SOHO CHINA LIMITED
SOHO中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

2009 INTERIM RESULTS ANNOUNCEMENT

The board of directors ("the Board") of SOHO China Limited ("Company" or "the Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively "Group" or "the Group") for the six months ended 30 June 2009 ("the Period" or "the Period under Review"), which have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountant 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 2009 interim results of the Group have been reviewed by the audit committee of the Company and approved by the Board on 8 September 2009. The interim financial report is unaudited, but has been reviewed by the Company's auditors, KPMG.

For the six months ended 30 June 2009, the Group achieved a turnover of RMB72 million. Net profit attributable to equity shareholders of the Company for the Period was RMB13 million. As at 31 August 2009, the Group had pre-sold/sold 169,168 square meters with a total pre-sale/sale amount of RMB7,375 million, achieving an average selling price of RMB43,597 per square meter. No new projects were completed or recognized during the Period.

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2009 (2008: nil).

Consolidated income statement
for the six months ended 30 June 2009 – unaudited

		Six months ended 30 June	
	Note	**2009**	**2008**
		RMB'000	*RMB'000*
Turnover	3	71,866	104,555
Cost of properties sold		(55,395)	(40,651)
Gross profit		16,471	63,904
Other operating revenue		39,293	32,869
Selling expenses		(52,088)	(75,177)
Administrative expenses		(74,340)	(123,864)
Other operating expenses		(51,099)	(63,806)
Loss from operations		(121,763)	(166,074)
Financial income	4(a)	158,652	120,624
Financial expenses	4(a)	(9,159)	(100,104)
Government grants	5	21,095	26,337
Profit/(loss) before taxation	4	48,825	(119,217)
Income tax	6	(35,905)	(31,695)
Profit/(loss) for the period		12,920	(150,912)
Attributable to:			
Equity shareholders of the Company		12,530	(145,783)
Minority interests		390	(5,129)
Profit/(loss) for the period		12,920	(150,912)
Basic and diluted earnings/(loss) per share (RMB)	7	0.002	(0.028)

Consolidated balance sheet
at 30 June 2009 – unaudited

	Note	**At 30 June 2009**	**At 31 December 2008**
		RMB'000	*RMB'000*
Non-current assets			
Property and equipment		682,229	700,721
Bank deposits		1,193,546	782,346
Deferred tax assets		105,410	89,807
Total non-current assets		1,981,185	1,572,874
Current assets			
Properties under development and completed properties held for sale		14,728,975	13,898,145
Trade and other receivables	8	1,162,598	691,261
Cash and cash equivalents		8,077,727	9,908,804
Total current assets		23,969,300	24,498,210
Current liabilities			
Bank loans		215,688	1,233,238
Trade and other payables	9	5,930,148	5,335,269
Taxation		1,985,381	2,278,387
Total current liabilities		8,131,217	8,846,894
Net current assets		15,838,083	15,651,316
Total assets less current liabilities		17,819,268	17,224,190

Consolidated balance sheet
at 30 June 2009 – unaudited (continued)

	At 30 June 2009	At 31 December 2008
	RMB'000	*RMB'000*
Non-current liabilities		
Bank loans	4,200,000	3,000,000
Contract retention payables	20,894	26,719
Deferred tax liabilities	46,412	72,584
Total non-current liabilities	4,267,306	3,099,303
NET ASSETS	13,551,962	14,124,887
CAPITAL AND RESERVES		
Share capital	107,485	107,485
Reserves	13,319,687	13,880,557
Total equity attributable to the equity shareholders of the Company	13,427,172	13,988,042
Minority interests	124,790	136,845
TOTAL EQUITY	13,551,962	14,124,887

1 Basis of preparation

This interim financial report 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").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, 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.

2 Changes in accounting policies

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

- HKFRS 8, Operating segments
- HKAS 1 (revised 2007), Presentation of financial statements
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- HKAS 23 (revised 2007), Borrowing costs
- Amendments to HKFRS 2, Share-based payment – vesting conditions and cancellations
- HK(IFRIC) 15, Agreements for the construction of real estate

The amendments to HKAS 23, HKFRS 2 and HK(IFRIC) 15 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

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

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

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

3 Segment revenue and segment result

The Group manages its businesses based on development status of current projects, which are divided into completed projects held for sale and projects under development. On first-time adoption of HKFRS 8, Operating segments and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Completed projects held for sale

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

(ii) Projects under development

This segment includes projects which are under development.

