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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)

2010 INTERIM RESULTS ANNOUNCEMENT

- Achieved contract sales amount of RMB11,886 million, with average selling price of RMB51,909 per square meter
- Achieved turnover of RMB8,655 million, increased 119 times compared to the same period of 2009
- Achieved net profit attributable to equity shareholders of the Company of RMB1,721 million, increased 136 times compared to the same period of 2009
- The Board declared an interim dividend of RMB0.12 per share

The board of directors (the "Board") of SOHO China Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 (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 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 2010 interim results of the Group have been reviewed by the audit committee of the Company and approved by the Board on 25 August 2010. The interim financial report is unaudited, but has been reviewed by the Company's auditors, KPMG.

For the six months ended 30 June 2010, the Group achieved a turnover of RMB8,655 million, increased by 119 times compared with that for the same period of 2009. Net profit attributable to equity shareholders of the Company for the Period was RMB1,721 million, increased by 136 times compared with that for the same period of 2009. During the Period, the Group achieved a gross profit margin of approximately 50% and net profit margin of approximately 20%.

The Board declared an interim dividend of RMB0.12 per share for the six months ended 30 June 2010 to the shareholders of the Company whose names appear on the register of members on 9 September 2010 (2009: nil).

Consolidated income statement
for the six months ended 30 June 2010 - unaudited

		Six months ended 30 June	
	Note	**2010**	**2009**
		RMB'000	*RMB'000*
Turnover	3	8,655,084	71,866
Cost of properties sold		(4,314,181)	(55,395)
Gross profit		4,340,903	16,471
Other operating revenue		109,602	39,293
Selling expenses		(240,579)	(52,088)
Administrative expenses		(80,921)	(74,340)
Other operating expenses		(78,790)	(51,099)
Profit/(loss) from operations		4,050,215	(121,763)
Financial income	4(a)	99,920	158,652
Financial expenses	4(a)	(153,798)	(9,159)
Government grants		–	21,095
Profit before taxation	4	3,996,337	48,825
Income tax	5	(2,213,409)	(35,905)
Profit for the period		1,782,928	12,920
Attributable to:			
Equity shareholders of the Company		1,720,887	12,530
Non-controlling interests		62,041	390
Profit for the period		1,782,928	12,920
Earnings per share (RMB)	6		
Basic		0.332	0.002
Diluted		0.319	0.002

Consolidated balance sheet
at 30 June 2010 - unaudited

	Note	**At 30 June 2010**	**At 31 December 2009**
		RMB'000	*RMB'000*
Non-current assets			
Fixed assets			
- Investment property		2,920,000	2,920,000
- Other property and equipment		560,556	672,211
		3,480,556	3,592,211
Bank deposits		4,555,788	1,277,691
Deferred tax assets		1,235,537	557,761
Total non-current assets		9,271,881	5,427,663
Current assets			
Properties under development and completed properties held for sale		21,078,588	21,520,795
Trade and other receivables	7	1,978,323	1,565,984
Cash and cash equivalents		11,112,913	9,241,879
Total current assets		34,169,824	32,328,658
Current liabilities			
Bank loans		–	550,000
Trade and other payables	8	9,044,300	7,708,176
Taxation		5,475,436	3,700,397
Total current liabilities		14,519,736	11,958,573
Net current assets		19,650,088	20,370,085
Total assets less current liabilities		28,921,969	25,797,748

Consolidated balance sheet
at 30 June 2010 – unaudited (continued)

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Non-current liabilities		
Bank loans	7,596,588	5,769,660
Convertible bonds	1,986,748	1,958,783
Contract retention payables	137,018	22,241
Deferred tax liabilities	608,733	604,537
Total non-current liabilities	10,329,087	8,355,221
NET ASSETS	18,592,882	17,442,527
CAPITAL AND RESERVES		
Share capital	107,485	107,485
Reserves	17,783,751	17,116,130
Total equity attributable to the equity shareholders of the Company	17,891,236	17,223,615
Non-controlling interests	701,646	218,912
TOTAL EQUITY	18,592,882	17,442,527

