SOHO CHINA LIMITED
SOHO中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 410)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

- Achieved contract sales amount of RMB23,810 million in 2010, increased by 74% year over year
- Achieved turnover of RMB18,215 million, increased by 146% year over year
- Achieved net profit attributable to equity shareholders of the Company of RMB3,636 million, increased by 10% year over year
- Achieved core net profit (excluding valuation gains on investment property) of RMB3,512 million, increased by 108% year over year
- Recommended final dividend of RMB0.14 per share

The board of directors (the "Board") of SOHO China Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010 (the "Year" or the "Period"), which had been prepared in accordance with the Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The 2010 audited consolidated annual results of the Group had been reviewed by the audit committee of the Company and approved by the Board on 2 March 2011.

For the year ended 31 December 2010, the Group achieved a turnover of RMB18,215 million (increased by 146% year over year), a gross profit of RMB9,257 million and a gross profit margin of 51%. Net profit attributable to equity shareholders of the Company was RMB3,636 million, increased by 10% year over year. Core net profit (excluding valuation gains on investment property) was RMB3,512 million, increased by 108% year over year.

The Board recommended the payment of a final dividend of RMB0.14 per share for the year ended 31 December 2010 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company (the "AGM") to be held in May 2011.

Consolidated income statement
for the year ended 31 December 2010

	Note	**2010**	**2009**
		RMB'000	*RMB'000*
Turnover	3	18,215,091	7,413,451
Cost of properties sold		(8,958,349)	(3,556,393)
Gross profit		9,256,742	3,857,058
Valuation gains on investment property		165,000	2,144,461
Other operating revenue		207,438	115,065
Selling expenses		(547,437)	(262,084)
Administrative expenses		(204,776)	(184,801)
Other operating expenses		(153,132)	(121,857)
Profit from operations		8,723,835	5,547,842
Financial income	4(a)	224,394	233,693
Financial expenses	4(a)	(292,351)	(146,620)
Government grants	5	44,190	23,795
Profit before taxation	4	8,700,068	5,658,710
Income tax	6	(4,928,485)	(2,264,020)
Profit for the year		3,771,583	3,394,690
Attributable to:			
Equity shareholders of the Company		3,636,156	3,300,178
Non-controlling interests		135,427	94,512
Profit for the year		3,771,583	3,394,690
Earnings per share (RMB)	7		
Basic		0.701	0.636
Diluted		0.673	0.625

Consolidated balance sheet
at 31 December 2010

	Note	**2010**	**2009**
		RMB'000	*RMB'000*
Non-current assets			
Fixed assets			
– Investment property		3,085,000	2,920,000
– Other property and equipment		554,161	672,211
		3,639,161	3,592,211
Bank deposits		3,840,915	1,277,691
Interest in jointly controlled entity		1,211,900	–
Deferred tax assets		1,019,420	557,761
Total non-current assets		9,711,396	5,427,663
Current assets			
Properties under development and completed properties held for sale		18,697,483	21,520,795
Trade and other receivables	8	1,796,632	1,565,984
Cash and cash equivalents		17,724,921	9,241,879
Total current assets		38,219,036	32,328,658
Current liabilities			
Bank loans		2,580,744	550,000
Trade and other payables	9	9,306,445	7,708,176
Taxation		6,966,710	3,700,397
Total current liabilities		18,853,899	11,958,573
Net current assets		19,365,137	20,370,085
Total assets less current liabilities		29,076,533	25,797,748

Consolidated balance sheet
at 31 December 2010 (continued)

	Note	**2010**	**2009**
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans		6,052,171	5,769,660
Convertible bonds		1,984,828	1,958,783
Contract retention payables		273,732	22,241
Deferred tax liabilities		786,434	604,537
Total non-current liabilities		9,097,165	8,355,221
NET ASSETS		19,979,368	17,442,527
CAPITAL AND RESERVES			
Share capital		107,485	107,485
Reserves		19,135,247	17,116,130
Total equity attributable to equity shareholders of the Company		19,242,732	17,223,615
Non-controlling interests		736,636	218,912
TOTAL EQUITY		19,979,368	17,442,527