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's chief operating decision maker for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's chief operating decision maker monitors the results attributable to each reportable segment on the following bases:

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

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

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

Management is provided with segment information of income statement concerning cost of properties sold, gross profit, net operating expenses, financial income, financial expenses, government grants and income tax.

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for purposes of resources allocation and assessment of segment performance for the period is set out below.

	Completed projects held for sale		**Projects under development**		**Total**	
	Six months ended 30 June		**Six months ended 30 June**		**Six months ended 30 June**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment turnover	71,866	104,555	–	–	71,866	104,555
Cost of properties sold	(55,395)	(40,651)	–	–	(55,395)	(40,651)
Reportable segment gross profit	16,471	63,904	–	–	16,471	63,904
Operating expenses, net	(57,529)	(108,144)	(71,717)	(155,473)	(129,246)	(263,617)
Financial income	62,247	98,115	81,777	39,065	144,024	137,180
Financial expenses	(23,165)	(6,896)	(8,457)	(90,448)	(31,622)	(97,344)
Government grants	21,095	–	–	26,337	21,095	26,337
Reportable segment profit/(loss) before taxation	19,119	46,979	1,603	(180,519)	20,722	(133,540)
Income tax	(43,016)	(50,364)	(4,257)	8,146	(47,273)	(42,218)
Reportable segment loss	(23,897)	(3,385)	(2,654)	(172,373)	(26,551)	(175,758)

4 Profit/(loss) before taxation

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

(a) Financial income and expenses

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
Financial income		
Interest income	(78,575)	(120,624)
Net foreign exchange gain	(51,838)	–
Net gain on derivative financial instruments	(28,239)	–
	(158,652)	(120,624)
Financial expenses		
Interest on borrowings	115,054	76,539
Less: Interest expense capitalised into properties under development	(108,905)	(76,539)
	6,149	–
Net foreign exchange loss	–	94,995
Net loss on derivative financial instruments	–	2,629
Bank charges and others	3,010	2,480
	9,159	100,104

(b) Other item

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
Depreciation	13,032	14,988

5 Government grants

During the six months ended 30 June 2009, the Group received government grants of RMB8,840,000 (2008: RMB nil) from the Finance Bureau of Huairou County of Beijing pursuant to the local regulations issued by the People's Government of Huairou County of Beijing in relation to SOHO Newtown project and RMB12,255,000 (2008: RMB26,337,000) from the Finance Bureau of Chongwen District of Beijing pursuant to the local regulations issued by the People's Government of Chongwen District of Beijing in relation to Guanghualu SOHO project.

6 Income tax

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
Provision for the period		
– PRC Corporate Income Tax	72,850	18,330
– Land Appreciation Tax	4,830	29,269
Deferred tax	(41,775)	(15,904)
	35,905	31,695

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 BVI are not subject to any income tax.

In accordance with the Corporate Income Tax Law of the People's Republic of China which took effect on 1 January 2008, the income tax rate applicable to the Company's subsidiaries in the People's Republic of China (the "PRC") is ranged from 20% to 25% (2008: 18% to 25%).

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

7 Earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2009 of RMB12,530,000 (2008: loss of RMB145,783,000), and the weighted average of 5,187,657,000 ordinary shares (2008: 5,231,875,000) in issue during the period.

During the six months ended 30 June 2009 and 2008, diluted earnings/(loss) per share are calculated on the same basis as basic earnings/(loss) per share as the share options granted to the employees did not have dilutive effect as at 30 June 2009 and 2008.

