SOHO CHINA LIMITED
SOHO 中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

2011 INTERIM RESULTS ANNOUNCEMENT

- During the period from 1 January 2011 to 23 August 2011, the Group achieved a total contract sales amount of RMB8,324 million, with the average selling price of RMB58,905 per square meter
- The pre-sale of Wangjing SOHO was launched on 20 August 2011 and achieved total contract sales amount of RMB2,623 million as at 23 August 2011
- Achieved net profit attributable to equity shareholders of the Company of RMB1,750 million during the Period, representing an increase of 2% compared with that of the same period of 2010
- As at 30 June 2011, the Group had cash and cash equivalent and bank deposits of approximately RMB16,599 million, and had undrawn syndicated loan amount of USD605 million
- The Group has reached equal development scale in Beijing and Shanghai
- The Board declared an interim dividend of RMB0.14 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 2011 (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 2011 interim results of the Group have been reviewed by the audit committee of the Company and approved by the Board on 25 August 2011. The interim financial report is unaudited, but has been reviewed by the Company's auditors, KPMG.

For the six months ended 30 June 2011, the Group achieved a turnover of RMB2,646 million, representing a decrease of approximately 69% compared with that for the same period of 2010, mainly due to no new completion of projects and a decrease in the area booked during the Period. Net profit attributable to equity shareholders of the Company for the Period was RMB1,750 million, representing an increase of 2% compared with that for the same period of 2010. Core net profit (excluding valuation gains on investment properties) was RMB675 million and the core net profit margin was 26% during the Period.

The Board declared an interim dividend of RMB0.14 per share for the six months ended 30 June 2011 to the shareholders of the Company whose names appear on the register of members on 9 September 2011 (2010 interim: RMB0.12 per share).

Consolidated income statement
for the six months ended 30 June 2011 - unaudited

		Six months ended 30 June	
	Note	**2011**	**2010**
		RMB'000	*RMB'000*
Turnover	3	2,645,634	8,655,084
Cost of properties sold		(1,128,708)	(4,314,181)
Gross profit		1,516,926	4,340,903
Valuation gains on investment properties		1,997,026	–
Other operating revenue		103,542	109,602
Selling expenses		(107,545)	(240,579)
Administrative expenses		(79,119)	(80,921)
Other operating expenses		(54,013)	(78,790)
Profit from operations		3,376,817	4,050,215
Financial income	4(a)	234,846	99,920
Financial expenses	4(a)	(132,159)	(153,798)
Profit before taxation	4	3,479,504	3,996,337
Income tax	5	(1,283,642)	(2,213,409)
Profit for the period		2,195,862	1,782,928
Attributable to:			
Equity shareholders of the Company		1,750,143	1,720,887
Non-controlling interests		445,719	62,041
Profit for the period		2,195,862	1,782,928
Earnings per share (RMB)	6		
Basic		0.337	0.332
Diluted		0.324	0.319

Consolidated balance sheet
at 30 June 2011 - unaudited

	Note	**At 30 June 2011**	**At 31 December 2010**
		RMB'000	*RMB'000*
Non-current assets			
Investment properties		10,618,000	3,085,000
Property and equipment		599,955	554,161
Bank deposits		5,158,518	3,840,915
Interest in jointly controlled entity		–	1,211,900
Deferred tax assets		844,598	1,019,420
Total non-current assets		17,221,071	9,711,396
Current assets			
Properties under development and completed properties held for sale		22,897,549	18,697,483
Deposits and prepayments		2,292,344	1,006,408
Trade and other receivables	7	691,538	790,224
Financial assets at fair value through profit or loss		731,214	–
Cash and cash equivalents		11,440,496	17,724,921
Total current assets		38,053,141	38,219,036
Current liabilities			
Bank loans		4,959,011	2,580,744
Sales deposits		10,655,713	6,720,091
Trade and other payables	8	3,413,465	2,586,354
Taxation		5,387,153	6,966,710
Total current liabilities		24,415,342	18,853,899
Net current assets		13,637,799	19,365,137
Total assets less current liabilities		30,858,870	29,076,533

Consolidated balance sheet
at 30 June 2011 - unaudited (continued)

	Note	At 30 June 2011	At 31 December 2010
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans		5,609,987	6,052,171
Convertible bonds		1,987,842	1,984,828
Contract retention payables		442,322	273,732
Deferred tax liabilities		1,132,501	786,434
Total non-current liabilities		9,172,652	9,097,165
NET ASSETS		21,686,218	19,979,368
CAPITAL AND RESERVES			
Share capital	9	107,495	107,485
Reserves		20,270,259	19,135,247
Total equity attributable to equity shareholders of the Company		20,377,754	19,242,732
Non-controlling interests		1,308,464	736,636
TOTAL EQUITY		21,686,218	19,979,368

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 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 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, HKAS 24 (revised 2009), Related party disclosures and Improvements to HKFRSs (2010) 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 revised HKAS 24 primarily aims to (a) clarify the definition of "related party" to remove inconsistencies and (b) provide limited disclosure relief for government-related entities when they enter into transactions with the government to which they are related or other entities related to the same government.

