate markets during 1H2018.

- Including valuation gains, net profit after tax attributable to the equity shareholders of the Company in the Period was approximately RMB1,093 million, compared to approximately RMB3,982 million in 1H2017.

- SOHO 3Q has expanded outside Beijing and Shanghai to third party properties, and owns over 30,000 seats in 31 centers in 7 cities in the PRC.

- As at 30 June 2018, net debt was approximately 43% of equity attributable to shareholders. Average cost of debt financing was approximately 4.4%. Offshore borrowings only accounted for approximately 4% of the total debt.

CHANGE OF COMPOSITION OF THE BOARD AND THE BOARD COMMITTEES

With effect from 17 August 2018, Ms. Tong Ching Mau has resigned as an executive Director and the chief financial officer of the Company in order to pursue other commitments; and Mr. Cha Mou Zing, Victor has resigned as an independent non-executive Director in order to pursue other commitments.

Following the resignation of Mr. Cha, he also ceased to be the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 17 August 2018. Mr. Huang Jingsheng, an independent non-executive Director, has been re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee in place of Mr. Cha with effect from 17 August 2018.

2018 INTERIM RESULTS

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 2018 (the "Period" or "1H2018"), 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 2018 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 2018. The interim financial report is unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers.

For the six months ended 30 June 2018, the Group achieved rental income of approximately RMB848 million. Adjusted for the effect of the disposals of Hongkou SOHO and Sky SOHO in 2017, rental income from the Group's retained properties in the Period increased by approximately 17% from 1H2017. Net profit attributable to equity shareholders of the Company for the Period was approximately RMB1,093 million, compared with approximately RMB3,982 million in the same period of 2017, due to less valuation gains on investment properties for the Period in 2018.

The Board did not recommend the declaration of interim dividend for the Period (2017 interim dividend: Nil).

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2018
(Expressed in Renminbi)

	Note	Unaudited Six months ended 30 June **2018** ***RMB'000***	 2017 *RMB'000*
Turnover	*4*	**848,426**	1,069,781
Cost of sales		**(204,078)**	(334,998)
Gross profit		**644,348**	734,783
Valuation gains on investment properties		**479,669**	6,154,863
Other gains – net	*5*	**987,816**	7,975
Other revenue and income		**160,878**	158,219
Selling expenses		**(19,280)**	(24,112)
Administrative expenses		**(112,633)**	(114,978)
Other operating expenses		**(130,801)**	(133,993)
Profit from operations		**2,009,997**	6,782,757
Financial income	*6(a)*	**68,367**	42,083
Financial expenses	*6(a)*	**(339,213)**	(261,101)
Profit before taxation	*6*	**1,739,151**	6,563,739
Income tax	*7*	**(628,582)**	(2,534,369)
Profit for the half-year		**1,110,569**	4,029,370
Profit is attributable to:			
Equity shareholders of the Company		**1,093,420**	3,981,952
Non-controlling interests		**17,149**	47,418
Profit for the half-year		**1,110,569**	4,029,370
Earnings per share (RMB per share)	*8*		
Basic		**0.211**	0.767
Diluted		**0.211**	0.767

Condensed Consolidated Interim Balance Sheet
As at 30 June 2018
(Expressed in Renminbi)

	Note	**Unaudited 30 June 2018** *RMB'000*	Audited 31 December 2017 *RMB'000*
Assets			
Non-current assets			
Investment properties		**57,146,000**	56,276,000
Property and equipment		**1,193,740**	1,194,330
Bank deposits		**353,999**	364,166
Intangible assets		**4,561**	4,780
Deferred income tax assets		**676,114**	680,412
Trade and other receivables	*9*	**327,561**	326,761
Deposits and prepayments		**169,133**	169,133
Total non-current assets		**59,871,108**	59,015,582
Current assets			
Completed properties held for sale		**2,877,247**	2,820,840
Deposits and prepayments		**330,193**	302,427
Trade and other receivables	*9*	**399,013**	433,597
Bank deposits		**269,786**	260,194
Cash and cash equivalents		**3,291,524**	3,701,791
Assets of disposal group classified as held for sale		**–**	4,683,111
Total current assets		**7,167,763**	12,201,960
Total assets		**67,038,871**	71,217,542
Equity and liabilities			
Equity attributable to owners of the Company	*10*		
Share capital		**106,112**	106,112
Reserves		**33,793,336**	32,598,240
Non-controlling interests		**1,040,094**	1,022,945
Total equity		**34,939,542**	33,727,297

