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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)

2013 Interim Results Announcement

- Achieved turnover of approximately RMB2,478 million during the Period, representing an increase of approximately 103% from the same period of 2012
- Achieved net profit attributable to equity shareholders of the Company of approximately RMB2,094 million during the Period, representing an increase of approximately 242% from the same period of 2012
- Achieved core net profit (excluding net valuation gains on investment properties) attributable to equity shareholders of approximately RMB537 million during the Period, an increase of approximately 130% from the same period of 2012. Core net profit margin during the Period was approximately 22%
- As at 30 June 2013, the Group had total cash and bank deposits of approximately RMB15,179 million. Ratio of net debt to equity attributable to shareholders of the Company was approximately 14%
- During the Period, the Group made a successful bid of RMB3.19 billion for the land use right in respect of a commercial land parcel in Shanghai Changning District, with a total planned GFA of approximately 150,000 square meters
- The Group has achieved solid leasing performance during the Period. SOHO Century Plaza, the Group's first wholly-owned investment property in Shanghai which was completed last year, has already been fully leased as at the announcement date
- The Board declared interim dividend of RMB0.12 per Share

The board (the “Board”) of directors (the “Directors”) of SOHO China Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2013 (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 2013 interim results of the Group have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board on 20 August 2013. The interim financial report is unaudited, but has been reviewed by the Company’s auditor, PricewaterhouseCoopers.

For the six months ended 30 June 2013, the Group achieved a turnover of approximately RMB2,478 million, representing an increase of approximately 103% compared with that for the same period of 2012, mainly due to more gross floor area (“GFA”) booked during the Period. The gross profit margin for the Period was approximately 54%. Net profit attributable to equity shareholders of the Company for the Period was approximately RMB2,094 million, representing an increase of approximately 242% compared with that during the same period of 2012. Core net profit (excluding net valuation gains on investment properties) attributable to equity shareholders for the Period was approximately RMB537 million and the core net profit margin during the Period was approximately 22%.

The Board declared an interim dividend of RMB0.12 per share of the Company (“Share”) (2012 interim: RMB0.12 per Share) for the six months ended 30 June 2013 to the shareholders of the Company whose names appear on the register of members on 12 September 2013.

Condensed Consolidated Interim Income Statement
For the six months ended 30 June 2013
(Expressed in Renminbi)

| | <i>Note</i> | Unaudited | |
|--|-------------|---------------------------------|------------------|
| | | Six months ended 30 June | |
| | | 2013 | 2012 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Turnover | 4 | 2,478,348 | 1,222,378 |
| Cost of properties sold | | <u>(1,136,470)</u> | <u>(640,869)</u> |
| Gross profit | | 1,341,878 | 581,509 |
| Valuation gains on investment properties | 8 | 2,135,602 | 423,351 |
| Other operating income | | 82,355 | 90,473 |
| Selling expenses | | (83,888) | (54,056) |
| Administrative expenses | | (114,454) | (90,463) |
| Other operating expenses | | <u>(56,917)</u> | <u>(63,846)</u> |
| Profit from operations | | <u>3,304,576</u> | <u>886,968</u> |
| Finance income | 5(a) | 368,608 | 349,228 |
| Finance expenses | 5(a) | <u>(85,555)</u> | <u>(195,950)</u> |
| Profit before taxation | 5 | 3,587,629 | 1,040,246 |
| Income tax expense | 6 | <u>(1,432,917)</u> | <u>(397,590)</u> |
| Profit for the period | | <u>2,154,712</u> | <u>642,656</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 2,094,302 | 612,575 |
| Non-controlling interests | | <u>60,410</u> | <u>30,081</u> |
| Profit for the period | | <u>2,154,712</u> | <u>642,656</u> |
| Earnings per share (RMB) | 7 | | |
| Basic | | <u>0.417</u> | <u>0.118</u> |
| Diluted | | <u>0.401</u> | <u>0.118</u> |

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 30 June 2013
(Expressed in Renminbi)

| | Unaudited | |
|---|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit for the period | 2,154,712 | 642,656 |
| Other comprehensive income for the period (after tax): | | |
| <i>Items that may be reclassified to Income Statement</i> | | |
| Exchange differences on translation of financial statements of foreign operations | 111,668 | (26,686) |
| Total comprehensive income for the period | <u>2,266,380</u> | <u>615,970</u> |
| Attributable to: | | |
| – Equity shareholders of the Company | 2,205,970 | 585,889 |
| – Non-controlling interests | <u>60,410</u> | <u>30,081</u> |
| Total comprehensive income for the period | <u>2,266,380</u> | <u>615,970</u> |

Condensed Consolidated Interim Balance Sheet
At 30 June 2013
(Expressed in Renminbi)

| | <i>Note</i> | Unaudited 30 June 2013 | Audited 31 December 2012 |
|--|-------------|---------------------------------------|---|
| | | <u>RMB'000</u> | <u>RMB'000</u> |
| Non-current assets | | | |
| Investment properties | 8 | 41,938,000 | 38,310,000 |
| Property and equipment | 9 | 669,965 | 682,084 |
| Bank deposits | | 147,986 | 137,647 |
| Interest in joint ventures | | 4,065,532 | 4,065,532 |
| Deferred tax assets | | 1,907,190 | 2,009,795 |
| | | <u>48,728,673</u> | <u>45,205,058</u> |
| Total non-current assets | | | |
| Current assets | | | |
| Properties under development and completed properties held for sale | 10 | 9,413,108 | 10,048,137 |
| Deposits and prepayments | | 3,239,400 | 2,599,287 |
| Trade and other receivables | 11 | 744,873 | 662,937 |
| Bank deposits | | 890,882 | 2,353,429 |
| Cash and cash equivalents | 12 | 14,139,837 | 19,708,723 |
| | | <u>28,428,100</u> | <u>35,372,513</u> |
| Total current assets | | | |
| Current liabilities | | | |
| Bank loans | 15 | 4,433,027 | 3,922,219 |
| Sales deposits | 13 | 10,110,612 | 8,896,083 |
| Trade and other payables | 14 | 2,566,620 | 2,657,017 |
| Taxation | | 7,542,145 | 9,571,246 |
| | | <u>24,652,404</u> | <u>25,046,565</u> |
| Total current liabilities | | | |
| Net current assets | | <u>3,775,696</u> | <u>10,325,948</u> |
| Total assets less current liabilities | | <u>52,504,369</u> | <u>55,531,006</u> |

Condensed Consolidated Interim Balance Sheet (Continued)
At 30 June 2013
(Expressed in Renminbi)

| | <i>Note</i> | Unaudited 30 June 2013 | Audited 31 December 2012 |
|--|-------------|---------------------------------------|---|
| | | <u>RMB'000</u> | <u>RMB'000</u> |
| Non-current liabilities | | | |
| Bank loans | <i>15</i> | 7,297,414 | 10,791,280 |
| Convertible bonds | <i>16</i> | 1,774,551 | 2,092,476 |
| Senior notes | | 6,104,112 | 6,198,433 |
| Contract retention payables | | 644,366 | 660,189 |
| Deferred tax liabilities | | 4,707,500 | 4,078,166 |
| | | <u>20,527,943</u> | <u>23,820,544</u> |
| Total non-current liabilities | | | |
| | | <u>20,527,943</u> | <u>23,820,544</u> |
| NET ASSETS | | <u>31,976,426</u> | <u>31,710,462</u> |
| CAPITAL AND RESERVES | <i>17</i> | | |
| Share capital | | 101,495 | 106,029 |
| Reserves | | 30,836,566 | 30,593,478 |
| | | <u>30,938,061</u> | <u>30,699,507</u> |
| Total equity attributable to equity shareholders of the Company | | <u>30,938,061</u> | <u>30,699,507</u> |
| Non-controlling interests | | 1,038,365 | 1,010,955 |
| | | <u>1,038,365</u> | <u>1,010,955</u> |
| Total equity | | <u>31,976,426</u> | <u>31,710,462</u> |