8 Trade and other receivables

The ageing analysis of trade receivables (net of impairment losses) is as follows:

	At 30 June 2009	At 31 December 2008
	RMB'000	*RMB'000*
Current or less than 1 month overdue	944	93,767
1 to 6 months overdue	2,535	68,780
6 months to 1 year overdue	97,439	9,996
Overdue more than 1 year	59,483	57,988
Trade receivables	160,401	230,531
Amounts due from and advances to related parties	39,233	35,221
Loan receivables	1,577	1,650
Other receivables	349,828	48,470
Impairment losses on bad and doubtful debts	(1,577)	(1,650)
Loans and receivables	549,462	314,222
Prepayments	593,922	337,818
Derivative financial instruments	19,214	39,221
	1,162,598	691,261

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

9 Trade and other payables

The ageing analyses of accrued expenditure on land and construction is as follows:

	Note	At 30 June 2009	At 31 December 2008
		RMB'000	*RMB'000*
Due within 1 month or on demand		513,075	392,564
Due after 1 month but within 3 months		435,093	808,116
Accrued expenditure on land and construction	*(i)*	948,168	1,200,680
Consideration payable for acquisition of subsidiaries		204,249	1,106,479
Other payables		345,241	405,244
Financial liabilities measured at amortised cost		1,497,658	2,712,403
Sales deposits		4,432,490	2,611,535
Derivative financial instruments		–	11,331
		5,930,148	5,335,269

Notes:

(i) These accrued expenditure payables on land and construction are expected to be settled within a year.

10 Dividends

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

There was no interim dividend declared attributable to the six months ended 30 June 2009 and 2008.

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

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year ended 31 December 2008, approved and paid during the following interim period, of RMB0.10 per share (year ended 31 December 2007: RMB0.10 per share)	518,766	523,241

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the Period, the Group's pre-sale/sale primarily came from three projects, namely Sanlitun SOHO, ZhongGuanCun SOHO and Chaoyangmen SOHO Phase I.

Project	Total sellable area* *(sq.m.)*	Percentage of sellable area sold by 30 June 2009	Total pre-sale/sale amount* by 30 June 2009 *(RMB'000)*	Pre-sale/ sale amount* during the Period *(RMB'000)*	Pre-sale/sale area* during the Period *(sq.m.)*	Average price during the Period *(RMB/sq.m.)*
Sanlitun SOHO	354,839	53%	9,786,921	2,866,277	45,922	62,416
ZhongGuanCun SOHO	44,362	47%	809,539	809,539	20,894	38,745
Chaoyangmen SOHO Phase I	46,394	100%	1,221,253	1,221,253	46,394	26,325

During the period from 1 January 2009 to 31 August 2009, the Group's pre-sale/sale details are as follows:

Project	Pre-sale/sale amount* from 1 January 2009 to 31 August 2009 *(RMB'000)*	Pre-sale/sale area* from 1 January 2009 to 31 August 2009 *(sq.m.)*	Average price from 1 January 2009 to 31 August 2009 *(RMB/sq.m.)*
Sanlitun SOHO	4,147,266	74,225	55,874
ZhongGuanCun SOHO	909,936	23,776	38,271
Chaoyangmen SOHO Phase I	1,221,283	46,394	26,325
Chaoyangmen SOHO Phase II	1,096,670	24,774	44,267
Total	7,375,154	169,169	43,597

* *total sellable area, pre-sale/sale area and amount exclude that of car parks in the projects.*

During the Period, the Group primarily undertook the development of five projects: Sanlitun SOHO, Chaoyangmen SOHO Phase II, Galaxy SOHO (formerly known as Chaoyangmen SOHO Phase III), ZhongGuanCun SOHO and Guanghualu SOHO II. No new projects were completed during the Period.

As at 4 September 2009, projects under development and newly acquired projects are as follows:

	Project	**Type**	**Gross Floor Area** ("GFA")** *(sq.m.)*	**Group Interest** *(%)*
Under construction	Sanlitun SOHO	Retail, office, residential	465,371	95%
	Guanghualu SOHO II	Retail, office	190,000	100%
	Chaoyangmen SOHO II	Retail, office	60,097	100%
	Galaxy SOHO	Retail, office	333,201	100%
	ZhongGuanCun SOHO	Retail, office	59,060	100%
New acquisitions	Tiananmen South (Qianmen)	Retail	54,691	100%
	The Exchange – SOHO	Retail, office	80,509	100%
	Wang Jing Plot B29	Retail, office	500,000	100%
Total			1,742,929	

*** Estimated area of the projects*

Projects under construction

As at 30 June 2009, projects under construction included Sanlitun SOHO, Guanghualu SOHO II, Chaoyangmen SOHO Phase II, Galaxy SOHO and ZhongGuanCun SOHO.