1 Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries and the Group's interest in a jointly controlled entity.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 two new Interpretations 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) 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 Turnover and segment reporting

(a) Turnover

The principal activities of the Group are property development and property investments. Turnover represents revenue from the sale of property units and rental income from investment property, net of business tax, analysed as follows:

	2010	**2009**
	RMB'000	*RMB'000*
Sale of property units	18,105,453	7,342,132
Rental income from investment property	109,638	71,319
	18,215,091	7,413,451

(b) Segment reporting

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.

(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 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 sales are priced with reference to prices charged to external parties for similar orders.

Management is provided with segment information concerning turnover, cost of properties sold, gross profit, valuation gain on investment property, net operating expenses, financial income, financial expenses, government grants, income tax, investment property, properties under development and completed properties held for sale, cash and cash equivalents, bank deposits in non-current assets, bank loans, and capital expenditure on fixed assets.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended 31 December 2010 and 2009 is set out below:

	Completed projects held for sale		Projects under development		Investment property		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement items								
Reportable segment revenue	18,105,453	7,342,132	–	–	109,638	71,319	18,215,091	7,413,451
Cost of properties sold	(8,958,349)	(3,556,393)	–	–	–	–	(8,958,349)	(3,556,393)
Reportable segment gross profit	9,147,104	3,785,739	–	–	109,638	71,319	9,256,742	3,857,058
Valuation gain on investment property	–	–	–	–	165,000	2,144,461	165,000	2,144,461
Operating income/(expenses), net	(537,016)	(229,073)	31,818	(73,855)	(12,524)	(4,603)	(517,722)	(307,531)
Financial income	110,226	35,188	40,304	95,880	439	823	150,969	131,891
Financial expenses	(89,901)	(81,550)	(1,121)	(12,092)	(35,021)	(6,215)	(126,043)	(99,857)
Government grants	43,584	23,795	–	–	606	–	44,190	23,795
Reportable segment profit before taxation	8,673,997	3,534,099	71,001	9,933	228,138	2,205,785	8,973,136	5,749,817
Income tax	(4,607,237)	(1,704,167)	(27,277)	(23,739)	(58,337)	(551,446)	(4,692,851)	(2,279,352)
Reportable segment profit/(loss)	4,066,760	1,829,932	43,724	(13,806)	169,801	1,654,339	4,280,285	3,470,465
Balance sheet items								
Investment property	–	–	–	–	3,085,000	2,920,000	3,085,000	2,920,000
Properties under development and completed properties held for sale	4,310,400	6,476,512	14,551,698	15,191,228	–	–	18,862,098	21,667,740
Cash and cash equivalents	9,133,533	2,233,776	7,628,566	5,398,684	126,202	10,537	16,888,301	7,642,997
Bank deposits in non-current assets	3,475,864	643,386	365,051	634,305	–	–	3,840,915	1,277,691
Bank loans	1,800,000	550,000	1,900,000	4,200,000	925,000	–	4,625,000	4,750,000
Reportable segment assets (including investment in joint ventures)	27,924,091	15,335,019	31,922,348	26,656,148	4,140,916	3,606,364	63,987,355	45,597,531
Reportable segment liabilities	24,522,362	12,365,241	15,462,439	14,590,533	2,266,774	1,902,023	42,251,575	28,857,797
Capital expenditure on fixed assets	6,106	3,523	50	1,996	–	775,539	6,156	781,058