1 Basis of preparation

This interim financial report of 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 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 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 two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, amendments to HKAS 27, Consolidated and separate financial statements and HK(IFRIC) 17, Distributions of non-cash assets to owners are relevant to the Group's financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to HKAS 27 in respect of acquisition of an additional interest and disposal of part of the Group's interest in a subsidiary but still retains control, which are accounted for as a transaction with equity shareholders (the non-controlling interests, previously known as minority interests) in their capacity as owners, have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the amendments to HKAS 27 (in respect of allocation of losses to non-controlling interests in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such losses arose in the current period.

- The impact of the HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction and there is no requirement to restate the amounts recorded in respect of previous such transactions.

Further details of these changes in accounting policy are as follows:

- As a result of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

- HK(IFRIC) 17 requires distributions of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group would have measured such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in HK(IFRIC) 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore 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, projects under development and investment property. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three 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.

(iii) Investment property

This segment includes one project which has been completed and is held to earn rental income.

The basis of segmentation or measurement of segment profit or loss for the current period is not different from the last annual consolidated financial statements.

	Completed projects held for sale		Projects under development		Investment property		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	8,580,612	71,866	–	–	74,472	–	8,655,084	71,866
Reportable segment gross profit	4,266,431	16,471	–	–	74,472	–	4,340,903	16,471
Reportable segment profit/(loss)	1,861,441	(23,897)	(15,529)	(2,654)	42,063	–	1,887,975	(26,551)

4 Profit before taxation

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

(a) Financial income and expenses

	Six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
Financial income		
Interest income	(61,198)	(78,575)
Net foreign exchange gain	(38,722)	(51,838)
Net gain on derivative financial instruments	–	(28,239)
	(99,920)	(158,652)
Financial expenses		
Interest on bank loans	144,562	115,054
Interest expenses on the Convertible Bonds	92,342	–
Less: Interest expense capitalised into properties under development	(115,989)	(108,905)
	120,915	6,149
Bank charges and others	32,883	3,010
	153,798	9,159

(b) Other item

	Six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
Depreciation	9,346	13,032

5 Income tax

	Six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
Provision for the period		
- PRC Corporate Income Tax	1,438,543	72,850
- Land Appreciation Tax	1,433,321	4,830
Deferred tax	(658,455)	(41,775)
	2,213,409	35,905

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, the income tax rate applicable to the Company's subsidiaries in the People's Republic of China (the "PRC") is ranged from 22% to 25% (2009: 20% 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%.

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2010 of RMB1,720,887,000 (2009: RMB12,530,000) and the weighted average of 5,185,447,000 ordinary shares (2009: 5,187,657,000) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2010 of RMB1,813,229,000 (2009: RMB12,530,000) and the weighted average number of ordinary shares of 5,680,147,000 shares (2009: 5,187,657,000) after adjusting for the effect of conversion of Convertible Bonds issued in July 2009.

The share options granted to the employees did not have dilutive effect as at 30 June 2010 and 2009.

7 Trade and other receivables

Included in trade and other receivables are trade receivables with the following ageing analysis:

	At 30 June 2010	**At 31 December 2009**
	RMB'000	*RMB'000*
Current	476,362	491,159
Less than 1 month past due	3,688	12,412
1 to 6 months overdue	28,855	1,244
6 months to 1 year overdue	47,465	16,554
Overdue more than 1 year	61,163	46,627
Trade receivables	617,533	567,996
Amounts due from related parties	4,414	4,414
Other receivables	186,754	106,252
Less: Allowance for doubtful debts	(5,789)	(7,720)
Loans and receivables	802,912	670,942
Deposits and prepayments	1,175,411	895,042
	1,978,323	1,565,984

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 purchase price.