Condensed Consolidated Interim Balance Sheet (Continued)
As at 30 June 2018
(Expressed in Renminbi)

	Note	**Unaudited 30 June 2018** *RMB'000*	Audited 31 December 2017 *RMB'000*
Liabilities			
Non-current liabilities			
Bank borrowings		**14,809,212**	14,899,162
Corporate bonds		**–**	2,994,283
Contract retention payables		**55,994**	139,159
Deferred income tax liabilities		**7,706,133**	7,445,890
Total non-current liabilities		**22,571,339**	25,478,494
Current liabilities			
Bank borrowings		**701,226**	3,140,391
Corporate bonds		**2,996,936**	–
Rental and sales deposits		**271,216**	520,054
Trade and other payables	*11*	**3,235,269**	3,353,745
Current income tax liabilities		**2,323,343**	2,016,669
Liabilities of disposal group classified as held for sale		**–**	2,980,892
Total current liabilities		**9,527,990**	12,011,751
Total Liabilities		**32,099,329**	37,490,245
Total equity and liabilities		**67,038,871**	71,217,542

Notes to the Condensed Consolidated Interim Financial Statements

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

In addition to those described below, the accounting policies adopted in the preparation of the Accounts are consistent with those adopted in the Company's annual financial statements for the year ended 31 December 2017.

Going Concern

As at 30 June 2018, the Group's current liabilities exceeded its current assets by approximately RMB2,360,227,000. The Directors of the Company have considered the Group's available sources of funds as follows:

- Unutilized banking facilities of approximately RMB2,977,670,000 as at 30 June 2018; and
- Current plans for external financing.

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 consolidated financial statements.

2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, and the adoption of new and amended standards are set out below.

2(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their interim reporting period commencing 1 January 2018:

- HKFRS 9, 'Financial instruments'
- HKFRS 15, 'Revenue from contracts with customers'

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

2(b) New and revised standards and amendments to existing standards have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted.

(i) HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB762,208,000. The Group estimates that approximately none of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 CHANGES IN ACCOUNTING POLICIES

As explained in Note 2(a) above, the Group has applied HKFRS 9 and HKFRS 15 from 1 January 2018, which resulted in changes in accounting policies.

3(a) HKFRS 9 Financial instruments

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies. HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments – Disclosures.

Management of the Group has assessed the business models and the contractual terms of the cash flows apply to the financial assets and financial liabilities held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and there is no impact on the financial statement of the Group. The new accounting policies are set out below.

(i) Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- *FVPL:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(ii) Derivatives and hedging

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income (expenses).

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item (“aligned time value”) are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (‘aligned forward element’) is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

3(b) HKFRS 15 Revenue from contracts with customers

The accounting policies were changed to comply with HKFRS 15. HKFRS 15 replaces the provisions of HKAS 18 Revenue (“HKAS 18”) and HKAS 11 Construction contracts (“HKAS 11”) that relate to the recognition, classification and measurement of revenue and costs.

Management has reassessed its business model and contract terms to assess the effects of applying the new standard and there is no impact on the financial statement of the Group. The new accounting policies are set out below.

(i) ***Sales of properties and construction services***

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determing the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(ii) ***Property investment***

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

4 TURNOVER AND SEGMENT REPORTING

4(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	
	2018	2017
	RMB'000	*RMB'000*
Sale of property units	**–**	251,620
Rental income from investment properties	**848,426**	818,161
	848,426	1,069,781

4(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.