**Condensed Consolidated Interim Statement of Changes in Equity
For the six months ended 30 June 2013
(Expressed in Renminbi)**

| | | Unaudited | | | | | | | | | | | |
|------|--|---------------------------------------|-------------------|----------------------------|-----------------|------------------|---------------------|----------------------|------------------|-------------------|---------------------------|------------------|-------------------|
| | | Attributable to owners of the Company | | | | | | | | | | | |
| Note | Share capital | Share premium | Treasury shares | Capital redemption reserve | Capital reserve | Exchange reserve | Revaluation reserve | General reserve fund | Retained profits | Total | Non-controlling interests | Total equity | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| | At 1 January 2013 | 106,029 | 9,923,282 | (152,097) | 2,343 | 564,746 | (643,445) | 189,527 | 499,806 | 20,209,316 | 30,699,507 | 1,010,955 | 31,710,462 |
| | Profit for the period | - | - | - | - | - | - | - | - | 2,094,302 | 2,094,302 | 60,410 | 2,154,712 |
| | Other comprehensive income | - | - | - | - | - | 111,668 | - | - | - | 111,668 | - | 111,668 |
| | Total comprehensive income | - | - | - | - | - | 111,668 | - | - | 2,094,302 | 2,205,970 | 60,410 | 2,266,380 |
| | Treasury shares | 17(b)(ii) | - | - | (1,217) | - | - | - | - | - | (1,217) | - | (1,217) |
| | Repurchase of own shares | | | | | | | | | | | | |
| | - Par value paid | | (4,548) | - | 36 | - | - | - | - | - | (4,512) | - | (4,512) |
| | - Premium paid | | - | (1,210,785) | 10,982 | - | - | - | - | - | (1,199,803) | - | (1,199,803) |
| | - Transfer between reserves | | - | (4,548) | - | 4,548 | - | - | - | - | - | - | - |
| | Conversion of convertible bonds | | - | 89 | - | - | (15) | - | - | - | 74 | - | 74 |
| | Repurchase of convertible bonds | | - | - | - | (123,926) | - | - | - | - | (123,926) | - | (123,926) |
| | Dividends approved in respect of the previous year | 17(a)(ii) | - | (645,827) | - | - | - | - | - | - | (645,827) | - | (645,827) |
| | Employees' share award scheme | 17(d) | - | - | - | - | 3,389 | - | - | - | 3,389 | - | 3,389 |
| | Employees' share option schemes | | - | - | - | - | 633 | - | - | - | 633 | - | 633 |
| | Shares issued under the employees' share option schemes | 17(c) | 14 | 4,926 | - | - | (1,167) | - | - | - | 3,773 | - | 3,773 |
| | Vesting of shares under employees' share award scheme | | - | 198 | 2,327 | - | (2,525) | - | - | - | - | - | - |
| | Distributions to non-controlling interests | | - | - | - | - | - | - | - | - | - | (33,000) | (33,000) |
| | Balance at 30 June 2013 | <u>101,495</u> | <u>8,067,335</u> | <u>(139,969)</u> | <u>6,891</u> | <u>441,135</u> | <u>(531,777)</u> | <u>189,527</u> | <u>499,806</u> | <u>22,303,618</u> | <u>30,938,061</u> | <u>1,038,365</u> | <u>31,976,426</u> |
| | At 1 January 2012 | 107,502 | 11,430,770 | (26,300) | 867 | 561,412 | (643,292) | 189,527 | 447,184 | 9,655,093 | 21,722,763 | 1,494,859 | 23,217,622 |
| | Profit for the period | - | - | - | - | - | - | - | - | 612,575 | 612,575 | 30,081 | 642,656 |
| | Other comprehensive income | - | - | - | - | - | (26,686) | - | - | - | (26,686) | - | (26,686) |
| | Total comprehensive income | - | - | - | - | - | (26,686) | - | - | 612,575 | 585,889 | 30,081 | 615,970 |
| | Treasury shares | | - | - | (680) | - | - | - | - | - | (680) | - | (680) |
| | Dividends approved in respect of the previous year | 17(a)(ii) | - | (570,056) | - | - | - | - | - | - | (570,056) | - | (570,056) |
| | Employees' share award scheme | 17(c) | - | - | - | - | 2,092 | - | - | - | 2,092 | - | 2,092 |
| | Vesting of shares of employees' share award scheme | 17(d) | - | 52 | 960 | - | (1,012) | - | - | - | - | - | - |
| | Acquisition of non-controlling interests without a change in control | | - | - | - | - | - | - | - | 20,537 | 20,537 | (520,537) | (500,000) |
| | Disposal of subsidiaries | | - | - | - | - | - | - | (4,912) | 4,912 | - | - | - |
| | At 30 June 2012 | <u>107,502</u> | <u>10,860,766</u> | <u>(26,020)</u> | <u>867</u> | <u>562,492</u> | <u>(669,978)</u> | <u>189,527</u> | <u>442,272</u> | <u>10,293,117</u> | <u>21,760,545</u> | <u>1,004,403</u> | <u>22,764,948</u> |

**Condensed Consolidated Interim Cash Flow Statement
For the six months ended 30 June 2013
(Expressed in Renminbi)**

| | <i>Note</i> | Unaudited | |
|---|-------------|---------------------------------|-------------------------|
| | | Six months ended 30 June | |
| | | 2013 | 2012 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Net cash used in operating activities | | (215,198) | (11,682) |
| Net cash generated from/(used in) investing activities | | 192,790 | (4,746,327) |
| Net cash used in financing activities | | <u>(5,223,558)</u> | <u>(769,076)</u> |
| Net decrease in cash and cash equivalents | | (5,245,966) | (5,527,085) |
| Cash and cash equivalents at 1 January | | 18,492,100 | 11,202,232 |
| Effect of foreign exchange rates changes | | <u>(107,535)</u> | <u>(9,862)</u> |
| Cash and cash equivalents at 30 June | 12 | <u><u>13,138,599</u></u> | <u><u>5,665,285</u></u> |

Notes to the condensed consolidated interim financial statements

1 Basis of preparation

The condensed interim financial statements of SOHO China Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has 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”). It was approved for issue on 20 August 2013.

The condensed interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, 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.

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimation required in determining the provision of income taxes.

The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs issued by the HKICPA.

2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

- (a) HKFRS 10, ‘Consolidated financial statements’. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The adoption has no significant impact on the consolidated financial statements.
- (b) HKFRS 11, ‘Joint arrangements’. Under HKFRS 11 Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Before 1 January 2013, the Group’s interests in its jointly controlled entities were accounted for using the equity method. Under HKFRS 11, all the jointly controlled entities have been assessed and classified as joint ventures. The adoption has no significant impact on the consolidated financial statements.

- (c) HKFRS 13 'Fair value measurement'. HKFRS 13 measurement and disclosure requirements are applicable for the year ending 31 December 2013. The Group has included the disclosures for financial assets (Note 3).
- (d) The Group has also applied, for the first time, the following new or revised standards, amendments or interpretation that has had no material effect on the Group's results and financial position:
- Amendments to HKFRS 1 Government Loans
 - Amendments to HKFRS 7 Financial instruments: Disclosures – Offsetting Assets and Financial Liabilities
 - HKFRS 12 Disclosure of Interests in Other Entities
 - Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income
 - HKAS 19 (as revised in 2011) Employee Benefits
 - HKAS 27 (as revised in 2011) Separate Financial Statements
 - HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures

3 Financial risk management and financial instruments

(a) Financial risk factors

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management department or in any risk management policies since 31 December 2012.