8 Trade and other payables

Included in trade and other payables are accrued expenditure on land and construction with the following ageing analysis as of the balance sheet date:

	Note	At 30 June 2010	At 31 December 2009
		RMB'000	*RMB'000*
Due within 1 month or on demand		582,148	350,494
Due after 1 month but within 3 months		626,106	1,476,985
Accrued expenditure on land and construction	(i)	1,208,254	1,827,479
Staff salaries and welfare payables		22,562	32,832
Consideration payable for acquisition of subsidiaries		390,682	16,320
Amounts due to related parties		305,706	1,106
Others		502,144	233,482
Financial liabilities measured at amortised cost		2,429,348	2,111,219
Sales deposits		6,301,129	5,314,274
Other taxes payable		313,823	282,683
		9,044,300	7,708,176

Notes:

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

9 Dividends

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Interim dividend proposed after the balance sheet date of RMB0.12 per share (2009: RMB nil per share)	622,519	–

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year ended 31 December 2009, approved and paid during the following interim period, of RMB0.20 per share (year ended 31 December 2008: RMB0.10 per share)	1,037,531	518,766

Management Discussion and Analysis

Business review

During the Period, the Group achieved total contract sales amount of RMB11,886 million, representing an increase of 218% compared with RMB3,734 million for the same period of 2009. Average selling price was RMB51,909 per square meter. The contract sales amount in the Period was mainly generated from four projects, namely Galaxy SOHO, SOHO Nexus Centre, The Exchange-SOHO and Sanlitun SOHO.

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.)	Percentage of sellable area sold by 30 June * 2010	Contract sales amount by 30 June 2010 (RMB'000)
Galaxy SOHO	4,669,479	70,314	66,062	258,400	27%	4,669,479
SOHO Nexus Centre	3,345,965	75,536	44,296	82,167	92%	3,345,965
The Exchange-SOHO	1,807,420	29,233	61,829	71,671	41%	1,807,420
Sanlitun SOHO	1,057,451	20,996	48,997	354,957	99%	16,943,309
Beijing SOHO Residences	375,455	7,399	50,481	53,001	92%	2,261,449
Others	629,827	24,420	25,764			
Total	**11,885,597**	**227,898**	**51,909**			

During the period from 1 January 2010 to 31 July 2010, the Group's contract sales details are as follows:

Project	Contract sales amount from 1 January 2010 to 31 July 2010 (RMB'000)	Contract sales area* from 1 January 2010 to 31 July 2010 (sq.m.)	Average price* from 1 January 2010 to 31 July 2010 (RMB/sq.m.)
Galaxy SOHO	5,954,709	89,223	66,241
SOHO Nexus Centre	3,345,965	75,536	44,296
The Exchange-SOHO	2,196,745	35,556	61,783
Sanlitun SOHO	1,057,451	20,996	48,997
Beijing SOHO Residences	376,295	7,402	50,464
Others	640,073	24,872	25,713
Total	13,571,238	253,585	53,216

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

During the Period, the retail area of Sanlitun SOHO Phase II was completed and delivered. As at 13 August 2010, the Group's major projects were as follows, among which Tiananmen South (Qianmen) is currently the only property that the Group holds as investment property.

	Project	Type	Gross Floor Area** ("GFA") (sq.m.)	Group Interest (%)
Current projects	Sanlitun SOHO Phase II	Residential part	152,000	95%
	Guanghualu SOHO II	Retail, office	167,000	100%
	Galaxy SOHO	Retail, office	334,000	100%
	The Exchange-SOHO	Retail, office	80,000	100%
	SOHO Nexus Centre	Retail, office	103,000	100%
	Wang Jing SOHO	Retail, office	500,000	100%
New acquisitions	The Bund 204 Land	Retail, office	189,000	61.5%
	Linkong Plot 15 Land	Retail, office	250,000	100%
Investment property	Tiananmen South (Qianmen)	Retail	55,000	100%
	Total		**1,830,000**	

** Planned gross floor area

Major projects

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 comprises 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 July 2010, approximately 99% of total saleble area (excluding carparks) has been sold with total sales amount of RMB16,943 million and an average price of RMB48,384 per square meter. Sanlitun SOHO Phase I was completed in 2009. The retail part of Sanlitun SOHO Phase II was completed and delivered during the Period. The remaining residential part of the Phase II will be completed in the second half of 2010.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of the Beijing Central Business District with a total planned GFA of approximately 167,000 square meters. The site of the project is opposite to the Guanghualu SOHO project and the project is currently under construction.