4(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**	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Income statement items						
Reportable segment revenue	**–**	251,620	**848,426**	818,161	**848,426**	1,069,781
Reportable segment gross profit	**–**	83,929	**644,348**	650,854	**644,348**	734,783
Reportable segment profit	**24,276**	(482,274)	**1,142,040**	4,711,871	**1,166,316**	4,229,597

	Properties development		**Properties investment**		**Total**	
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	At 30 June 2018	At 31 December 2017	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Balance sheet items						
Reportable segment assets	**15,047,612**	16,308,620	**72,419,215**	79,123,543	**87,466,827**	95,432,163
Reportable segment liabilities	**4,253,615**	12,145,733	**29,408,441**	25,691,314	**33,662,056**	37,837,047

4(d) Reconciliation of reportable segment profit

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**1,166,316**	4,229,597
Unallocated head office and corporate expenses	**(55,747)**	(200,227)
Consolidated profit	**1,110,569**	4,029,370

5 OTHER GAINS – NET

		Unaudited Six months ended 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Gains on disposal of investment properties		**210**	7,975
Gains on disposal of subsidiaries	*(i)*	**987,606**	–
		987,816	7,975

(i) On 20 November 2017, the Group entered into an agreement with Brave Point (an independent third party) in relation to the disposal of a subsidiary, Ever Prize Limited which directly holds the entire equity interest in the Project Company that holds Sky SOHO.

The transaction was completed on 16 April 2018. The net gain on disposal of RMB987,606,000 is recognised in the 'other gains – net'.

6 PROFIT BEFORE TAXATION

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

6(a) Financial income and financial expenses

	Unaudited Six months ended 30 June 2018 *RMB'000*	2017 *RMB'000*
Financial income		
Interest income	**68,367**	42,083
	68,367	42,083
Financial expenses		
Interest on bank loans	**439,750**	367,887
Interest expenses on the corporate bonds and senior notes	**53,977**	53,883
Less: Interest expense capitalised into properties under development and investment properties	**(159,243)**	(162,188)
	334,484	259,582
Net foreign exchange loss	**4,259**	990
Bank charges and others	**470**	529
	339,213	261,101

6(b) Other items

	Unaudited Six months ended 30 June 2018 *RMB'000*	2017 *RMB'000*
Depreciation and amortization	**29,834**	29,509
Staff cost	**75,606**	75,916
	105,440	105,425

7 INCOME TAX

	Unaudited Six months ended 30 June **2018** ***RMB'000***	 2017 *RMB'000*
Provision for the Period		
PRC Corporate Income Tax	**368,015**	253,718
Land Appreciation Tax	**4,622**	757,736
Deferred tax	**255,945**	1,522,915
	628,582	2,534,369

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

(ii) In accordance with the Corporate Income Tax Law of the People's Republic of China, the income tax rate applicable to the Company's subsidiaries in the PRC is 25% (2017: 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.

8 EARNINGS PER SHARE

8(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 2018 of RMB1,093,420,000 (2017: RMB3,981,952,000) and the weighted average number of ordinary shares of 5,191,519,000 (2017: 5,192,715,000) in issue during the interim period.

8(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 2018 of RMB1,093,420,000 (2017: RMB3,981,952,000), and the weighted average number of ordinary shares of 5,191,625,000 (2017: 5,192,715,000) after adjusting for the effect of share award and share option schemes.

9 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2018 *RMB'000*	Audited At 31 December 2017 *RMB'000*
Trade receivables	**146,143**	145,469
Other receivables	**640,575**	675,033
Less: allowance for doubtful debts	**(60,144)**	(60,144)
	726,574	760,358
Less: non-current portion	**(327,561)**	(326,761)
Current portion	**399,013**	433,597

(a) Ageing analysis

The ageing analysis of trade receivables based on due date is as follows:

	Unaudited At 30 June 2018 *RMB'000*	Audited At 31 December 2017 *RMB'000*
Current	**84,254**	81,476
Less than 1 month past due	**10,405**	11,631
1 to 6 months past due	**8,389**	9,064
6 months to 1 year past due	**193**	396
More than 1 year past due	**42,902**	42,902
Amounts past due	**61,889**	63,993
Total	**146,143**	145,469

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.