(b) Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables
- Borrowings
- Bank loans
- Convertible bonds
- Contract retention payables

4 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 | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Sale of property units | 2,392,246 | 1,146,253 |
| Rental income from investment properties | 86,102 | 76,125 |
| | <u>2,478,348</u> | <u>1,222,378</u> |

(b) Segment reporting

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

(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 | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Income statement items | | | | | | |
| Reportable segment revenue | <u>2,392,246</u> | <u>1,146,253</u> | <u>86,102</u> | <u>76,125</u> | <u>2,478,348</u> | <u>1,222,378</u> |
| Reportable segment gross profit | <u>1,255,776</u> | <u>505,384</u> | <u>86,102</u> | <u>76,125</u> | <u>1,341,878</u> | <u>581,509</u> |
| Reportable segment profit | <u>609,384</u> | <u>473,954</u> | <u>2,090,705</u> | <u>492,148</u> | <u>2,700,089</u> | <u>966,102</u> |

| | Properties development | | Properties investment | | Total | |
|--------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | Unaudited At 30 June | Audited At 31 December | Unaudited At 30 June | Audited At 31 December | Unaudited At 30 June | Audited At 31 December |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Balance sheet items | | | | | | |
| Reportable segment assets | <u>48,270,798</u> | <u>44,968,696</u> | <u>47,186,424</u> | <u>41,544,431</u> | <u>95,457,222</u> | <u>86,513,127</u> |
| Reportable segment liabilities | <u>(36,467,005)</u> | <u>(32,655,277)</u> | <u>(15,346,130)</u> | <u>(12,562,509)</u> | <u>(51,813,135)</u> | <u>(45,217,786)</u> |

(d) Reconciliation of reportable segment profit

| | Unaudited Six months ended 30 June | |
|--|---------------------------------------|------------------|
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit | | |
| Reportable segment profit | 2,700,089 | 966,102 |
| Elimination of intra-group profit | (40,595) | (68,211) |
| Unallocated head office and corporate expenses | <u>(504,782)</u> | <u>(255,235)</u> |
| Consolidated profit | <u>2,154,712</u> | <u>642,656</u> |

5 Profit before taxation

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

(a) Finance income and finance expenses

| | Unaudited | |
|--|--------------------------|------------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Finance income | | |
| Interest income | (285,714) | (261,679) |
| Net foreign exchange gain and others | (82,894) | (87,549) |
| | <u>(368,608)</u> | <u>(349,228)</u> |
| Finance expenses | | |
| Interest on bank loans | 345,675 | 321,539 |
| Interest expenses on the convertible bonds and senior notes | 286,000 | 94,143 |
| Less: Interest expense capitalised into properties under development and investment properties | <u>(549,764)</u> | <u>(227,979)</u> |
| | 81,911 | 187,703 |
| Bank charges and others | <u>3,644</u> | <u>8,247</u> |
| | <u>85,555</u> | <u>195,950</u> |

(b) Other items

| | Unaudited | |
|--------------|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Depreciation | 10,328 | 10,640 |
| Staff cost | <u>119,778</u> | <u>98,523</u> |
| | <u>130,106</u> | <u>109,163</u> |

6 Income tax

| | Unaudited | |
|---------------------------------|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Provision for the period | | |
| PRC Corporate Income Tax | 256,072 | 131,057 |
| Land Appreciation Tax | 444,906 | 195,599 |
| Deferred tax | 731,939 | 70,934 |
| | <u>1,432,917</u> | <u>397,590</u> |

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and the Company’s subsidiaries registered in the BVI and the Cayman Islands are not subject to any income tax.
- (ii) In accordance with the Corporate Income Tax Law of the People’s Republic of China, the income tax rate applicable to the Company’s subsidiaries in the People’s Republic of China (the “PRC”) is 25% (2012: 25%).
- (iii) In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.
- (iv) According to the Implementation Rules of the Corporate Income Tax Law of the People’s Republic of China, the Company’s subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognised for the dividends that have been and expected to be declared.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2013 of RMB2,094,302,000 (2012: RMB612,575,000) and the weighted average number of ordinary shares of 5,018,702,000 (2012: 5,182,213,000) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,200,210,000 after adjusting for effective interest on convertible bond and the weighted average number of ordinary shares of 5,481,691,000 after adjusting for the effect of conversion of convertible bonds issued in July 2009.

8 Investment properties

| | Unaudited At 30 June 2013 | Unaudited At 30 June 2012 |
|--|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Opening balance | 38,310,000 | 13,334,500 |
| Additions | 1,492,398 | 160,149 |
| Unrealised gains recognized in condensed consolidated income statement | <u>2,135,602</u> | <u>423,351</u> |
| Closing balance | <u><u>41,938,000</u></u> | <u><u>13,918,000</u></u> |

The completed investment properties of the Group were revalued as at 30 June 2013 and 31 December 2012. The valuations were carried out by CB Richard Ellis Ltd (“CBRE”), a firm of independent qualified valuers in Hong Kong with recent experience in the location and category of property being valued.

Management of the Group has concluded that the fair value of its investment properties under development can be measured reasonably and, therefore, the Group’s investment properties under development were measured at fair value as at 30 June 2013 and 31 December 2012. The valuations were carried out by CBRE.

During the six months ended 30 June 2013, a net gain of RMB2,135,602,000 (2012: RMB423,351,000) and deferred tax thereon of RMB533,900,500 (2012: RMB105,163,000) have been recognised in condensed consolidated income statement in respect of investment properties.

9 Property and equipment

During the six months ended 30 June 2013, the Group incurred capital expenditure of property and equipment with a cost of RMB3,329,607 (2012: RMB7,795,000). Office equipments and motor vehicles with a net book value of RMB2,583,016 (2012: RMB106,000) were disposed of during the six months ended 30 June 2013, resulting in losses on disposal of RMB1,999,500 (2012: gain of RMB152,000).

10 Properties under development and completed properties held for sale

| | Unaudited At 30 June 2013 | Audited At 31 December 2012 |
|------------------------------------|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Properties under development | 5,708,795 | 5,195,232 |
| Completed properties held for sale | <u>3,704,313</u> | <u>4,852,905</u> |
| | <u><u>9,413,108</u></u> | <u><u>10,048,137</u></u> |

11 Trade and other receivables

| | Unaudited At 30 June 2013 | Audited At 31 December 2012 |
|------------------------------------|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current | 94,561 | 75,089 |
| Less than 1 month past due | 6,095 | 1,075 |
| 1 to 6 months past due | 6,433 | 2,613 |
| 6 months to 1 year past due | 10,808 | 9,388 |
| More than 1 year past due | 73,959 | 72,873 |
| Amounts past due | 97,295 | 85,949 |
| Total | 191,856 | 161,038 |
| | Unaudited At 30 June 2013 | Audited At 31 December 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables | 191,856 | 161,038 |
| Other receivables | 564,740 | 513,622 |
| Less: allowance for doubtful debts | (11,723) | (11,723) |
| | 744,873 | 662,937 |

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.