Galaxy SOHO

Galaxy SOHO, originally named Chaoyangmen SOHO Phase III, has a total GFA of approximately 334,000 square meters. Designed by Zaha Hadid Architects, Galaxy SOHO will become the iconic commercial development within the East Second Ring Road of Beijing.

The Company launched pre-sale of Galaxy SOHO on 26 June 2010 and obtained contract sales amount of RMB4,669 million for the first five days. As at 31 July 2010, the total contract sales amount was approximately RMB5,955 million. The average selling price of office area and retail area were approximately RMB61,000 per square metre and RMB77,000 per square metre respectively. Construction of the project has commenced during the Period.

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 owns retail space of approximately 54,691 square meters. Phase I of approximately 22,763 square meters, fully built, is located on Qianmen Avenue. Phase II of approximately 31,928 square meters, now largely under construction, is located on the east side of Qianmen Avenue.

The Company intends to keep the entire Tiananmen South project as investment property. As at 30 June 2010, approximately 85% of the completed area were leased.

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 centres 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 building with a height of 217 meters is among Shanghai's tallest skyscrapers. It comprises 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.

The Company commenced the sale of this project in early 2010. As at 31 July 2010, total contract sales reached approximately RMB2,197 million with average selling price of approximately RMB61,783 per square meter.

SOHO Nexus Centre

SOHO Nexus Centre is located at East Third Ring Road in Beijing, It is a completed grade-A office and retail complex with a total GFA of 103,340 square meters and total above ground sellable GFA of 82,165 square meters.

The Group commenced the sale of SOHO Nexus Centre on 20 January 2010. As at 31 July 2010, 92% of total sellable area (excluding car parks) was sold with an average selling price of RMB44,296 per square meter. Total contract sales amount was RMB3,346 million.

Wang Jing SOHO

The project is to be developed into large-scale retail and office properties of a total GFA of approximately 500,000 square meters. Wang Jing area is Beijing's most matured high-end residential area, which is noticeably lacking in large-scale office and commercial facilities. The development of Wang Jing SOHO will complete and add balance to the overall urban master plan for Wang Jing. There is excellent accessibility to the project, with two subway lines and one light rail nearby and 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 area is also home to the China headquarters of many multinational companies, including Daimler, Siemens, Microsoft, and Caterpillar whose headquarters are situated nearby.

Wang Jing SOHO is designed by Zaha Hardid Architects. The planning and design work has almost completed. The construction is estimated to commence early next year.

Acquisition of new projects

The Bund 204 Land

On 11 June 2010, the Company announced the acquisition of the Bund 204 Land. The land has a total site area of approximately 22,462 square meters, with a planned GFA of approximately 189,000 square meters, of which the above ground GFA will be approximately 112,312 square meters. The land use rights are for commercial, financial, office and hotel use. The Group acquired 90% interests of T&T International Investment Corporation ("T&T International"), the major shareholder of the project company with a total consideration of RMB2,250 million (inclusive of certain liabilities of T&T International and the project company and potential upward adjustments to the considerations), and consequently holds 61.506% interest of the project company. T&T International is entitled to a total planned GFA of approximately 131,000 square meters, including 69,000 square meters above-ground office and retail areas and 12,000 square meters underground retail area. The planning and design work has started, and the construction is estimated to commence early next year.