10 CAPITAL, RESERVES AND DIVIDENDS

10(a) Dividends

No interim dividend is declared by the Board for the Period (2017 interim dividend: Nil).

There is no special dividend payable to equity shareholders of the Company attributable to the Period (2017 interim: RMB0.346 per ordinary share).

There is no special dividend in respect of the previous financial year, approved and paid during the Period (2017 interim: RMB0.346 per ordinary share).

10(b) Share capital and treasury shares

(i) Share capital

	Unaudited Six months ended 30 June			
	2018		2017	
	No. of shares ***(thousands)***	**Share capital** ***RMB'000***	No. of shares *(thousands)*	Share capital *RMB'000*
Authorised:				
Ordinary shares of HKD0.02 each	**7,500,000**	**–**	7,500,000	–
Issued and fully paid:				
At 1 January	**5,199,524**	**106,112**	5,199,524	106,112
At 30 June	**5,199,524**	**106,112**	5,199,524	106,112

During the six months ended 30 June 2018, the Group acquired none (2017: Nil) of its own shares through purchases on The Stock Exchange of Hong Kong Limited.

(ii) Treasury shares

	Unaudited Six months ended 30 June			
	2018		2017	
	No. of shares ***(thousands)***	**Treasury shares** ***RMB'000***	No. of shares *(thousands)*	Treasury shares *RMB'000*
At 1 January	**8,005**	**34,583**	6,893	30,726
Shares purchased for employee's share award scheme	**–**	**–**	655	2,202
Vesting of shares under employee's share award scheme	**–**	**–**	(411)	(1,645)
At 30 June	**8,005**	**34,583**	7,137	31,283

During the six months ended 30 June 2018, no shares were purchased or vested.

10(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 2018 (30 June 2017: nil).

During the six months ended 30 June 2018, no option (30 June 2017: Nil) was exercised to subscribe for ordinary shares of the Company.

10(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 2018, no share (30 June 2017: Nil) was granted to employees.

During the six months ended 30 June 2018, the employees' share award scheme transferred no shares (30 June 2017: 411,000 shares) to the awardees upon vesting of certain awarded shares. The total cost of the vested shares was HKD nil (30 June 2017: HKD2,798,000).

11 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 2018 *RMB'000*	Audited At 31 December 2017 *RMB'000*
Due within 1 month or on demand	**1,103,260**	1,202,406
Due after 1 month but within 3 months	**165,664**	136,032
Accrued expenditure on land and construction	**1,268,924**	1,338,438
Amounts due to related parties	**835,064**	835,064
Rental deposits	**541,234**	556,305
Others	**496,613**	520,668
Financial liabilities measured at amortised costs	**3,141,835**	3,250,475
Other taxes payable	**93,434**	103,270
	3,235,269	3,353,745

BUSINESS REVIEW

Market Review and Outlook

In the first half of 2018, the leasing market of Grade A office buildings in Beijing and Shanghai was developing steadily. Jones Lang LaSalle's research report shows that, in the second quarter of 2018, the rent of Grade A office buildings increased by 4.5% in Beijing and remained flat in Shanghai compared with the same period last year. Vacancy rates in both Beijing and Shanghai remained at a respectively historic low level, slightly lower than the first half of 2017.

The Group's properties rendered brilliant performance during the Period. Average occupancy rate of our portfolio under lease was soaring at approximately 97%, and occupancy rate of SOHO Tianshan Plaza climbed up to approximately 92% from approximately 64% as at the end of 2017. The construction of SOHO Leeza in Beijing and Gubei SOHO (as known as the Gubei project) in Shanghai has been proceeding as planned. These two projects are expected to be completed by mid-2019, by then it will further consolidate the Group's property assets in prime locations of Beijing and Shanghai.