(d) Reconciliations of reportable segment profit or loss, assets and liabilities

	2010	2009
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	4,280,285	3,470,465
Elimination of intra-group profit	(31,809)	(45,993)
Unallocated head office and corporate expenses	(476,893)	(29,782)
Consolidated profit	3,771,583	3,394,690
Properties under development and completed properties held for sale		
Reportable segment properties under development and completed properties held for sale	18,862,098	21,667,740
Elimination of intra-group transactions	(164,615)	(146,945)
Consolidated properties under development and completed properties held for sale	18,697,483	21,520,795
Cash and cash equivalents		
Reportable segment cash and cash equivalents	16,888,301	7,642,997
Unallocated head office and corporate cash and cash equivalents	836,620	1,598,882
Consolidated cash and cash equivalents	17,724,921	9,241,879
Bank loans		
Reportable segment bank loans	4,625,000	4,750,000
Unallocated head office and corporate bank loans	4,007,915	1,569,660
Consolidated bank loans	8,632,915	6,319,660
Assets		
Reportable segment assets	63,987,355	45,597,531
Elimination of intra-group balances	(21,019,059)	(12,293,596)
Unallocated head office and corporate assets	4,962,136	4,452,386
Consolidated total assets	47,930,432	37,756,321

	2010	2009
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	42,251,575	28,857,797
Elimination of intra-group balances	(20,915,600)	(12,194,619)
Unallocated head office and corporate liabilities	6,615,089	3,650,616
Consolidated total liabilities	27,951,064	20,313,794

4 Profit before taxation

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

(a) Financial income and financial expenses

	2010	2009
	RMB'000	*RMB'000*
Financial income		
Interest income	(153,707)	(150,878)
Net foreign exchange gain	(70,687)	(48,499)
Net gain on derivative financial instruments	–	(34,316)
	(224,394)	(233,693)
Financial expenses		
Interest on bank loans wholly repayable within five years	356,363	248,993
Interest on bank loans wholly repayable above five years	34,134	–
Interest expenses on the Convertible Bonds	185,511	89,619
Less: Interest expense capitalised into properties under development	(310,094)	(201,492)
	265,914	137,120
Bank charges and others	26,437	9,500
	292,351	146,620

(b) Staff costs

	2010	2009
	RMB'000	*RMB'000*
Salaries, wages and other benefits	178,122	145,289
Contributions to defined contribution retirement plan	10,852	8,701
Equity-settled share-based payment expenses	1,455	9,648
	190,429	163,638

(c) Other items

	2010	2009
	RMB'000	*RMB'000*
Depreciation	18,302	24,010

5 Government grants

The Group received total government grants of RMB44,190,000 (2009: RMB23,795,000) in relation to certain completed projects from the Finance Bureau of Huairou County of Beijing, the Finance Bureau of Chongwen District of Beijing and the Finance Bureau of Dongcheng District of Beijing pursuant to the local regulations issued by the respective local governments.

6 Income tax

	2010	2009
	RMB'000	*RMB'000*
PRC Corporate Income Tax		
– Provision for the year	2,143,577	1,022,324
– Under-provision in respect of prior years	24,231	30,785
Land Appreciation Tax	3,025,314	1,081,909
Deferred tax	(264,637)	129,002
	4,928,485	2,264,020

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 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 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%.

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 declared, and deferred tax liability is recognised for those to be declared in the foreseeable future.

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 of RMB3,636,156,000 (2009: RMB3,300,178,000) and the weighted average of 5,185,447,000 ordinary shares (2009: 5,187,003,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010	**2009**
	'000	*'000*
Issued ordinary shares at 1 January	5,187,657	5,187,657
Effect of treasury shares	(2,210)	(654)
Weighted average number of ordinary shares at 31 December	5,185,447	5,187,003

(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 of RMB3,821,667,000 (2009: RMB3,389,797,000) and the weighted average number of ordinary shares of 5,675,558,000 shares (2009: 5,424,446,000), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2010	**2009**
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders	3,636,156	3,300,178
After tax effect of effective interest on the liability component of the Convertible Bonds	185,511	89,619
Profit attributable to ordinary equity shareholders (diluted)	3,821,667	3,389,797

(ii) Weighted average number of ordinary shares (diluted)

	2010	2009
	'000	*'000*
Weighted average number of ordinary shares at 31 December	5,185,447	5,187,003
Effect of conversion of the Convertible Bonds	489,724	237,443
Effect of exercise of the share options	387	–
Weighted average number of ordinary shares (diluted) at 31 December	5,675,558	5,424,446

The share options granted to the employees did not have dilutive effect as at 31 December 2009.