Sanlitun SOHO

Sanlitun SOHO is located close to the second embassy district and the Workers' Stadium in Beijing. The site is in the popular Sanlitun entertainment district. With a total planned GFA of approximately 465,371 square meters, Sanlitun SOHO is one of the largest commercial and residential complexes available for sale in central Beijing. It will be developed into five office towers and four residential towers on top of shopping malls, which are linked by an outdoor plaza. Pre-sale of Sanlitun SOHO commenced on 12 July 2008. As at 31 August 2009, the total pre-sale area for Sanlitun SOHO was 214,833 square meters (not including car parks), with an average price of RMB51,519 per square meter.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of the Beijing Central Business District with a total planned GFA of approximately 190,000 square meters. The Company acquired this project on 2 November 2007. Construction of the project is expected to commence this year and completion is expected by 2011.

Chaoyangmen SOHO Phase I and Phase II and Galaxy SOHO

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

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

Pre-sale of Chaoyangmen SOHO Phase II commenced on 13 July 2009 and achieved a pre-sale amount of RMB963 million on that day. As at 31 August 2009, the pre-sale for Chaoyangmen SOHO Phase II was approximately 24,774 square meters, with a total amount of RMB1,097 million and an average price of RMB44,267 per square meter.

The Company has renamed Chaoyangmen SOHO Phase III as Galaxy SOHO. Galaxy SOHO is designed by Zaha Hadid Architects and will be developed into a high quality and innovative commercial space. With a total GFA of 333,201 square meters, Galaxy SOHO will be the Company's iconic development within the 2nd Ring Road of Beijing.

ZhongGuanCun SOHO

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

Sale of ZhongGuanCun SOHO commenced on 8 May 2009. As at 31 August 2009, the total sold area was 23,776 square meters with an average price of RMB38,271 per square meter.

Acquisition of new projects

Tiananmen South (Qianmen)

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

The two agreements are intended to restructure the original agreements entered into in early 2007 by the same parties and disclosed in the prospectus of the Company, under which the Company has the right to acquire from Beijing Danshi's 49% equity interest in the Tiananmen South (Qianmen) project. However, despite two years of intensive effort, the requisite government approvals for the transfer have remained outstanding. Therefore, all parties have agreed to a revised arrangement under which the Company will acquire through Danshi the right to acquire direct ownership of the above-mentioned properties in the most desirable areas of the project. In addition, the Company will have the right of first refusal for the development of other parts of the project in the future.

The Company intends to keep these retail properties as investment holdings and is actively leasing these properties. As at 31 August 2009, approximately 80% of the completed spaces held by the Company were leased. The Company achieved an average monthly rental of RMB1,082 per square meter.

The Exchange – SOHO

On 18 August 2009, the Company acquired The Exchange at a total consideration of USD equivalent to RMB2,450,000,000 plus the amount of working capital of the project company prior to the transaction closing date. The Company renamed the property as The Exchange – SOHO. The Exchange – SOHO is located at No.1486 Nanjing Road West, Shanghai, in the heart of the Nanjing Road West Commercial Business District. It is in close proximity to a concentration of five-star hotels, high-end shopping centers and two metro stations (Line 10 and planned Line 4), as well as Shanghai's main east-west thoroughfare – Yan'an Elevated Highway. The 52-floor project with a height of 217 meters is among Shanghai's tallest skyscrapers. It is comprised of a total above-ground GFA of 71,671 square meters of commercial space and a total below-ground GFA of 8,838 square meters for parking and storage.

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

Wang Jing Plot B29

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

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

MARKET REVIEW AND BUSINESS OUTLOOK

During the Period, China real estate saw another booming market, both in terms of price and volume. The analogy of "flour" being more expensive than the "bread" described many land transactions well, with land prices higher than the prices of completed property on that land. To ensure a more healthy development of the China real estate market, the relevant authorities enacted a stricter second home mortgage policy, along with other regulations on floor area and pricing.