12 Cash and cash equivalents

| | Unaudited At 30 June 2013 | Audited At 31 December 2012 |
|--|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Cash on hand | 511 | 516 |
| Cash at bank and other financial institutions | 418,500 | 4,462,845 |
| Term deposits with banks and other financial institutions | 13,720,826 | 15,245,362 |
| Cash and cash equivalents in the condensed consolidated balance sheet | 14,139,837 | 19,708,723 |
| Less: Term deposits with banks and other financial institutions over 3 months | (1,001,238) | (1,216,623) |
| Cash and cash equivalents in the condensed consolidated cash flow statement | 13,138,599 | 18,492,100 |

13 Sales deposits

Sales deposits represented proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy.

14 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 2013 | Audited At 31 December 2012 |
|---|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Due within 1 month or on demand | 326,614 | 326,956 |
| Due after 1 month but within 3 months | 599,525 | 764,169 |
| Accrued expenditure on land and construction | 926,139 | 1,091,125 |
| Amounts due to related parties | 421,696 | 342,078 |
| Others | 731,545 | 776,064 |
| Financial liabilities measured at amortised costs | 2,079,380 | 2,209,267 |
| Other taxes payable | 487,240 | 447,750 |
| | <u>2,566,620</u> | <u>2,657,017</u> |

15 Bank loans

| | Unaudited At 30 June 2013 | Audited At 31 December 2012 |
|-------------|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current | 4,433,027 | 3,922,219 |
| Non current | 7,297,414 | 10,791,280 |
| | <u>11,730,441</u> | <u>14,713,499</u> |

Movements in borrowings is analysed as follows:

| | Unaudited | |
|-------------------------------|---------------------------------|-------------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At beginning of the period | 14,713,499 | 11,637,429 |
| New bank loans raised | 342,163 | 2,062,253 |
| Repayment of bank loans | (3,207,095) | (2,168,293) |
| Effective interest adjustment | (118,126) | (7,087) |
| | <u>11,730,441</u> | <u>11,524,302</u> |

16 Convertible bonds

| | Unaudited | |
|-------------------------------|---------------------------------|------------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At beginning of the period | 2,092,476 | 1,986,897 |
| Repurchase (i) | (332,622) | – |
| Effective interest adjustment | 48,862 | 51,490 |
| Conversion | (74) | – |
| Exchange rate effect | (34,091) | 11,256 |
| | <u>1,774,551</u> | <u>2,049,643</u> |

- (i) In January 2013, the Company repurchased HKD443 million convertible bonds with a price of HKD593 million. The carrying amount of liability and equity components of the repurchased convertible bonds were approximately RMB333 million and RMB124 million respectively.

As at 30 June 2013, the conversion price of the convertible bonds was adjusted to HKD5.10 per share as a result of the dividends declared for 2010, 2011 and 2012.

17 Capital, reserves and dividends

(a) Dividends

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

| | Unaudited | |
|---|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interim dividend proposed after the balance sheet date of RMB0.12 per ordinary share (2012: RMB0.12 per ordinary share) | <u>579,160</u> | <u>622,649</u> |

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

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

| | Unaudited | |
|---|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.13 per ordinary share (2012: RMB0.11 per ordinary share) | 647,069 | 570,752 |

(b) **Share capital and treasury shares**

(i) **Share capital**

| | Unaudited | | | |
|--|---------------------------------|----------------------|----------------------|----------------------|
| | Six months ended 30 June | | | |
| | 2013 | | 2012 | |
| | No. of shares | Share capital | No. of shares | Share capital |
| | <i>(thousands)</i> | <i>RMB'000</i> | <i>(thousands)</i> | <i>RMB'000</i> |
| Authorised: | | | | |
| Ordinary shares of HKD0.02 each | 7,500,000 | | 7,500,000 | |
| At 1 January | 5,112,617 | 106,029 | 5,188,656 | 107,502 |
| Shares repurchased last year and cancelled this period | (22,300) | (432) | – | – |
| Shares repurchased and cancelled this period | (212,550) | (4,116) | – | – |
| Shares issued under the employee's share options schemes | 857 | 14 | – | – |
| Shares issued under the conversion of convertible bonds | 19 | – | – | – |
| At 30 June | 4,878,643 | 101,495 | 5,188,656 | 107,502 |

During the six months ended 30 June 2013, the Company repurchased its own shares on the Main Board of The Stock Exchange of Hong Kong Limited as follows:

| | No. of shares repurchased | Highest price paid per share | Lowest price paid per share | Aggregate price paid |
|--------------|----------------------------------|-------------------------------------|------------------------------------|-----------------------------|
| | <i>(Share)</i> | <i>HKD</i> | <i>HKD</i> | <i>HKD' 000</i> |
| January 2013 | (47,745,500) | 6.99 | 6.16 | 308,441 |
| March 2013 | (45,705,000) | 6.54 | 5.98 | 286,184 |
| April 2013 | (16,243,500) | 6.85 | 6.45 | 108,093 |
| May 2013 | (56,531,000) | 7.00 | 6.43 | 381,741 |
| June 2013 | (46,324,500) | 6.68 | 5.90 | 288,758 |
| Total | (212,549,500) | | | 1,373,217 |

212,549,500 shares out of the total repurchased shares during this period and 22,300,000 shares repurchased last year were cancelled this period and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37 of the Cayman Islands Companies Law, an amount equivalent to the par value of the shares cancelled of HKD4,696,990 was transferred from share premium to the capital redemption reserve.

(ii) **Treasury shares**

| | Unaudited | | | |
|---|---------------------------------|----------------------------|--------------------------|----------------------------|
| | Six months ended 30 June | | | |
| | 2013 | | 2012 | |
| | No. of shares | Treasury shares | No. of shares | Treasury shares |
| | <i>(thousands)</i> | <i>RMB'000</i> | <i>(thousands)</i> | <i>RMB'000</i> |
| At 1 January | 32,510 | 152,097 | 6,593 | 26,300 |
| Shares repurchased and cancelled | (22,300) | (109,132) | – | – |
| Shares repurchased and to be cancelled | 20,432 | 98,114 | – | – |
| Shares purchased for employee's share award scheme | 231 | 1,217 | 156 | 680 |
| Vesting of shares under employee's share award scheme | (648) | (2,327) | (262) | (960) |
| At 30 June | <u>30,225</u> | <u>139,969</u> | <u>6,487</u> | <u>26,020</u> |

Details of treasury shares purchased during the six months ended 30 June 2013 are as follows:

| <u>Month/year</u> | <u>No. of shares purchased</u> | <u>Highest price paid per share</u> | <u>Lowest price paid per share</u> | <u>Aggregate price paid</u> |
|-------------------|--|---|--|---------------------------------|
| | | <i>HKD</i> | <i>HKD</i> | <i>HKD'000</i> |
| June 2013 | <u>20,663,000</u> | 6.64 | 5.7 | <u>124,260</u> |

During the six months ended 30 June 2013, a subsidiary of the Group purchased 230,500 shares (30 June 2012: 155,500) of the Company on the Stock Exchange of Hong Kong Limited, at a total consideration of HKD 1,530,079 (30 June 2012: HKD838,000), for the employees' share award scheme launched on 23 December 2010 (see Note 17(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 2013 (30 June 2012: nil).

During the six months ended 30 June 2013, options were exercised to subscribe for 857,000 ordinary shares of the Company at consideration of HKD6,118,278 of which HKD17,140 was credited to share capital and the balance of HKD6,101,138 was credited to the share premium. HKD1,445,578 has been transferred from capital reserve to share premium.

No options were exercised during the six months ended 30 June 2012.

(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 2013, 1,428,500 shares (30 June 2012: 1,300,000 shares) out of 3,535,000 treasury shares purchased on 9 November 2012 were granted to certain employees. The vesting period is three years from the date of grant. The fair value of the shares granted are HKD8,885,270 (30 June 2012: HKD6,810,000).