8 Trade and other receivables

	Note	2010	2009
		RMB'000	*RMB'000*
Trade receivables	(i)	360,211	567,996
Other receivables		433,876	110,666
Less: allowance for doubtful debts		(3,863)	(7,720)
Loans and receivables		790,224	670,942
Deposits and prepayments		1,006,408	895,042
		1,796,632	1,565,984

(i) The ageing analysis of trade receivables are as follows:

	2010	2009
	RMB'000	*RMB'000*
Current	291,972	491,159
Less than 1 month past due	3	12,412
1 to 6 months past due	6,400	1,244
6 months to 1 year past due	852	16,554
More than 1 year past due	60,984	46,627
Amounts past due	68,239	76,837
	360,211	567,996

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

	Note	**2010**	**2009**
		RMB'000	*RMB'000*
Accrued expenditure on land and construction	(i)	806,709	1,827,479
Consideration payable for acquisition of subsidiaries and jointly controlled entity		621,461	16,320
Amounts due to related parties		350,628	–
Others		605,870	267,420
Financial liabilities measured at amortised costs		2,384,668	2,111,219
Sales deposits		6,720,091	5,314,274
Other taxes payable		201,686	282,683
		9,306,445	7,708,176

(i) The ageing analysis of accrued expenditure on land and construction is as follows:

	2010	**2009**
	RMB'000	*RMB'000*
Due within 1 month or on demand	134,318	350,494
Due after 1 month but within 3 months	672,391	1,476,985
	806,709	1,827,479

10 Dividends

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

	2010	2009
	RMB'000	*RMB'000*
Interim dividend declared and paid of RMB0.12 per ordinary share (2009: RMB nil)	622,519	–
Final dividend proposed after the balance sheet date of RMB0.14 per ordinary share (2009: RMB0.20 per ordinary share)	726,272	1,037,531
	1,348,791	1,037,531

The final 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 year

	2010	2009
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.20 per share (2009: RMB0.10 per share)	1,037,531	518,766

BUSINESS REVIEW

During 2010, the Group achieved a total contract sales amount of RMB23,810 million, 74% higher than that of 2009. Contract sales area was 394,990 square meters (not including car parks), 27% higher than that of 2009, and the average selling price was RMB59,824 per square meter.

The Group's 2010 contract sales amount was mainly generated from the following projects: Galaxy SOHO, The Exchange – SOHO and SOHO Nexus Centre.

Project	Contract sales amount during the Period	Contract sales area* during the Period	Average price* during the Period	Total sellable area*	Percentage of sellable area sold* by 31 December 2010	Contract sales amount by 31 December 2010
	(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*	*(sq.m.)*		*(RMB'000)*
Galaxy SOHO	14,637,425	209,545	69,274	258,401	81%	14,637,425
The Exchange – SOHO	3,816,153	58,963	64,721	71,671	82%	3,816,153
SOHO Nexus Centre	3,550,108	77,748	45,365	82,167	95%	3,550,108
Others	1,806,170	48,733	36,332			
Total	**23,809,856**	**394,990**	**59,824**			

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

In 2010, the Group completed the development of Sanlitun SOHO Phase II with a total gross floor area ("GFA") of about 223,000 square meters. As at 31 December 2010, major properties under development are as follows, among which Phase I of Tiananmen South (Qianmen) is completed and held as investment property.