As a commercial property developer, the Group has the following understanding of the market, given the current market environment.

First, with regards to the type of location the Group targets for acquisition, the Group adamantly chooses only properties in the most prosperous and accessible areas, where value of the properties can be better preserved.

Second, with regards to how to measure the landbank, the Group believes that the value of commercial property landbank should be based on its future price or the cash flow that it can generate, rather than just the size of its meterage. Going forward, the Group will continue to acquire land with high value to further enhance the quality of the landbank.

Third, governmental policies in respect of residential properties have limited impact on the Group.

Without doubt, the real estate market is ever-changing and hard to predict. The Group's strategy is to always stay flexible and adjust the capital and inventory to best take advantage of the business cycle. When the market is good, the Group accelerates sales, as in 2009, which will be a record year in terms of sales. When the market is in a downturn, the Group buys new projects, like in 2008, when the Group acquired Chaoyangmen SOHO for RMB5.5 billion. As the Group ventures outside of Beijing to Shanghai, the Group is confident that the experience will help it successfully apply the unique business model of "developing to sell" with comprehensive leasing and management after-sales services.

Regardless of timing, the Group always tries to excavate hidden value. When the Group buys land, it discovers value. When the Group constructs buildings, it creates value. When the Group sells buildings, it realizes value. As a real estate developer, it is critical for the Group to capitalize upon the market booms and busts, its peaks and valleys, to regulate the inflow of the inputs and outflow of the products. By striking the right balance, there is plenty of room for the Group to continue to achieve sustained growth.

FINANCIAL REVIEW

Turnover

Turnover (net of business tax) for the Period was RMB71.9 million, representing a decrease of RMB32.7 million or 31% as compared with RMB104.6 million in the same period of 2008. This was mainly attributable to a decrease in the floor area booked in the Period. Area booked during the Period was 1,645 square meters (not including car parks), compared to 3,173 square meters in the same period of 2008. In the Period, average price of booked floor area (not including car parks) was RMB35,868 per square meter, which is almost the same compared to RMB35,437 per square meter in the same period of 2008. In the Period, the Company did not complete or book any new projects.

Cost of properties sold

Cost of properties sold for the Period was RMB55.4 million, RMB14.7 million higher than RMB40.7 million for the same period of 2008, mainly as a result of increase in average cost of booked floor area for the Period.

Gross profit

Gross profit for the Period was RMB16.5 million, representing a decrease of RMB47.4 million or 74% as compared with RMB63.9 million in the same period of 2008. Gross profit margin for the Period was 23%, as compared to 61% in the same period of 2008. The decrease of gross profit margin was mainly due to the fact that properties delivered in the Period largely consisted of residential units in Beijing SOHO Residences and car parks in some projects with a lower gross profit margin.

Selling expenses

Selling expenses for the Period was RMB52.1 million, representing a decrease of RMB23.1 million or 31% over RMB75.2 million in the same period of 2008. The decrease in expenses is the result of the Company's cost control mechanism implemented at the end of 2008.

Administrative expenses

Administrative expenses for the Period was RMB74.3 million, representing a substantial 40% decrease of RMB49.6 million over RMB123.9 million in the same period of 2008. The significant decrease in administrative expenses can be attributed to the Company's implementation of a series of internal adjustments in all its departments with the aim of increasing efficiency and cost savings.

Financial income

Financial income for the Period was RMB158.7 million, representing an increase of RMB38.1 million or 32% as compared to RMB120.6 million for the same period of 2008. The increase in financial income was mainly from net foreign exchange gain and net gain on financial derivatives.

Financial expenses

Financial expenses for the Period was RMB9.2 million, as compared to RMB100.1 million for the same period of 2008. The significant decrease in financial expense was mainly attributable to the stable exchange rate and no significant exchange loss occurred during the Period.

Profit/loss before taxation

Profit before taxation for the Period was RMB48.8 million, representing an increase of RMB168.0 million as compared with loss before taxation of RMB119.2 million in the same period of 2008.