Our Single Asset Operation model demonstrated better effect in the first half of 2018, with remarkable improvement in leasing operation, property management, quality enhancement, marketing and profitability. Rents of new leases in each project also grew substantially. Taking the Guanghualu SOHO II project in the central business district of Beijing as an example, rents of new leases were approximately 25% higher in 1H2018 as compared with its previous leases, which fully reflected the market's recognition of the properties held by SOHO China.

Rental income in the Period was approximately RMB848 million, compared with approximately RMB818 million in 1H2017. Adjusted for the effect of the disposals of Hongkou SOHO and Sky SOHO in 2017, rental income from the Group's retained properties in the Period increased by approximately 17% from 1H2017.

To cope with the demand for the scarce premium office in the core areas in the PRC, the Group is actively exploring new leasing models, by publishing information on the available properties in a more transparent manner (e.g. bidding), providing more convenient and efficient services to our customers, eliminating unnecessary intermediate procedures, so as to create a reliable and enjoyable office atmosphere. SOHO China launched the public bidding leasing model with Wangjing SOHO as a pilot project, and has hold five online biddings for different projects since 21 June 2018. The results were verified to be encouraging with bidding prices hitting record high. This not only demonstrated the scarcity and popularity of SOHO China's properties, but also proved customers' recognition of this fair and transparent bidding mechanism, as well as SOHO China's asset management expertise. Given active response of the market, the Group will subsequently launch additional biddings in the later stage and continue to promote this new leasing model of public bidding.

In the future, traditional office leasing will remain as SOHO China's primary business. With the increasing scarcity of commercial properties in prime locations of Beijing and Shanghai and the continuous quality improvement of SOHO China's investment properties, SOHO China would be able to welcome a steady increase in the rent income.

As a leading co-working brand in China, SOHO 3Q has been actively expanding nationwide. As at 30 June 2018, SOHO 3Q owned more than 30,000 seats in 31 centers in 7 cities in the PRC, including Beijing, Shanghai, Hangzhou, Nanjing, Shenzhen, Chengdu and Chongqing. The average occupancy rate of SOHO 3Q centers has reached approximately 88%.

With the rapid development of the co-working industry, more and more brands have entered or are entering this huge market. Under such circumstances, tenants will naturally turn to better services, environment and facilities. SOHO 3Q inherits SOHO China's over-20-years experience in office operation and management, as well as SOHO China's perseverance in quality design and services since its inception, which have become unique advantages of SOHO 3Q.

Over the past three years, leveraging on the affluent resources of SOHO China, SOHO 3Q has developed an advanced operation management system with industry-leading standardized modules, covering project positioning, design and decoration, bidding and procurement, energy management, quality control, online services, enterprise empowerment, and operation and management. These will ensure effective cost control along with SOHO 3Q's external expansion. In addition, with a strong brand influence, SOHO 3Q has successfully introduced supreme value-added service providers, such as China Merchants Bank and Jingdong Cloud, to provide quality services to its tenants, including but not limited to comprehensive credit facility, transaction banking, online payment, enterprise cloud mailbox, enterprise cloud storage, etc. SOHO 3Q is a diversified platform, with which we are expecting to introduce more partners in the future to jointly create a better office environment.

Through SOHO 3Q's previous operating experience and SOHO 3Q's tenant component analysis, we found that large enterprises have higher expectation on office environment and quality, and are more willing and able to pay for better services. SOHO 3Q has therefore taken a step forward to offer customization service to large enterprises, and successfully landed contracts for office customization with some large tenants. Customized office services enable a better use of space, while providing tailor-made products and services that better suit the tenants' needs.

As China's leading prime office landlord, SOHO China has been operating quality office buildings in core areas of Beijing and Shanghai. Besides, the high value and superior liquidity of the Group's properties have been recognized and proven by the market along the project sales during the past two years. At present, all the properties have been almost fully occupied, with an average occupancy rate of approximately 97%. The newly implemented Single Asset Operation model is also continuously driving up the rental level. At the same time, the development of SOHO 3Q's co-working products is expected to become the Group's future highlight and growth driver, injecting new vitality into its office rental business. In the future, SOHO China will remain committed to becoming the best office operator and customized office service provider in China and to generating greater value to its shareholders.