Project	Location	Type	GFA	Group Interest
			(sq.m.)	*(%)*
Galaxy SOHO	Beijing	Retail, office	334,000	100%
Wangjing SOHO	Beijing	Retail, office	500,000	100%
Danling SOHO	Beijing	Retail, office	43,000	100%
Guanghualu SOHO II	Beijing	Retail, office	167,000	100%
Tiananmen South (Qianmen)	Beijing	Retail	55,000	100%
Hongqiao SOHO	Shanghai	Retail, office	300,000	100%
SOHO on the Bund	Shanghai	Retail, office	189,000	62%
Fuxinglu SOHO	Shanghai	Retail, office	137,000	48%
Total			**1,725,000**	

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-sales of Sanlitun SOHO commenced on 12 July 2008. As at 31 December 2010, 98% of its sellable area (excluding car parks) has been sold with an average price of RMB47,984 per square meter. The total contract sales amount was approximately RMB16,623 million. Phase I was completed in 2009 and phase II with a total GFA of approximately 223,000 square meters was completed and delivered in 2010.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of the Beijing Central Business District, opposite to the Guanghualu SOHO project. The total planned GFA is approximately 167,000 square meters. 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-sales of Galaxy SOHO on 26 June 2010 and achieved contract sales amount of RMB4,669 million for the first five days. As at 31 December 2010, 81% of its sellable area (excluding car parks) has been sold, and the project's total contract sales amount was approximately RMB14,637 million. The average selling price of office area and retail area were approximately RMB62,300 per square meter and RMB81,000 per square meter respectively. The project is now under construction and is expected to be completed in 2012.

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 Group intends to keep its entire interest in the Tiananmen South project as investment property. Phase I is now under leasing operation.

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. With a height of 217 meters, the project 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.

The Company commenced the sale of this project in early 2010. On 29 December 2010, the top floor of the project was sold through auction for approximately RMB121 million, representing a record-high average selling price of about RMB100,372 per square meter for Chinese office property sales. As at 31 December 2010, 82% of its sellable area (excluding car parks) has been sold with a total contract sales amount of approximately RMB3,816 million, and an average selling price of approximately RMB64,721 per square meter.

SOHO Nexus Centre

SOHO Nexus Centre is located at the East Third Ring Road in Beijing. It is a grade-A office and retail building with a total GFA of 103,340 square meters.

The Group commenced the sale of SOHO Nexus Centre on 20 January 2010. As at 31 December 2010, 95% of the total sellable area (excluding car parks) had been sold with an average selling price of RMB45,365 per square meter. The total contracted sales amount was RMB3,550 million.

Wangjing SOHO

The project is to be developed into large-scale retail and office properties of a total GFA of approximately 500,000 square meters. Wangjing area is Beijing's most developed high-end residential area, which is noticeably lacking in large-scale office and commercial facilities. The development of Wangjing SOHO will complete and add balance to the overall urban master plan for Wangjing. 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 about 200 meters high, will be the first landmark and point of access to central Beijing from the airport expressway. Wangjing area is also home to the China headquarters of many multinational companies, including Daimler, Siemens, Microsoft, and Caterpillar whose headquarters are situated nearby.

Wangjing SOHO is designed by Zaha Hardid Architects. The planning and designing work has completed and the construction is estimated to be commenced in early 2011.

ACQUISITION OF NEW PROJECTS

During 2010, the Group acquired four projects with a total consideration of approximately RMB6,179 million. The total GFA of these acquisitions were approximately 669,000 square meters. Details are as follows:

Project	**Acquisition Time**	**GFA** *(sq.m.)*	**Consideration** *(RMB million)*	**Interest**
SOHO on the Bund	June 2010	189,000	2,250	61.5%
Hongqiao SOHO	August 2010	300,000	1,562	100%
Fuxinglu SOHO	October 2010	137,000	1,212	48.5%
Danling SOHO	December 2010	43,000	1,155	100%
Total		**669,000**	**6,179**	

SOHO on the Bund

On 11 June 2010, the Company announced the acquisition of the Bund 204 Land, which was later named as SOHO on the Bund. The project 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, 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.