During the six months ended 30 June 2013, the employees' share award scheme transferred 648,266 shares (30 June 2012: 262,000 Shares) to the awardees upon vesting of certain awarded shares. The total cost of the vested shares was HKD2,921,670 (30 June 2012: HKD1,177,000).

BUSINESS REVIEW AND MARKET OUTLOOK

During the Period, the market demand for prime office buildings in Beijing and Shanghai remained robust, whereas the supply in these two cities remained constrained in prime locations. As a result, the vacancy rates in these two cities are at historical lows. The vacancy rate in Beijing, in particular, has dropped to the lowest level over the past decade, with some districts falling below 1%. The vacancy rate in Shanghai was as low as 5% in recent months. Rental growth has stabilized at more normal levels following 18 months of rapid growth to record highs as a result of the aggressive expansion of domestic and multinational companies in China after the global financial crisis.

During the Period, the Company has achieved solid leasing performance, proving to the market the Company's unique experience and ability to lease prime office buildings in Beijing and Shanghai.

- **SOHO Century Plaza.** Located at Century Avenue, Pudong, in Shanghai's Lujiazui District, SOHO Century Plaza is the first SOHO investment property offered for leasing following the Company's transition to the landlord business model. The office area of the project has been 100% leased out, with approximately 50% leased to Shanghai Futures Exchange and the rest to tenants mainly coming from financial industry.

- **Qianmen.** Located at heart of Beijing, the Qianmen project was repositioned by the Company during the Period. The Company adopted a leasing strategy recognizing Qianmen's unique position as a leading tourist destination, leveraging the huge foot traffic. Qianmen has attracted international consumer brands to open flagship and "experience" stores, including Samsung, Lenovo and Korean conglomerate CJ, upgrading the project tenant base and laying a solid foundation for future operations and management.
- **Galaxy SOHO.** At the beginning of this year, the Company formally launched Galaxy SOHO for leasing. Galaxy SOHO is Beijing's newest architectural landmark within the second ring road and is the first large scale newly built office building that provides PM2.5 purified air. The project has a total lettable office area of over 160,000 square meters, most of which was sold and launched for leasing under SOHO's management. To date, over 93,000 square meters have been leased, with an average of approximately 19,000 square meters leased per month over the past three months.

During the Period, the Group achieved a turnover of approximately RMB2,478 million, representing an increase of approximately 103% over the same period last year, and gross profit margin was approximately 54%. Net profit attributable to equity shareholders of the Company was approximately RMB2,094 million, representing an increase of approximately 242% over the same period last year. Core net profit (excluding net valuation gains on investment properties) was approximately RMB537 million, representing an increase of approximately 130% over the same period of 2012, with a core net profit margin of approximately 22%. SOHO Peaks Towers 1 and 2 are expected to be completed and delivered in the second half of 2013. The project has already generated aggregate contract sales of RMB14,844 million to date.

In April 2013, the Company successfully bid for commercial land located in the Hongqiao Foreign Trade Center area in Shanghai's Changning District at a price of RMB3,190 million. The land has a total planned GFA of approximately 150,000 square meters. The Hongqiao Foreign Trade Center area was originally Shanghai's first business district open to foreign enterprises and today is a major hub for office, retail and luxurious residential apartments in Shanghai's Changning District.

At the end of June 2013, the Company had total cash of approximately RMB15,179 million and net gearing ratio of only 14%. The Company's ample cash resources and healthy balance sheet provide firm financial support for future development. Competition in the land market has been accelerating since the beginning of this year. We see land prices trending up, further squeezing yields on properties. These high asset prices are not sustainable absent significant rental growth. In the current market environment, there is no clear indication of economic revitalization, and expectations for strong rental growth lack support in the physical market. We do believe the government will articulate clear economic policies for some months to come, and in the interim the Company will take a prudent attitude towards future acquisitions.

The Company has always provided leasing and property management services to investors. With a development portfolio of over 2 million square meters of properties completed, leased and under management, the Company has accumulated vast experience and resources in leasing and property management. As the largest prime office developer in Beijing and Shanghai, the Company currently has a portfolio of 1.9 million square meters of investment properties completed and under construction. Pipeline properties that are completed and put on the market for leasing will generate a strong stream of recurring rental income over time. By the completion of the Company's transition in 2015, the Company's premium commercial investment property portfolio will be on a path towards sustainable long term growth.

Beijing and Shanghai are the only true global cities in China, where demand for high quality prime location office buildings is much stronger than in any other city in the country. However, in terms of the commercial environment and office market maturity, a gap still remains between Beijing and Shanghai and major international office markets in developed economies. The Company believes that the development of China's economy will continue to propel Beijing and Shanghai's growth, leading cap rates and rental levels in these two office markets to converge with developed markets. We are fully confident about the development potential of the office markets in Beijing and Shanghai.

BUSINESS REVIEW

After the transition of business model, the Group will hold most of the unsold properties under development as self-owned investment properties, and will lease for rental income. On the other hand, the Group will finish selling the leftover of properties that were launched for sale before the transition. As at the end of June 2013, the Group has total investment properties completed and under construction of approximately 1.9 million square meters.

During the Period, there was no new project being launched for sale. The contract sales mainly came from the leftover properties of SOHO Peaks (Towers 1 and 2) and SOHO Zhongshan Plaza.

Contract sales

As of 15 August 2013, the Company has generated a total contract sales amount of approximately RMB3,027 million this year, with an average selling price of approximately RMB53,271 per square meter.

| Project | Contract sales amount during the Period (RMB'000) | Contract sales area* during the Period (sq.m.) | Average price* during the Period (RMB/sq.m.) | Total sellable area* (sq.m.) | Aggregate percentage of sellable area sold* by 15 August 2013 | Aggregate contract sales amount by 15 August 2013 (RMB'000) |
|--------------------------------|--|---|---|---------------------------------|---|--|
| SOHO Peaks (Towers 1 and 2) | 2,078,343 | 36,164 | 57,037 | 283,204 | 98% | 14,843,872 |
| SOHO Zhongshan Plaza | 765,805 | 16,206 | 46,309 | 112,864 | 72% | 3,805,161 |
| Other Projects | 182,472 | 3,765 | | | | |
| Total | <u>3,026,620</u> | <u>56,135</u> | <u>53,271</u> | | | |

* Sellable area, contract sales area and average price exclude that of car parks in the projects.

Property Portfolio

During the Period, the Group made a successful bid of RMB3.19 billion for the land use right in respect of a commercial land parcel in Shanghai's Changning District, with a total planned GFA of approximately 150,000 square meters.