Rental Portfolio

The details of rental income and occupancy rates of major investment properties of the Group were as follows:

Projects	**Leasable Gross Floor Area ("GFA")[1]** *(sq.m.)*	**Rental Income 1H2018** *(RMB'000)*	**Occupancy Rate[2] as at 30 June 2018**	**Occupancy Rate[2] as at 31 December 2017**
	Completed Projects – Beijing			
Qianmen Avenue Project	35,317	58,239	96%	100%
Wangjing SOHO	148,150	185,101	99%	99%
Guanghualu SOHO II	94,279	135,283	98%	97%
Galaxy & Chaoyangmen SOHO	44,882	46,568	97%	98%
	Completed Projects – Shanghai			
SOHO Fuxing Plaza	88,234	110,471	96%	95%
Sky SOHO[3]	128,175	61,754	96%[3]	99%
Bund SOHO	72,826	95,986	98%	96%
SOHO Tianshan Plaza	95,385	76,308	92%	64%
	Projects Under Construction – Beijing and Shanghai			
SOHO Leeza	133,780	–	–	–
Gubei SOHO	113,416	–	–	–

Notes: 1. Attributable to the Group.
2. Occupancy rate for office and retail, including SOHO 3Q (if any).
3. The disposal of Sky SOHO was completed on 16 April 2018. "Occupancy Rate as at 30 June 2018" for Sky SOHO is its occupancy rate as at 16 April 2018.

Major Projects in Beijing

Wangjing SOHO

Wangjing SOHO is a large-scale office and retail project 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 mostly sold in 2014.

The Group is holding Wangjing SOHO Tower 3 and some units of Towers 1 and 2. Tower 3 was completed in September 2014.

Wangjing area has become the emerging hub for internet companies in northeast of Beijing. Wangjing area is also home to the headquarters of many prestigious multinational companies in the PRC. Wangjing SOHO, with a height of nearly 200 meters, is now a landmark in central Beijing.

Guanghualu SOHO II

Guanghualu SOHO II is located at the heart of the central business district in Beijing, close to subway lines 1 and 10. The total GFA of the project is approximately 165,201 sq.m. and total leasable area attributable to the Group 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.

Qianmen Avenue project

Qianmen Avenue project is located in the Qianmen area immediate south of Tiananmen Square, within one of the largest "Hutong" (traditional Beijing courtyards) conservation areas in Beijing. The Group has the right to retail area of approximately 54,691 sq.m., of which approximately 35,317 sq.m. is currently available for lease. The Group has been working towards its goal of developing Qianmen Avenue into a premier "tourist destination". Leveraging on its massive visitor traffic, the Group aims to continue to attract and retain high-quality tenants that fit the positioning of the project.

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 lines 14 and 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 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.

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 investment property.

Major Projects in Shanghai

SOHO Fuxing Plaza

SOHO Fuxing Plaza is situated at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway lines 10 and 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 124,461 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.

Bund SOHO

Bund SOHO is located on the Bund in Shanghai. Bund SOHO is very close to Shanghai's 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 72,826 sq.m., including approximately 51,317 sq.m. of office area and approximately 21,509 sq.m. of retail area. 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 central business district for foreign enterprises 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 Plaza has direct access to Loushanguan Station on subway line 2.

SOHO Tianshan Plaza has a total GFA of approximately 166,377 sq.m.. The office and retail parts of SOHO Tianshan Plaza were completed in December 2016, with a total leasable GFA of approximately 95,385 sq.m., including approximately 74,497 sq.m. of office area and approximately 20,888 sq.m. of retail area. Hyatt Place Shanghai Tianshan Plaza, which is situated at SOHO Tianshan Plaza, was completed in November 2017 and has started operation since the end of February 2018.