SOHO on the Bund 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's 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 to everywhere.

The planning and design work is almost completed, and the construction work has commenced.

Hongqiao SOHO

On 13 August 2010, the Group successfully bidded for the commercial land of Linkong Plot 15 situated right next to the Shanghai Hongqiao transportation hub for RMB1,561,720,000. The project was later named as Hongqiao SOHO. The land is of a site area of 86,164 square meters with a 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 300,000 square meters.

Hongqiao SOHO 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.

The project is in the process of obtaining the permit for construction commencement.

Fuxinglu SOHO

On 12 October 2010, the Group acquired 48.4761% equity interest of the project company of Land Lot No. 43 in Shanghai Lu Wan District (later named as Fuxinglu SOHO) at a consideration of approximately RMB1.21 billion. The Group plans to commence further discussion with the vendor as to the acquisition of the remaining 51.5239% equity interest of the project company at the same consideration calculated under the Cooperative Framework Agreement.

Fuxinglu SOHO is situated in the center of the Huai Hai Road commercial district with direct access to subway line 10 and subway line 13 (under construction). It is situated next to Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai, and Shanghai Xintiandi that has the most lively commercial atmosphere. The land is for commercial and office use, with a total planned GFA of approximately 137,442 square meters, including 72,467 square meters above ground office and commercial area and 64,975 square meters underground commercial area and auxiliary car parks. The project is now under construction with more than one third underground completed.

Danling SOHO

On 30 December 2010, the Group made the acquisition of Zhongguan Building (later named as Danling SOHO) at a consideration of approximately RMB1.16 billion. The building has an estimated total GFA of 42,638 square meters, including 31,031 square meters sellable office area. The majority of construction of the building has been completed and full completion is estimated in the second half of 2011.

Danling SOHO is situated at the center of Zhongguancun, a dynamic commercial center in Beijing that is known as the most advanced high-tech center of China. It is in close proximity to ZhongGuanCun SOHO, another project of the Group in Zhongguancun.

BUSINESS AND MARKET OUTLOOK

During 2010, stormy conditions prevailed in China's real estate market. Starting from April 2010, the Chinese government has issued a series of tightening policies aiming to curb the overheating and speculation in the residential property market and to ensure the healthy development of the real estate industry, including increasing the threshold for loans for the second house and restricting loans for the third house, and stepped up its efforts to enforce existing policies as well. In December 2010, Shanghai and Chongqing were designated as the pilot cities for collection of property tax with detailed implementation measures coming up in January 2011. To curb liquidity and ease inflation, the central bank raised the required reserve capital reserve ratio six times within 2010 and further twice in the beginning of 2011, and increased the deposit and loan interest rate three times since October 2010.

Looking into the year of 2011, taming inflation will continue to be the government's top priority. However, most of the cooling measures, ranging from more frequent rate hikes to purchase restrictions, are within market expectations. Property tax in Shanghai and Chongqing is expected to have limited impact on the market due to the low tax rate under the relevant implementation measures. The unexpected are those polices that restrict purchase and set price ceilings in residential property market, which effectively reduced the demand for residential properties in major cities. In particular, it takes away almost all investment demand for residential properties. In addition, the newly promulgated relocation regulations and the subsequent transition period for transition from the old to the new relocation regulations is expected to result in temporary shortage in land supply due to low efficiency. These measures will result in temporary shortage in both demand and supply in the residential property market and lead to price and volume stagnation. However, we expect these measures to be temporary measures aiming to generate immediate effects. Compared with the residential property market that is under the government's close scrutiny, the commercial property market remains nearly unaffected by the policies and may become the only property investment vehicle that attracts tremendous investment. Therefore, we expect to see a significant increase in commercial property price.