Income tax

Income tax is comprised of the PRC Corporate Income Tax and the Land Appreciation Tax. The PRC Corporate Income Tax for the Period was RMB31.1 million, representing an increase of RMB28.7 million as compared with RMB2.4 million in the same period of 2008. Land Appreciation Tax for the Period was RMB4.8 million, representing a decrease of RMB24.5 million as compared with RMB29.3 million in the same period of 2008.

Net profit/loss

Net profit attributable to the equity shareholders of the Company for the Period was RMB12.5 million, representing an increase of RMB158.3 million as compared with the net loss of RMB145.8 million in the same period of 2008.

Cash and cash equivalents

Cash and cash equivalents as at 30 June 2009 was RMB8,077.7 million, representing a decrease of RMB1,831.1 million or 18% as compared with RMB9,908.8 million as at 31 December 2008. Cash was mainly used for land and project acquisition cost, construction costs, working capital and operating expenses of the Company/Group.

Total current assets and liquidity ratio

Total current assets as at 30 June 2009 were RMB23,969.3 million, representing a decrease of RMB528.9 million or 2% over RMB24,498.2 million as at 31 December 2008. Liquidity ratio (total current assets/ current liabilities) increased from 2.77 as at 31 December 2008 to 2.95 as at 30 June 2009.

Bank loans and collaterals

As at 30 June 2009, the loan balance of the Group was 4,415.7 million, representing 17.0% of the total assets of the Group. This represented a 0.8% increase from the 16.2% debt to total assets ratio as at 31 December 2008. The net debt (bank loans minus cash and bank deposits) to equity ratio was -36.2% as at 30 June 2009. Of all the bank loans, RMB215.7 million is due in December 2009, RMB1,800.0 million is due in March 2012 and RMB2,400.0 million is due in September 2011.

As at 30 June 2009, bank loans of RMB4,200.0 million of the Group were collateralized by the Group's land use rights and properties and bank loans of RMB215.7 million were collateralized by third party companies.

Interest rate risk

The Group's bank loans carried a floating interest rate based on the base lending rate of the People's Bank of China ("PBOC"). PBOC did not adjust the base interest rate for RMB loans during the Period. The Group's interest rate risk is mainly from the floating interest rate of loans, the increase of which may result in an increase in the financing cost.

Foreign currency risk

The Group's operations are mostly conducted in RMB. In the Period, the medium exchange rate of USD against RMB decreased from 6.8346 at the beginning of the year to 6.8319 as of 30 June 2009. There was no net foreign exchange loss for the Company in the Period.

Contingent liabilities

As at 30 June 2009, the Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The amount of guarantees relating to such agreements was RMB2,717.6 million as at 30 June 2009 (RMB2,959.5 million as at 31 December 2008).

Capital commitments

As at 30 June 2009, the Group's contracted capital commitments for properties under development was RMB1,710.1 million (RMB1,661.4 million as at 31 December 2008). The amount mainly comprised of contracted property development cost and land acquisition cost.

Use of proceeds from SOHO China Listing

The proceeds from the SOHO China Listing have been partially used to fund the property development business of the Group.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2009 (2008: nil).

In May 2009, the Company distributed the final dividend for the year ended 31 December 2008, equivalent to RMB519 million, to equity shareholders of the Company.

Purchase, sale or redemption of listed securities of the Company

During the six-month period ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities.

Compliance with the Code on Corporate Governance Practices

In the opinion of the directors of the Company ("the Directors"), the Company had been in compliance with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules 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 of the Company. The Company had made specific enquiry to all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

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 committee is chaired by Dr. Ramin Khadem.

The audit committee had reviewed the interim results for the six months ended 30 June 2009 of the Company and took the view that the Company was in full compliance with all applicable accounting standards and regulations and had made adequate disclosure.

Publication of financial information

The Company's 2009 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, the PRC
8 September 2009

As at the date of this announcement, the Board comprises Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Yan Yan, Mr. Su Xin and Mr. Wang Shaojian Sean, being the executive Directors, and Dr. Ramin Khadem, Mr. Cha Mou Zing Victor and Mr. Yi Xiqun, being the independent non-executive Directors.