Gubei SOHO

The land for the Gubei SOHO is located in the core area of the Hongqiao Foreign Trade Center in Shanghai's Changning District, only 1 kilometre away from SOHO Tianshan Plaza.

The Group acquired the land use right to this parcel of land through a successful bid of RMB3.19 billion in April 2013. The land is bordered by Yili Road to the east, Hongbaoshi Road to the south, Ma'nao Road to the west and the Hongqiao Road to the north. After completion, the project will be accessible underground from Yili Station on 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 SOHO as investment property. The project is currently under construction. The project is expected to be completed in mid 2019.

Sale of Project Interests

On 17 October 2017, SOHO China (Hong Kong) Limited, a wholly-owned subsidiary of the Company (as the seller), the Company (as the guarantor) and an independent third party purchaser entered into a framework agreement to dispose of Sky SOHO, details of which were disclosed in the Company's announcement dated 23 October 2017. The agreed asset price of Sky SOHO was determined at RMB5,008 million, which was approximately 85% and 7.9% higher than its total cost and revalued book value as at 30 June 2017, respectively. The transaction was completed on 16 April 2018.

FINANCIAL REVIEW

Turnover and rental income

Turnover for the Period was approximately RMB848 million, compared with approximately RMB1,070 million for the same period last year, mainly due to no revenue from property sales during the Period.

Rental income for the Period was approximately RMB848 million, compared with approximately RMB818 million in 1H2017. Adjusted for the effect of the disposals of Hongkou SOHO and Sky SOHO in 2017, rental income from the Group's retained properties in the Period increased by approximately 17% from 1H2017. The growth of rental income was mainly due to higher occupancy rate of SOHO Tianshen Plaza.

Profitability

Gross profit for the Period was approximately RMB644 million, representing a decrease of approximately RMB91 million or approximately 12% as compared with approximately RMB735 million in the same period of 2017. Gross profit margin for the Period was approximately 76%.

Net profit attributable to the equity shareholders of the Company for the Period was approximately RMB1,093 million, resulted from less valuation gains on investment properties during the Period. The Company achieved net profit attributable to equity shareholders of the Company of approximately RMB3,982 million in the same period of 2017.

Cost control

Selling expenses for the Period were approximately RMB19 million, compared with approximately RMB24 million in the same period of 2017. Administrative expenses for the Period were approximately RMB113 million, compared with approximately RMB115 million in the same period of 2017.

Financial income and expenses

Financial income for the Period was approximately RMB68 million, representing an increase of approximately RMB26 million as compared with approximately RMB42 million in the same period of 2017.

Financial expenses for the Period were approximately RMB339 million, representing an increase of approximately RMB78 million as compared with approximately RMB261 million in the same period of 2017.

Valuation gains on investment properties

In 1H2017, the Group undertook a comprehensive revaluation of its investment properties which produced a very significant valuation gain of approximately RMB6,155 million. This reflected the reduction in capitalisation rates and significant increase in rental rates since the previous valuation. In the Period, the valuation gain was approximately RMB480 million, reflecting more modest changes in real estate markets in 1H2018.

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 RMB368 million. Land Appreciation Tax for the Period was approximately RMB5 million. Deferred Tax for the Period was approximately RMB256 million, representing a decrease of approximately RMB1,267 million as compared with approximately RMB1,523 million in the same period of 2017, resulted from less valuation gains on investment properties.

Corporate bonds, bank borrowings and collaterals

As disclosed in the Company's announcements on 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) ("Beijing Wangjing"), a wholly-owned subsidiary of the Company, announced to issue the domestic corporate bonds in the PRC with the aggregate principal amount of RMB3 billion at the coupon rate of 3.45% for a term of three years. As at 30 June 2018, the amount of the corporate bonds was approximately RMB2,997 million.