In the next few years, social housing will emerge as the main stream product and is projected to take over 50% of market share. Only by then, will the existing restrictions on pricing and purchase be lifted by the government. The consequent 50% shrinkage in market share is likely to cause industry consolidation that may squeeze out the smaller developers. On the contrary, competition in commercial property market is far less fierce. We do not expect a large number of residential developers to enter into the commercial property sector. Nevertheless, traditional shopping mall model will be challenged by the development of on-line shopping. Creative and innovative strategy needs to be adopted to maintain market share. As for office building, demand, especially those from small and medium sized enterprises, will remain strong and sustainable.

SOHO China will adhere to its commercial property business model of developing properties in prime locations in first-tier cities, as well as selling and holding commercial properties. As credit tightens, the Company expects great opportunity for more acquisitions and will make acquisitions more aggressively in 2011. While development and sales of commercial properties continues to be the core strategy of the Company's business model, the Company intends to maintain its sales scale. Meanwhile, the Company is planning to gradually hold more investment properties. Holding investment properties will bring stable and steady cash flow, save huge taxes that are payable if the projects are sold, and allow the Company to benefit from significant upside derived from asset appreciation. We will make more efforts in pursuit of a more balanced model between cash, property and earnings in the long run.

FINANCIAL REVIEW

Turnover

Turnover (net of business tax) for 2010 was RMB18,215 million, representing an increase of RMB10,802 million or 146% as compared with RMB7,413 million in 2009. This was mainly attributable to the increase in the area booked in 2010. Area booked during the Period was 409,106 square meters (not including car parks), representing an increase of 131% compared to 177,483 square meters in 2009. In 2010, average price of booked area (not including car parks) was RMB44,524 per square meter, which is 9% higher than RMB40,956 per square meter in 2009. Turnover for 2010 mainly came from 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 2010 was RMB8,958 million, RMB5,402 million higher than RMB3,556 million in 2009, mainly attributable to the increase in the area booked.

Gross profit

Gross profit for 2010 was RMB9,257 million, representing an increase of RMB5,400 million or 140% as compared with RMB3,857 million in 2009. Gross profit margin for 2010 was 51%, as compared to 52% in 2009.

Selling expenses

Selling expenses for 2010 was RMB547 million, representing an increase of RMB285 million or 109% over RMB262 million in 2009. The increase was mainly the result of the tremendous growth in booked area and turnover in 2010. Selling expenses as a percentage of turnover has decreased from 3.5% in 2009 to 3% in 2010.

Administrative expenses

Administrative expenses for 2010 was RMB205 million, representing an increase of RMB20 million or 11% over RMB185 million in 2009. The slight increase in administrative expenses was mainly attributable to scale expansion of the Group.

Financial Income

Financial income for 2010 was RMB224 million, representing a decrease of RMB10 million or 4% over RMB234 million in 2009. The decrease in financial income was mainly attributable to the zero net gain on financial derivatives.

Financial expenses

Financial expenses for 2010 was RMB292 million, representing an increase of RMB145 million or 99% over RMB147 million for 2009. The increase in financial expenses was mainly attributable to the interest expenses of the convertible bonds (which were issued in July 2009 and only incurred interest expenses of approximately half year for 2009), and the interest expenses of new loans borrowed during the Year.

Valuation gains on investment property

Valuation gains on investment property for 2010 is RMB165 million, attributable to the 22,454 square meters of Tiananmen South (Qianmen) project completed in 2009. This project's valuation gain in 2009 was RMB2,144 million, representing a huge appreciation between market value and cost.

Profit before taxation

Profit before taxation for 2010 was RMB8,700 million, representing an increase of RMB3,041 million or 54% as compared with RMB5,659 million in 2009. The increase was mainly due to the increase of gross profit during the Period.

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 2010 was RMB1,903 million, representing an increase of RMB721 million as compared with RMB1,182 million in 2009. Land Appreciation Tax for 2010 was RMB3,025 million, representing an increase of RMB1,943 million as compared with RMB1,082 million in 2009. Income tax increased as increased profit.