The Bund 204 Land is framed by Yong'an Road to the east, Xin Yong'an Road to the south, with East Second Zhong Shan Road to the west, and Xinkaihe North Road and Renmin Road to the north. On the treasured premium strip of the Bund, right next to Shanghai most famous City God Temple, and beside the Bund's multi-dimensional transportation hub and yacht pier, the project area possesses a highly developed and lively commercial atmosphere. The project area's surrounding infrastructure is especially ideal, with convenient transportation leading everywhere. The Bund 204 Land has already been completely cleared, and has obtained the State-Owned Land Use Rights Certificate.

Linkong Plot 15 Land

On 13 August 2010, the Group made a successful bid of RMB1,561,720,000 for the land use right in respect of Linkong Plot 15 Land situated right next to the Shanghai Hongqiao transportation hub. The Land is of a site area of 86,164.1 square meters with planned total above ground GFA of 215,410 square meters. The Group estimates that, after completion of construction, the total GFA for the project will be approximately 250,000 square meters. The Land is permitted for office use.

The Land is situated at Shanghai Hongqiao Linkong Economic Zone and is right next to the Shanghai Hongqiao transportation hub which, being the coverage 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. With the successive openings of high speed railways, it is connected with the most affluent cities of the Yangtze River Delta – it takes 17 to 42 minutes to travel from Hongqiao to cities such as Suzhou, Wuxi, Hangzhou and Nanjing – making the Shanghai Hongqiao transportation hub and its nearby areas an area with most development potential in China.

Market Overview and Business Outlook

In order to ensure healthy development of the property market and to curb the overheating of the residential property market, the PRC government had issued a series of austerity policies since April, including raising the down-payment and mortgage rates for second house, limiting mortgage for third house, and tightening of policies introduced. Implementation of new polices affected the market significantly, transaction volume of commodity properties dropped substantially in the second quarter compared with the same time of last year, and selling prices started to drop.

As a commercial property developer, the Company's views on the current property market are as follows:

First, the new policies were formulated with an aim to control the overheating of the residential property market. They do not apply to the commercial property market. Residential property market will continue to be under the government's attention and control. Commercial properties are not much related to populace concerns and therefore it is expected no policy will be implemented to the commercial property sector in the future.

Second, development of commercial property should be based on high level of urbanization; therefore prime locations in Beijing and Shanghai remain as the Company's focus for land and project expansion in the future. The Company also believes that the value of the landbank should overweigh the size of it. The Company will continue to cautiously acquire land parcels and projects with high margin potential, ensuring that every square meter of landbank will generate the great value.

Third, innovation is the key to the success of every enterprise. The capability to maintain innovation continuously will ensure a company a leading position in the market and the great value in products. Nowadays, the rapid development of modern technology has brought unprecedented changes to people's work style, lifestyle, and the whole society; these changes are also requiring the change of architectures. Traditional architectures will become obsolete and excess products in the future. The Company will always adopt the most leading technologies to its planning and design to build products that accommodate parametric, multidimensional lifestyles and suit the demand of future.

In spite of uncertainties in property market, company with clear strategy and extended persistence will stand out itself. The Company launched the pre-sale of Galaxy SOHO in June and within only five days, achieved RMB4,669 million contract sales. Being able to realize such exceptional sales in a backdrop of overall depressive market reflected the Company's strength in product innovation, market positioning and sales capabilities. Following the successful acquisition, leasing and sale of The Exchange-SOHO project, the Group acquired the Bund 204 land and Linkong Plot 15 land in Shanghai in June and August respectively, which further paved the way for its long-term expansion in Shanghai. The Group will continue to apply the unique business model of "developing to sell" with comprehensive leasing and management after-sales services to develop commercial projects in prime locations in Beijing and Shanghai.