As at 30 June 2013, the major properties in the Group's portfolio were as follows:

| | Project | Location | Type of Properties | Total Planned Gross Floor Area ("GFA") (sq.m.) | Group Interest (%) |
|-------------------------|--------------------------------|-----------------|---------------------------------------|---|---------------------------|
| Projects for Investment | Tiananmen South (Qianmen) | Beijing | Retail | 55,000 | 100% |
| | Galaxy SOHO & Chaoyangmen SOHO | Beijing | Retail, office | 45,000* | 100% |
| | Guanghualu SOHO II | Beijing | Retail, office | 168,000 | 100% |
| | SOHO Peaks (Tower 3) | Beijing | Retail, office | 170,000 | 100% |
| | SOHO Century Plaza | Shanghai | Retail, office | 59,000 | 100% |
| | SOHO Fuxing Plaza | Shanghai | Retail, office | 137,000 | 100% |
| | Sky SOHO | Shanghai | Retail, office | 343,000 | 100% |
| | Bund SOHO | Shanghai | Retail, office | 190,000 | 61.51% |
| | Hongkou SOHO | Shanghai | Retail, office | 96,000 | 100% |
| | Bund 8-1 Land | Shanghai | Retail, office, finance, art, culture | 426,000 | 50% |
| | SOHO Hailun Plaza | Shanghai | Retail, office | 169,000 | 100% |
| | SOHO Tianshan Plaza | Shanghai | Retail, office, hotel | 170,000 | 100% |
| Gubei Land | Shanghai | Retail, office | 150,000 | 100% | |
| Projects for Sales | SOHO Peaks (Towers 1 and 2) | Beijing | Retail, office | 350,000 | 100% |
| | SOHO Zhongshan Plaza | Shanghai | Retail, office | 142,000 | 100% |
| | SOHO Jing'an Plaza | Shanghai | Residential, retail, office | 76,000 | 100% |

* Lettable GFA in the project held by the Group for investment

Major projects in Beijing

Tiananmen South (Qianmen)

The project is located at Qianmen Avenue and the area east to the avenue, right on the south of Tiananmen Square. The Group has the right to retail space of approximately 54,691 square meters, with approximately 35,000 square meters currently under leasing operation. As a key step of leasing repositioning, the Group adopted the strategy catering to theme of tourists destination, taking the advantage of the huge foot traffic. The tenants base has been highly upgraded, with international brand names like Samsung, Lenovo and CJ etc. opening their flagship and experience stores there.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of the Beijing central business district, opposite the Guanghualu SOHO project. The total planned GFA is approximately 167,608 square meters and total lettable GFA is approximately 116,014 square meters, including approximately 84,056 square meters of office space and approximately 31,958 square meters of retail space. The Group plans to keep the entire Guanghualu SOHO II project as investment properties. The project is now under construction.

Galaxy SOHO

Galaxy SOHO has a total GFA of approximately 328,432 square meters and total sellable/lettable GFA of approximately 248,317 square meters. Designed by Zaha Hadid Architects and directly connected with 2 subway lines, it has become an iconic landmark within the East Second Ring Road of Beijing after completion and delivery in November 2012. Galaxy SOHO is also the first newly built large scale office building in Beijing to provide PM2.5 purified air.

The Group launched the pre-sale of Galaxy SOHO on 26 June 2010. As at 30 June 2013, the sellable area of project was almost sold out. The sizable project has a total office lettable GFA of over 160,000 square meters, out of which over 93,000 square meters were leased to date, at a speed of approximately 19,000 square meters per month for the past three months.

SOHO Peaks

SOHO Peaks is to be developed into large-scale retail and office properties in Wangjing area of Beijing, consisting of three towers with a total GFA of approximately 520,000 square meters and a total sellable/lettable GFA of approximately 416,962 square meters.

The Wangjing area, where SOHO Peaks is located, is one of Beijing's most well-developed high-end residential areas and is noticeably lacking in large-scale office and commercial facilities. Upon full completion in 2014, the development of SOHO Peaks will significantly enhance and balance the overall urban fabric of the Wangjing area. This development, zoned to stand 200 meters high, will be the first landmark and a point of access to central Beijing from the airport expressway. Currently, Wangjing is also home to the China headquarters of many prestigious multinational companies, including Daimler, Siemens, Microsoft, and Caterpillar.

The pre-sale of SOHO Peaks Towers 1 and 2 was launched on 20 August 2011. The total sellable GFA was approximately 283,204 square meters, including approximately 240,597 square meters of office space and approximately 42,607 square meters of retail space (including B1). As at 15 August 2013, the project was 98% sold and has achieved an aggregate contract sales amount of approximately RMB14,844 million, with the average selling price for office and retail area of approximately RMB49,551 per square meter and RMB76,159 per square meter, respectively. The Group plans to keep Tower 3 of approximately 127,895 square meters of lettable area as investment properties, including approximately 123,573 square meters of office space and approximately 4,322 square meters of retail space.

SOHO Peaks is designed by Zaha Hadid Architects and is now under construction. Towers 1 and 2 are expected to be completed and delivered in the second half of 2013 and Tower 3 is expected to be completed and delivered in 2014.

Major Projects in Shanghai

SOHO Century Plaza

The project is the first completed office building wholly-owned by the Group in Shanghai as investment properties. It has a total lettable GFA of approximately 42,954 square meters, including approximately 42,522 square meters of office space and approximately 432 square meters of retail space. The project is fully leased with 50% leased to the Shanghai Futures Exchange and the other 50% mainly to financial institutions and companies.

SOHO Century Plaza is situated at Century Avenue of Shanghai's Pudong district, Pudong's Zhu Yuan business district. The project is close to the Lujiazui financial district and only three kilometers 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 walking distance to Pudian Road Station on subway line 4 and within eight minutes 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.

Sky SOHO

Sky SOHO has a total GFA of approximately 343,000 square meters and a total lettable GFA of approximately 228,874 square meters, including approximately 196,056 square meters of office space and approximately 32,818 square meters of retail space.

The project is situated in the Shanghai Hongqiao Linkong Economic Zone and adjacent to the Shanghai Hongqiao transportation hub. The Shanghai Hongqiao transportation hub, the convergence point of modern means of transportation such as airplane, high speed railway and subway, is the world's largest transportation hub and currently Shanghai's most vibrant area. It is connected to the most affluent cities of the Yangtze River Delta within about half an hour, making the Shanghai Hongqiao transportation hub and its nearby area is an area with the highest development potential in China.

The project is now under construction. The Group plans to keep the project as investment properties.

SOHO Fuxing Plaza

SOHO Fuxing Plaza has a total GFA of approximately 137,000 square meters and a total lettable GFA of approximately 85,230 square meters, including approximately 61,807 square meters of office space and approximately 23,423 square meters of retail space.

SOHO Fuxing Plaza is situated at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway line 10 and subway line 13 (under construction). It is right next to Shanghai Xintiandi that has a bustling commercial atmosphere.

The project is now under construction. The Group plans to keep the project as investment properties.

Bund SOHO

The project has a total planned GFA of approximately 189,909 square meters. The Group holds 90% interests of T&T International Investment Corporation ("T&T International"), the major shareholder of the project company, and consequently holds 61.506% interest of the project company indirectly. The total lettable GFA attributable to the Group is approximately 77,308 square meters, including approximately 53,159 square meters office space and approximately 24,149 square meters of retail space.

Bund SOHO is located on the Bund of Shanghai, framed by Yong'an Road to the east, Xin Yong'an Road to the south, East Second Zhong Shan Road to the west, and Xinkaihe Road and Renmin Road to the north. On the treasured premium strip of the Bund, right next to Shanghai's most famous City God Temple, and besides the Bund's multi-dimensional transportation hub and yacht pier, the project location possesses a highly developed and lively commercial atmosphere.

The project is now under construction. The Group plans to keep the project as investment properties.

Hongkou SOHO

The project has a total GFA of approximately 95,506 square meters and a lettable GFA of approximately 70,548 square meters, including approximately 65,972 square meters of office area and approximately 4,576 square meters of retail area.

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

The project is currently under construction. The Group plans to keep the project as investment properties.

SOHO Jing'an Plaza

The project has a total planned GFA of approximately 76,363 square meters and a total sellable GFA of approximately 54,131 square meters, including approximately 35,990 square meters of office space, approximately 14,425 square meters of apartment spaces and approximately 3,714 square meters of retail space.

SOHO Jing'an Plaza is situated next to the Chang Shou Lu commercial street at the Caojiadu commercial area, Jing'an District, Shanghai. Surrounded by subway lines 2, 3, 7 and 11 and with the addition of subway lines 13 and 14 in the area in the future, Caojiadu commercial area is another vibrant, popular area for offices, retail and luxurious apartments in Jing'an District.