Net profit attributable to the equity holders of the Company

Net profit attributable to the equity shareholders of the Company for 2010 was RMB3,636 million, representing an increase of RMB336 million as compared with RMB3,300 million in 2009. Core net profit, not including valuation gains on investment property, was RMB3,512 million, representing an increase of 108% as compared with that of 2009.

Cash and cash equivalents

Cash and cash equivalents of the Group as at 31 December 2010 was RMB17,725 million, representing an increase of RMB8,483 million as compared with RMB9,242 million as at 31 December 2009. In 2010, cash inflow through property sales and bank loans was mainly used to pay for land and project acquisition, construction, working capital and operating expenses.

Total current assets and liquidity ratio

Total current assets of the Group as at 31 December 2010 were RMB38,219 million, representing an increase of RMB5,890 million or 18% over RMB32,329 million as at 31 December 2009. Liquidity ratio (total current assets/total current liabilities) decreased from 2.70 as at 31 December 2009 to 2.03 as at 31 December 2010.

Convertible bonds, bank loans and collaterals

On 2 July 2009, the Company issued a five-year HKD2,800 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 HKD5.88. As at 31 December 2010, the conversion price was adjusted to HKD5.60 per share as a result of the 2009 final dividend and 2010 interim dividend declared in the Period. As at 31 December 2010, the carrying amounts of liability and equity component of the Convertible Bonds were RMB1,985 million and RMB514 million respectively.

As at 31 December 2010, the loan balance of the Group was RMB8,633 million, of which RMB925 million is due in September 2022, RMB1,900 million is due in September 2011, RMB1,800 million is due in March 2012, USD loan equivalent to RMB1,523 million is due in August 2012, USD loan equivalent to RMB1,437 million is due in June 2014, USD loan equivalent to RMB367 million is due in October 2014 and HKD loan equivalent to RMB681 million is due in March 2011. As at 31 December 2010, bank loans of RMB6,429 million of the Group were collateralized by the Group's land use rights, properties and restricted bank deposits or guaranteed by certain subsidiaries of the Group.

As at 31 December 2010, the Group had Convertible Bonds and bank loans of RMB10,618 million, equivalent to 22.2% of the total assets (2009: 21.9%). Net debt (bank loans + Convertible Bonds – cash and cash equivalents and bank deposits) to equity ratio was -57% (2009: -13%).

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 raised the base interest rate for RMB loans by 0.25% each in October and December of 2010 and in February 2011. LIBOR increased from 0.25% at the beginning of the Year to 0.30% at the end of the Year. 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 2010, the medium exchange rate of 100 USD against RMB decreased from RMB682.82 at the beginning of the Year to RMB662.27 at Year end. In case of substantial change of exchange rate, the foreign currency of the Group will face exchange loss risk.

Contingent liabilities

As at 31 December 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 RMB6,587 million as at 31 December 2010 (RMB3,702 million as at 31 December 2009).

Capital commitments

As at 31 December 2010, the Group's contracted capital commitments for properties under development was RMB4,819 million (RMB1,083 million as at 31 December 2009). The amount mainly comprised contracted property development cost, land cost and acquisition consideration.

OTHER INFORMATION

Dividends

The Board has approved a resolution to recommend the payment of a final dividend of RMB0.14 per share for the year ended 31 December 2010 (2009: RMB0.20) and the payment of which is subject to the approval of the shareholders of the Company at the forthcoming AGM to be held in May 2011.

Closure of register of members

The register of members of the Company will be closed from Thursday, 5 May 2011 to Wednesday, 11 May 2011 (both days inclusive), during which period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted on at the AGM of the Company, and be eligibility for attending and voting at the AGM, 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, 4 May 2011.

Purchase, sale or redemption of listed securities of the Company

During the year, neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the directors of the Company (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.

Code on Corporate Governance Practices

In the opinion of 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.

Audit committee

The audit committee had reviewed the audited consolidated annual results of the Company for the year ended 31 December 2010 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

Publication of Results Announcement

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

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong
2 March 2011

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