Financial Review

Turnover

Turnover (net of business tax) for the Period was RMB8,655 million, representing an increase of RMB8,583 million or 119 times as compared with RMB72 million in the same period of 2009. This was mainly attributed to an increase in the area booked during the Period. Area booked during the Period was 182,934 square meters (not including car parks), an increase of 110 times as compared with 1,645 square meters in the same period of 2009. In the Period, average price of booked area (not including car parks) was RMB46,837 per square meter, an increase of 31% as compared to RMB35,868 per square meter in the same period of 2009. In the Period, the turnover was mainly attributed by Sanlitun SOHO, ZhongGuanCun SOHO, Chaoyangmen SOHO Phase II, SOHO Nexus Centre, The Exchange-SOHO and Beijing SOHO Residences.

Cost of properties sold

Cost of properties sold for the Period was RMB4,314 million, RMB4,259 million higher than RMB55 million for the same period of 2009, which was mainly a result of the increase of area booked for the Period.

Gross profit

Gross profit for the Period was RMB4,341 million, representing an increase of RMB4,324 million from RMB17 million in the same period of 2009. Gross profit margin for the Period was 50%, as compared with 23% in the same preiod of 2009.

Selling expenses

Selling expenses for the Period was RMB241 million, representing an increase of RMB188 million or 362% over RMB52 million in the same period of 2009. The increase in expenses was mainly resulted from higher recognized expense in relation to higher turnover in the period.

Administrative expenses

Administrative expenses for the Period was RMB81 million, representing an increase of RMB7 million or 9% over RMB74 million in the same period of 2009. The slight increase in administrative expenses was the result of the Group's growth in operation scale and expansion into Shanghai.

Financial income

Financial income for the Period was approximately RMB100 million, representing a decrease of RMB59 million or 37% as compared with RMB159 million for the same period of 2009. This was mainly due to the zero net gain on financial derivatives and the decrease of interest income and net foreign exchange gain in the Period.

Financial expense

Financial expense for the Period was approximately RMB154 million, representing an increase of RMB145 million or 1,579% as compared with RMB9 million for the same period of 2009. The significant increase in financial expense was mainly from the interest expenses of the convertible bonds and the arrangement fees of new financings.

Profit before taxation

Profit before taxation for the Period was RMB3,996 million, representing an increase of RMB3,948 million as compared with RMB49 million in the same period of 2009. The change was mainly due to the increase of the gross profit.

Income tax

Income tax of the Group is comprised of the PRC Corporate Income Tax and the Land Appreciation Tax. The PRC Corporate Income Tax for the Period was RMB780 million, representing an increase of RMB749 million as compared with RMB31 million in the same period of 2009. Land Appreciation Tax for the Period was RMB1,433 million, representing an increase of RMB1,428 million as compared with RMB5 million in the same period of 2009. Income tax increased as increased profit.

Net profit attributable to the equity shareholders of the Company

Net profit attributable to the equity shareholders of the Company for the Period was approximately RMB1,721 million, representing an increase of RMB1,708 million as compared with RMB13 million in the same period of 2009.

Cash and cash equivalents

Cash and cash equivalents of the Group as at 30 June 2010 was RMB11,113 million, representing an increase of RMB1,871 million as compared with RMB9,242 million as at 31 December 2009. During the Period, cash inflow generated from property selling and bank financing was higher than the cash outflow for land and project acquisition, construction and cash expenses of the Group.

Total current assets and liquidity ratio

Total current assets of the Group as at 30 June 2010 were RMB34,170 million, representing an increase of RMB1,841 million or 6% over RMB32,329 million as at 31 December 2009. Liquidity ratio (total current assets/total current liabilities) changed from 2.70 as at 31 December 2009 to 2.35 as at 30 June 2010.

Convertible bonds, Bank loans and collaterals

On 2 July 2009, the Company issued a five-year HK$2,800 million convertible bonds ("the Convertible Bonds"), bearing interest at the rate of 3.75% per annum. Each bond will be convertible on or after 11 August 2009 up to and including 25 June 2014 into ordinary shares of the Company at an initial conversion price of HK$5.88 (which was adjusted to HK$5.66 with effect from 12 May 2010). As at 30 June 2010, the carrying amounts of liability and equity component of the Convertible Bonds were RMB1,987 million and RMB514 million respectively.