The Improvements to HKFRSs (2010) omnibus standard amends HKAS 34 by adding a number of examples to the list of events and transactions that require disclosure in the interim financial report if they are significant. These extra examples are:

- recognition/reversal of a loss from the impairment of financial assets;
- changes in the business or economic circumstances that affect the fair value of the financial instruments (whether those instruments are carried at fair value or amortised cost);
- transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments; and
- changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

These developments have had no material impact on the contents of this interim financial report.

3 Turnover, segment revenue and segment results

(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 properties, net of business tax, analysed as follows:

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Sale of property units	2,611,114	8,580,612
Rental income from investment properties	34,520	74,472
	2,645,634	8,655,084

(b) Segment revenue and segment results

The Group manages its businesses based on development status of current projects, which are divided into projects under development, completed projects held for sale and completed investment properties. 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) Projects under development

This segment includes projects which are under development.

(ii) Completed projects held for sale

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

(iii) Completed investment properties

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.

	Projects under development		Completed projects held for sale		Completed investment properties		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement items								
Reportable segment revenue	–	–	2,611,114	8,580,612	34,520	74,472	2,645,634	8,655,084
Reportable segment gross profit	–	–	1,482,406	4,266,431	34,520	74,472	1,516,926	4,340,903
Reportable segment profit/(loss)	1,055,762	(15,529)	834,790	1,861,441	572,231	42,063	2,462,783	1,887,975

4 Profit before taxation

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

(a) Financial income and financial expenses

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Financial income		
Interest income	(167,875)	(61,198)
Net foreign exchange gain	(9,926)	(38,722)
Net gain on financial assets at fair value through profit or loss	(57,045)	–
	(234,846)	(99,920)
Financial expenses		
Interest on bank loans	233,968	144,562
Interest expenses on the convertible bonds	92,723	92,342
Less: Interest expense capitalised into properties under development	201,512	115,989
	125,179	120,915
Bank charges and others	6,980	32,883
	132,159	153,798

(b) Other items

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Depreciation	7,807	9,346

5 Income tax

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Provision for the period		
- PRC Corporate Income Tax	251,290	1,438,543
- Land Appreciation Tax	510,230	1,433,321
Deferred tax	522,122	(658,455)
	1,283,642	2,213,409

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

(ii) In accordance with the Corporate Income Tax Law of the People's Republic of China, the income tax rate applicable to the Company's subsidiaries in the People's Republic of China (the "PRC") is ranged from 24% to 25% (2010: 22% to 25%).

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

(iv) According to the Implementation Rules of the Corporate Income Tax Law of the People's Republic of China, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognised for the dividends that have been declared, and deferred tax liability is recognised for those to be declared in the foreseeable future.

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 2011 of RMB1,750,143,000 (2010: RMB1,720,887,000) and the weighted average of 5,185,768,000 ordinary shares (2010: 5,185,447,000) 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 2011 of RMB1,842,866,000 (2010: RMB1,813,229,000) and the weighted average number of ordinary shares of 5,694,729,000 shares (2010: 5,680,147,000 shares) after adjusting for the effect of conversion of convertible bonds issued in July 2009, deemed issue of shares under the employees' share option scheme, and vesting of shares under the employees' share award scheme.

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

7 Trade and other receivables

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

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Current	143,801	291,972
Less than 1 month past due	–	3
1 to 6 months past due	31	6,400
6 months to 1 year past due	2,565	852
More than 1 year past due	61,363	60,984
Trade receivables	207,760	360,211
Other receivables	488,657	433,876
Less: allowance for doubtful debts	4,879	3,863
	691,538	790,224

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 2011**	**At 31 December 2010**
		RMB'000	*RMB'000*
Due within 1 month or on demand		185,100	134,318
Due after 1 month but within 3 months		1,448,257	672,391
Accrued expenditure on land and construction	(i)	1,633,357	806,709
Consideration payable for acquisition of subsidiaries		640,682	621,461
Amounts due to related parties		359,308	350,628
Others		515,514	605,870
Financial liabilities measured at amortised costs		3,148,861	2,384,668
Other taxes payable		264,604	201,686
		3,413,465	2,586,354

Note:

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

9 Share capital

	Note	Six months ended 30 June 2011		Six months ended 30 June 2010	
		No. of shares	**Share capital**	**No. of shares**	**Share capital**
		('000)	*RMB'000*	*('000)*	*RMB'000*
Authorised:					
Ordinary shares of HKD0.02 each		7,500,000		7,500,000	
Issued and fully paid:					
At 1 January		5,187,657	107,485	5,187,657	107,485
Shares issued under share option schemes	(i)	619	10	–	–
At 30 June		5,188,276	107,495	5,187,657	107,485
Outstanding:					
At 1 January		5,185,447		5,185,447	
Shares issued under share option schemes	(i)	619		–	
At 30 June		5,186,066		5,185,447	

(i) **Employees' share option schemes**

The Company has adopted a Pre-IPO share option scheme and an IPO share option scheme on 14 September 2007, whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at HKD1 consideration to subscribe for shares of the Company. 12,058,000 shares under the Pre-IPO share option scheme, 7,259,000 shares and 1,080,000 shares under the IPO share option scheme were granted on 8 October 2007, 30 January 2008 and 30 June 2008, had an exercise price of HKD8.30, HKD6.10 and HKD4.25, and had a weighted average remaining contractual life of 29 months. The options vest in a period of three years from the date of grant and are then exercisable within a period of six years. Each option gives the holder the right to subscribe for one ordinary share in the Company. No options were granted during the six months ended 30 June 2011.

During the six months ended 30 June 2011, options were exercised to subscribe for 619,000 ordinary shares of the Company at consideration of HKD3,641,000 of which HKD12,000 was credited to share capital and the balance of HKD3,629,000 was credit to the share premium. HKD1,133,000 has been transferred from capital reserve to share premium.

No options were exercised during the six months ended 30 June 2010.

10 Dividends

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

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Interim dividend proposed after the balance sheet date of RMB0.14 per ordinary share (2010: RMB0.12 per ordinary share)	726,412	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	
	2011	**2010**
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the following interim period, of RMB0.14 per ordinary share (2009: RMB0.20 per ordinary share)	726,359	1,037,531

Management Discussion and Analysis

Business review

During the period from 1 January 2011 to 23 August 2011, the Group achieved a total contract sales amount of RMB8,324 million. Average selling price was RMB58,905 per square meter. The contract sales amount was mainly generated from six projects, namely Wangjing SOHO, Galaxy SOHO, Danling SOHO, SOHO Zhongshan Plaza, The Exchange-SOHO and Sanlitun SOHO.

	1 January 2011 to 23 August 2011				As at 23 August 2011	
Project	**Contract sales amount (RMB'000)**	**Contract sales area* (sq.m.)**	**Average price* (RMB/sq.m.)**	**Total sellable area* (sq.m.)**	**Aggregate Percentage of sellable area sold***	**Aggregate contract sales amount (RMB'000)**
Wangjing SOHO	2,622,711	50,273	51,906	406,777	12%	2,622,711
Galaxy SOHO	2,040,391	20,831	97,060	258,401	89%	16,677,816
Danling SOHO	1,453,221	28,801	49,889	31,601	91%	1,453,221
SOHO Zhongshan Plaza	1,433,078	28,599	48,801	112,864	25%	1,433,078
The Exchange-SOHO	471,243	7,414	63,565	71,671	93%	4,287,396
Sanlitun SOHO	149,967	2,279	60,434	354,957	98%	16,900,687
Others	153,634					
Total	**8,324,245**	**139,584**	**58,905**			

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

During the Period, no new property project was completed. As at 23 August 2011, the Group's major projects were as follows:

	Project	Location	Type	Gross Floor Area ("GFA")* (sq.m.)	Group Interest
Current projects	Galaxy SOHO	Beijing	Retail, office	330,000	100%
	Danling SOHO	Beijing	Retail, office	43,000	100%
	Wangjing SOHO	Beijing	Retail, office	520,000	100%
	Guanghualu SOHO II	Beijing	Retail, office	167,000	100%
	Tiananmen South (Qianmen)	Beijing	Retail	55,000	100%
	The Exchange-SOHO	Shanghai	Retail, office	81,000	100%
	Hongqiao SOHO	Shanghai	Retail, office	350,000	100%
	SOHO on the Bund	Shanghai	Retail, office	189,000	61.51%
	Fuxinglu SOHO	Shanghai	Retail, office	137,000	80%**
New acquisitions in 2011	Caojiadu Land	Shanghai	Residential, retail, office	81,000	100%***
	Hailun Road Station Land	Shanghai	Retail, office	152,000	100%
	SOHO Zhongshan Plaza	Shanghai	Retail, office	142,000	100%
	Sichuan North Road Station Land	Shanghai	Retail, office	97,000	100%
	SOHO Century Avenue	Shanghai	Retail, office	59,000	100%
	Total			**2,403,000**	

* Total planned gross floor area.