As at 30 June 2018, the bank borrowings of the Group was approximately RMB15,510 million, of which approximately RMB701 million are due within one year, approximately RMB1,742 million are due after one year but within two years, approximately RMB2,325 million are due after two years but within five years, and approximately RMB10,742 million are due after five years. As at 30 June 2018, bank borrowings of approximately RMB15,510 million of the Group were collateralized by the Group's investment properties and restricted bank deposits.

As at 30 June 2018, net debt (bank borrowings + corporate bonds – cash and cash equivalents and bank deposits) to equity attributable to owners of the Company ratio was approximately 43% (31 December 2017: approximately 51%).

Risks of foreign exchange fluctuation and interest rate

As at 30 June 2018, offshore borrowings were down to only approximately 4% of the total debt (approximately RMB18,507 million). The Company's funding cost remained low at approximately 4.4% as at 30 June 2018. During the Period, the Group's operating cash flow and liquidity had not been subject to significant influence from fluctuations in exchange rate.

Contingent liabilities

As at 30 June 2018, the Group had entered into agreements with certain banks to provide guarantees in respect of mortgage loans offered to the buyers of property units. The amount of the mortgage loans guaranteed by the Group relating to such agreements was approximately RMB1,214 million as at 30 June 2018 (approximately RMB1,427 million as at 31 December 2017).

As at 30 June 2018, the Group provided guarantees to Beijing Wangjing, a subsidiary of the Company, with respect to its corporate bonds with the principal amount of RMB3,000 million (as at 31 December 2017: RMB3,000 million).

Capital commitment

As at 30 June 2018, the Group's total capital commitment for properties under development was approximately RMB2,589 million (approximately RMB2,661 million as at 31 December 2017). The amount mainly comprised the contracted and the authorized but not contracted development costs of the existing projects.

Employees and remuneration policy

As at 30 June 2018, the Group had 2,046 employees, including 209 employees for Commune by the Great Wall and 1,544 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.

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.

Dividends

The Board did not recommend the declaration of interim dividend for the Period (2017 interim dividend: Nil).

Share capital

As at 30 June 2018, the Company had 5,199,524,031 shares in issue (31 December 2017: 5,199,524,031 shares).

Purchase, sale or redemption of listed securities of the Company

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 of the Company (the "Audit Committee") had reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2018 of the Company and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

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.

CHANGE OF COMPOSITION OF THE BOARD AND THE BOARD COMMITTEES

The Board hereby announces that with effect from 17 August 2018:

(1) Ms. Tong Ching Mau ("Ms. Tong") has resigned as an executive Director and the chief financial officer of the Company in order to pursue other commitments; and

(2) Mr. Cha Mou Zing, Victor ("Mr. Cha") has resigned as an independent non-executive Director in order to pursue other commitments.

As disclosed in the announcement of the Company dated 14 June 2018, Mr. Huang Jingsheng ("Mr. Huang") has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the Company all with effect from 1 August 2018. Following the above change of Directors, the Board currently comprises two executive Directors, namely Mr. Pan Shiyi and Mrs. Pan Zhang Xin, Marita, and three independent non-executive Directors, namely Mr. Sun Qiang Chang, Mr. Xiong Ming Hua and Mr. Huang.

Each of Ms. Tong and Mr. Cha confirmed that he/she has no disagreement with the Board and that there are no other matters relating to his/her resignation that need to be brought to the attention of the shareholders of the Company or the Stock Exchange.

The Board would like to take this opportunity to express its great gratitude to Ms. Tong and Mr. Cha for their invaluable contribution to the Company's growth during their tenure of office.

Following the resignation of Mr. Cha, he also ceased to be the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 17 August 2018.

The Board is pleased to announce that Mr. Huang has been re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee in place of Mr. Cha with effect from 17 August 2018.

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 17 August 2018

As at the date of this announcement, the executive Directors are Mr. Pan Shiyi, Mrs. Pan Zhang Xin, Marita and Ms. Tong Ching Mau (resigned on 17 August 2018); and the independent non-executive Directors are Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor (resigned on 17 August 2018), Mr. Xiong Ming Hua and Mr. Huang Jingsheng.

*　*For identification purposes only*