As at 30 June 2010, the loan balance of the Group was RMB7,597 million. Of all the bank loans, RMB850 million is due in May 2012, RMB2,400 million is due in September 2011, RMB1,800 million is due in March 2012, USD loan equivalent to RMB1,562 million is due in August 2012, USD Loan equivalent to RMB985 million is due in March 2015. As at 30 June 2010, bank loans of RMB5,185 million of the Group were collateralized by the Group's land use rights, properties and restricted bank deposits.

As at 30 June 2010, the Group had Convertible Bonds and bank loans of RMB9,584 million, equivalent to 22.1% of the total assets (31 December 2009: 21.9%). Net debt (bank loans + Convertible Bonds– cash and cash equivalents and bank deposits) to equity ratio was -34.0% (31 December 2009: -13.0%).

Interest rate risk

The Group's bank loans carried floating interest rate based on the base lending rate of the People's Bank of China ("PBOC") and London Interbank Offered Rate ("LIBOR"). PBOC did not adjust the base interest rate for RMB loans during the Period. LIBOR increased from 0.25% at the beginning of the year to 0.53% at the end of the Period. Our interest rate risk is mainly from the floating interest rate of loans, the increase of which may result in an increase in our financing cost.

Foreign currency risk

The Group's operations are mostly conducted in RMB. In the Period, the medium exchange rate of 100 USD against RMB decreased from 682.82 at the beginning of the year to 679.09 as at 30 June 2010. In case of the substantial change of exchange rate, the foreign currency of the Group obtained through convertible bonds issuance and bank loans will face exchange loss risk.

Contingent liabilities

As at 30 June 2010, the Group has entered into agreements with certain banks to provide guarantees in respect to mortgage loans provided to buyers of property units. The amount of guaranteed mortgage loans relating to such agreements was RMB6,007 million as at 30 June 2010 (RMB3,702 million as at 31 December 2009).

Capital commitments

As at 30 June 2010, the Group's contracted capital commitments for properties under development was RMB1,506 million (RMB1,083 million as at 31 December 2009). The amount mainly comprised of contracted projects development cost and land cost.

Employees and Remuneration Policy

To support the expansion, the Group established Shanghai subsidiary, with employees of over 100. Meanwhile, the Group hired more talents to improve the employee structure. As at 30 June 2010, the number of employees was 1,972 (including 423 employees for sales and leasing in Beijing and Shanghai, 316 employees for Commune by the Great Wall and Boao Canal Village and 891 employees for the property management company).

Remuneration of the Company's employees comprises basic salary and performance salary. Performance salaries are determined on a quarterly basis based on performance reviews. Remuneration of sales staff is primarily comprised of commissions linked to sales performance.

During the Period, Mr. Sean Wang Shaojian resigned as executive director and Chief Financial Officer with effect from 31 May 2010.

Other information

Principal activities

The principal activity of the Company is investment in real estate development. 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 2010 to the shareholders of the Company whose names appear on the register of members on 9 September 2010 (2009: nil). The dividend warrants will be distributed to the shareholders on or before 30 September 2010.

In May 2010, the Company distributed the final dividend for the year ended 31 December 2009, equivalent to RMB1,038 million, to equity shareholders of the Company.

Share capital

No changes in share capital occurred during the Period.

Closure of register of members

The register of members of the Company will be closed from Thursday, 9 September 2010 to Wednesday, 15 September 2010 (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 pm on Wednesday, 8 September 2010.

Purchase, sale or redemption of listed securities of the Company

During the Period, 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. 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 of the Company (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 2010 of the Group and took the view that the Company was in full compliance with all applicable accounting standards and regulations and had made adequate disclosure.

Publication of financial information

The Company's 2010 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
25 August 2010

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