The project is currently under construction. The Group plans to sell the project.

SOHO Hailun Plaza

The project has a total planned GFA of approximately 169,106 square meters and a lettable GFA of approximately 113,654 square meters, including approximately 105,670 square meters of office space and approximately 7,984 square meters of retail space.

SOHO Hailun Plaza is located at subway line 10 Hailun Road Station in Hongkou District, Shanghai. Situated in the center of Hongkou District, it is in close proximity to the Sichuan North Road business district and is only about 2.5 kilometers from the city center, the People's Square, and about six minutes away from Lujiazui Pudong and the Bund. It is the convergence point for subway line 10 and subway line 4. Subway line 10, which is renowned as Shanghai's underground "Golden Corridor", runs through the city center and the city's major business districts. Subway line 4 is the circle subway line in the city centre that connects Puxi and Pudong.

The project is currently under construction. The Group plans to keep the project as investment properties.

The Bund 8-1 Land

On 29 December 2011, the Group entered into an equity transfer and loan assignment agreement to indirectly acquire 50% equity interest in Shanghai Haizhimen Property Investment Management Co., Ltd. at a total consideration of RMB4 billion. As at 30 June 2013, the Group was indirectly interested in 50% equity interest of Shanghai Bund 8-1 Land project company.

The Bund 8-1 Land has a site area of approximately 45,472 square meters zoned for mixed office, retail, financial, art and culture uses. The project has a total GFA of 426,073 square meters, with aboveground GFA of approximately 274,777 square meters (of which lettable GFA is 269,968 square meters, including 40,590 square meters of retail space, 190,000 square meters of office space, 30,000 square meters of hotel space and 9,378 square meters of art and culture space) and 151,296 square meters of underground gross floor area (including 51,002 square meters of underground retail space). The rights to the 30,000 square meters of hotel space and 6,000 square meters of underground auxiliary facilities have already been sold to a third party.

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

The project is currently under construction. The Group plans to keep the project as investment properties.

SOHO Tianshan Plaza

The project has a total planned GFA of approximately 170,000 square meters and a total lettable GFA of approximately 119,511 square meters, including 77,053 square meters of office space, 19,561 square meters of retail space and 22,897 square meters of hotel and other space.

SOHO Tianshan Plaza is at the most prime location of the Hongqiao Foreign Trade Center, in Changning District, Shanghai. Being the first business district for foreign enterprises in Shanghai, this area is home to over 4,400 enterprises and organizations with a high concentration of foreign invested enterprises. 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 the Changning District. Upon completion, SOHO Tianshan Plaza will greatly enhance the quality of office and commercial facilities in the area.

The project is currently under construction. The Group plans to keep the project as investment properties.

SOHO Zhongshan Plaza

SOHO Zhongshan Plaza, zoned for retail and office uses, comprises two buildings with a total GFA of approximately 142,000 square meters, including approximately 100,218 square meters of lettable office area and approximately 12,691 square meters of lettable retail area.

SOHO Zhongshan Plaza is situated at Zhongshan West Road in the Changning District, Shanghai. Situated at the heart of Hongqiao commercial district, it is only about 2 kilometers from Xujiahui and Zhongshan Park commercial districts, and about 8 kilometers from the Shanghai Hongqiao transportation hub. SOHO Zhongshan Plaza is easily accessible through an extremely convenient transportation network that is close to Songyuan Road Station on subway line 10 and Hongqiao Road Station on subway lines 3, 4 and 10, and in close proximity to the Zhongshan West Road/Inner Ring highway.

As at 15 August 2013, the project achieved a total cumulative contract sales amount of approximately RMB3,805 million, with 72% of sellable area sold.

Acquisition of a new project

Gubei Land

During the Period, the Group made a successful bid of RMB3.19 billion for the land use right in respect of plot Gubei 5-2 situated in the Changning District of Shanghai (the “Land”). The Land is planned for office and retail use, and has a total planned GFA of approximately 150,000 square meters, and above ground construction area of approximately 105,476 square meters.

The Land is located in the core area of the Hongqiao Foreign Trade Center in Shanghai’s Changning District. The Hongqiao Foreign Trade Center area was Shanghai’s first central business district for foreign enterprises, home to over 4,400 companies and organizations, over 50% of which are foreign invested enterprises including Intel, General Electric, Samsung, Shell and other multinational companies. Surrounded by a vibrant commercial office atmosphere, the area is a gathering place for Changning’s office, business and high end residential apartments.

The Land is adjacent to the 130,000-square-meter New Hongqiao Center Garden. After completion, the project will be accessible underground from Subway Line 10 and the planned Subway Line 15 that all run through Yili Station. The project is in close proximity to the Gubei Takashimaya shopping mall, Gubei Fortune Plaza, and other Grade A office buildings. The Land is bordered by Yili Road to the east, Hongbaoshi Road to the south, Manao Road to the west and the Hongqiao Road to the north.

The planning and designing work has already commenced. The Group plans to keep the project as investment properties.

FINANCIAL REVIEW

Property development

Turnover for the Period was approximately RMB2,478 million, representing an increase of approximately RMB1,256 million or approximately 103% as compared with approximately RMB1,222 million during the same period of 2012. This was mainly attributable to the increase in the GFA booked as compared with that of the same period of 2012. GFA booked during the Period was approximately 40,835 square meters (excluding car parks), increased by 76% compared to approximately 23,179 square meters in the same period of 2012. During the Period, average selling price of booked GFA of sellable area (excluding car parks) was approximately RMB60,749 per square meter. Turnover for the Period mainly came from Galaxy SOHO and SOHO Zhongshan Plaza, etc.

Profitability

Gross profit for the Period was approximately RMB1,342 million, representing an increase of approximately RMB760 million or approximately 131% as compared with approximately RMB582 million in the same period of 2012. Gross profit margin for the Period was approximately 54%.

Profit before taxation for the Period was approximately RMB3,588 million, representing an increase of approximately RMB2,548 million or approximately 245% as compared with approximately RMB1,040 million in the same period of 2012. The increase in profit before taxation was mainly due to the increase in gross profit and revaluation gains from investment properties during the Period.

Net profit attributable to the equity shareholders of the Company for the Period was approximately RMB2,094 million, representing an increase of approximately RMB1,481 million as compared with approximately RMB613 million in the same period of 2012. The increase was mainly due to the significant increase of GFA booked and revaluation gains arising from additional investment properties during the Period. Core net profit, excluding net valuation gains on investment properties, was approximately RMB537 million, representing an increase of approximately 130% compared with the same period of 2012.

Core net profit margin for the Period was approximately 22%.

Cost control

Selling expenses for the Period were approximately RMB84 million, representing an increase of approximately RMB30 million as compared with approximately RMB54 million in the same period of 2012. These selling expenses represented approximately 3.4% of the turnover of the Period compared with 4.4% in the same period of 2012.

Administrative expenses for the Period were approximately RMB114 million, representing an increase of approximately RMB24 million over approximately RMB90 million in the same period of 2012.

Financial income and expense

Financial income for the Period was approximately RMB369 million, representing an increase of approximately RMB20 million as compared with approximately RMB349 million during the same period of 2012. The increase in financial income was mainly due to the increase in return from cash management during the Period.

Financial expenses for the Period were approximately RMB86 million, representing a decrease of approximately RMB110 million from the same period of 2012, as a result of large amount of interest expense capitalised during the Period.

Valuation gains on investment properties

Valuation gains on investment properties for the Period were approximately RMB2,136 million, which were mainly a result of more investment properties being held by the Group during the Period, including properties that are completed and under construction.

Income tax

Income tax of the Group comprised the PRC Corporate Income Tax and the Land Appreciation Tax. The PRC Corporate Income Tax for the Period was approximately RMB988 million, representing an increase of approximately RMB786 million as compared with approximately RMB202 million in the same period of 2012. Land Appreciation Tax for the Period was approximately RMB445 million, representing an increase of approximately RMB249 million as compared with approximately RMB196 million in the same period of 2012. Income tax increased as a result of increased profit.

Senior notes, convertible bonds, bank loans and collaterals

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

On 2 July 2009, the Company issued a five-year convertible bonds (the “Convertible Bonds”) in the aggregate principal amount of HKD2,800 million and bearing interest at a rate of 3.75% per annum. Each Convertible Bond can be convertible on or after 11 August 2009 up to and including 25 June 2014 into Shares of the Company at an initial conversion price of HKD5.88 per Share. As at 30 June 2013, the adjusted conversion price was HKD5.10 per Share.

During the Period, the Group repurchased Convertible Bonds in accordance with the terms on which the Convertible Bonds were issued in an aggregate principal amount of HKD443,000,000 by way of an over-the-counter purchase, and cancelled such Convertible Bonds upon settlement. In addition, Convertible Bonds in the aggregate principal amount of HKD100,000 were converted into Shares. As at 30 June 2013, the aggregate outstanding principal amount of the Convertible Bonds was HKD2,356,900,000. The carrying amounts of liability and equity component of the Convertible Bonds were approximately RMB1,775 million and RMB390 million, respectively, as at 30 June 2013.

As at 30 June 2013, the bank loans of the Group was approximately RMB11,730 million, of which approximately RMB4,433 million is due within 1 year, approximately RMB6,537 million is due after 1 year but within 2 years, approximately RMB520 million is due after 2 years but within 5 years and approximately RMB240 million is due after 5 years. As at 30 June 2013, bank loans of approximately RMB11,730 million of the Group were collateralized by the Group's land use rights, properties, restricted bank deposits and share of certain subsidiaries or guaranteed by certain subsidiaries of the Group.

As at 30 June 2013, the Group had Senior Notes, Convertible Bonds and bank loans of approximately RMB19,609 million, equivalent to approximately 25.4% of the total assets (31 December 2012: 28.5%). Net debt (bank loans + Senior Notes + Convertible Bonds – cash and cash equivalents and bank deposits) to shareholder's equity ratio was approximately 14.3% (31 December 2012: 2.6%).

Risks of foreign exchange fluctuation

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars and US dollars, and the Group's Convertible Bonds and the Senior Notes were denominated in Hong Kong dollars and US dollars respectively. However, the Group's operating cash flow and liquidity has not been subject to significant influence from fluctuations in exchange rate. No currency hedging arrangements have been made as at 30 June 2013.

Contingent liabilities

As at 30 June 2013, the Group entered into agreements with certain banks to provide guarantees in respect of mortgage loans provided to the buyers of property units. The aggregate amount of guaranteed mortgage loans guaranteed by the Group relating to such agreements was approximately RMB5,033 million as at 30 June 2013 (approximately RMB5,593 million as at 31 December 2012).

Reference is made to the announcement of the Company dated 24 April 2013 in relation to a judgment (the "**Trial Judgment**") issued by the Shanghai No. 1 Intermediate People's Court according to which the acquisition (the "**Acquisition**") of the 100% equity interests in 上海証大五道口房地產開發有限公司 (Shanghai Zendai Wudaokou Real Estate Development Co., Ltd.*) ("**Zendai Wudaokou**") and 杭州綠城合升投資公司 (Hangzhou Greentown Hesheng Investment Company*) ("**Greentown Hesheng**") by a subsidiary of the Company was ordered to be invalidated.

Zendai Wudaokou and Greentown Hesheng together hold a 50% equity interest in 上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment Management Co., Ltd.*) ("**Shanghai Haizhimen**") which entered into an equity transfer and loan assignment agreement (the "**Project Company Transfer Agreement**") dated 28 October 2011 for the acquisition of the entire equity interest in a project company which owns the land use rights to the Bund 8-1 Land.

The relevant subsidiary of the Company has made an appeal (the “**Appeal**”) to the Higher People’s Court of Shanghai against the Trial Judgment. As advised by the Company’s PRC legal advisers, since the Trial Judgment cannot be enforced and will not become effective pending the results of the Appeal, the relevant subsidiary of the Company is still holding 100% equity interests in Zendai Wudaokou and Greentown Hesheng, which, upon completion of the Project Company Transfer Agreement, will, through Shanghai Haizhimen, indirectly hold a 50% interest in the Bund 8-1 Land.

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

Capital commitment

As at 30 June 2013, the Group’s contracted capital commitments for properties under development and investment properties were approximately RMB4,457 million (approximately RMB4,903 million as at 31 December 2012). The amount mainly comprised the contracted development cost of existing projects.

Employees and Remuneration Policy

As at 30 June 2013, the Group had 2,515 employees, including 75 employees for sales and leasing in Beijing and Shanghai, 243 employees for Commune by the Great Wall and 1,747 employees for the property management company.

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

OTHER INFORMATION

Principal activities

The principal activity of the Company is investment in real estate development and operation. Details of the principal activities of the Group are set out in the section headed “Business review” of this announcement. There were no significant changes in the nature of the Group’s principal activities during the Period.

Dividends

The Board declared an interim dividend of RMB0.12 per Share for the six months ended 30 June 2013 to the shareholders of the Company whose names appear on the register of members on 12 September 2013 (2012 interim: RMB0.12 per Share). The dividend will be paid to the shareholders of the Company on or before 30 September 2013.

In May 2013, the Company paid the final dividend for the year ended 31 December 2012, of approximately RMB647 million, to the shareholders of the Company.

Share capital

Details of the movements in share capital of the Company during the Period are set out in note 17 to the condensed consolidated financial statements.

As at 30 June 2013, the Company had 4,878,642,811 Shares in issue (31 December 2012: 5,112,616,800 Shares).

Closure of register of members

The register of members of the Company will be closed from Wednesday, 11 September 2013 to Thursday, 12 September 2013 (both days inclusive). During such period, no transfer of Shares will be registered. To ensure the entitlement to the interim dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 10 September 2013.

Purchase, sale or redemption of listed securities of the Company

During the Period, the Company repurchased on the Stock Exchange a total of 232,981,000 Shares at a total consideration of approximately HKD1,495,947,330. As at 26 July 2013, all the Shares repurchased by the Company during the Period had been cancelled. In addition, the trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 230,500 Shares at a total consideration of approximately HKD1,530,079 pursuant to the terms of the rules and trust deed of the Employees' Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the Period.

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

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

Compliance with the Corporate Governance Code

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

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Dr. Ramin Khadem, Mr. Cha Mou Zing, Victor and Mr. Yi Xiqun. The Audit Committee is chaired by Dr. Ramin Khadem.

The Audit Committee had reviewed the interim results for the six months ended 30 June 2013 of the Group and took the view that the Company was in full compliance with all applicable accounting standards and regulations and had made adequate disclosures.

Publication Financial Information

The Company's 2013 interim report which sets out all the information required by the Listing Rules will be published on the designated website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.sohochina.com> in due course.

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 20 August 2013

As at the date of this announcement, the executive Directors are Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Yan Yan, Ms. Tong Ching Mau and Mr. Yin Jie; and the independent non-executive Directors are Dr. Ramin Khadem, Mr. Cha Mou Zing, Victor and Mr. Yi Xiqun.