** The Group plans to commence further discussion with the vendor as to the acquisition of the remaining 20% equity interest at the same consideration calculated under the relevant cooperation framework agreement.

*** Pursuant to the acquisition agreement, the Group will acquire the land use right to the Caojiadu Land and the construction in progress of the project upon satisfaction of the legal and regulatory conditions for the transfer of construction in progress of the project.

Major projects

Galaxy SOHO

Galaxy SOHO has a total GFA of approximately 330,000 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. As at 23 August 2011, 89% of sellable area (excluding car parks) was sold with a total contract sales amount of RMB16,678 million. The project is now under construction and the superstructure has been completed. The whole project is expected to be completed in 2012.

Danling SOHO

Danling SOHO building was acquired on 30 December 2010, at a consideration of approximately RMB1.17 billion. The building has a total GFA of 43,203 square meters, including 31,601 square meters sellable office and retail area. Full completion of the building is expected to be 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.

Danling SOHO was launched for sale on 18 July 2011 and had achieved contract sales amount of approximately RMB1.45 billion on the first day, with all the office space being sold at an average selling price of RMB47,500 per square meter. The average selling price of retail space was RMB91,000 per square meter, with five retail units of 2,800 square meters left unsold on the first day.

Wangjing SOHO

Wangjing SOHO is to be developed into large-scale retail and office properties of a total GFA of approximately 520,000 square meters. Wangjing area is Beijing's most matured 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 area. This development, zoned to stand 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 the project.

Wangjing SOHO is designed by Zaha Hardid Architects. The construction work has commenced. On 25 June 2011, the sales centre of Wangjing SOHO was open to the public. The pre-sale of Wangjing SOHO was launched on 20 August 2011. As at 23 August 2011, the project achieved contract sales amount of RMB2,623 million, with the average selling price for office and retail area of about RMB48,383 per square meter and RMB81,763 per square meter, respectively.

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.

Tiananmen South (Qianmen)

The project is located at Qianmen Avenue and the area east to the avenue, right on the south of Tiananmen Square. The Group has the right to retail space of approximately 54,691 square meters. Phase I of approximately 22,763 square meters is fully built and is located on Qianmen Avenue. Phase II of approximately 31,928 square meters, with some buildings already completed and the others under construction, is located on the east side of Qianmen Avenue.

The Group intends to keep the entire Tiananmen South project as investment properties. The completed area has been in leasing operation.

The Exchange-SOHO

The Exchange-SOHO is in the heart of the Nanjing Road West Commercial Business District of Shanghai. 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. With a height of 217 meters, The Exchange-SOHO 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 underground GFA of 8,838 square meters for parking and storage.

As at 23 August 2011, total contract sales amount of The Exchange-SOHO reached approximately RMB4,287 million. The building was nearly all sold out and fully leased out.

Hongqiao SOHO

Hongqiao SOHO has a site area of 86,164 square meters with a planned total above-ground GFA of 215,410 square meters. The total GFA will be approximately 350,000 square meters.

The project is situated at Shanghai Hongqiao Linkong Economic Zone and is right next to the Shanghai Hongqiao transportation hub, which, being the converge point of modern means of transportation such as airplane, high speed railway and subway, is the world's largest transportation hub and currently Shanghai's most vibrant area. It is connected with the most affluent cities of the Yangtze River Delta within about half an hour, 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 commencement of construction.

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. 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 132,000 square meters, including 65,000 square meters above-ground office and retail areas and 17,000 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 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 location possesses a highly developed and lively commercial atmosphere.

The planning and design work was almost completed, and the construction of the foundation has already commenced. The Group plans to keep the property as investment properties.

Fuxinglu SOHO

On 12 October 2010, the Group acquired 48.4761% equity interest of the project company holding Fuxinglu SOHO at a consideration of approximately RMB 1.21 billion. In March 2011, the Group made further acquisition and increased its equity interest held in the project company to 80%. The Group plans to commence further discussion with the vendor as to the acquisition of the remaining 20% equity interest at the same consideration calculated under the relevant cooperation framework agreement.

Fuxinglu SOHO is situated at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway line 10 and subway line 13 (under construction). It is right next to Shanghai Xintiandi that has the most lively commercial atmosphere. The land is for commercial and office use, with a total planned GFA of approximately 137,000 square meters.

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

Acquisition of new projects

Caojiadu Land

On 31 March 2011, the Group entered into a framework agreement to acquire Caojiadu Land in Shanghai at a consideration of approximately RMB1,534 million. The project has a site area of approximately 14,832 square meters for commercial, office and residential uses. Its total planned GFA is about 81,000 square meters, including an above-ground GFA of approximately 51,136 square meters.

The Caojiadu Land is situated at the Caojiadu commercial area, Jingan District, Shanghai. Surrounded by subway lines 2, 3, 7 and 11 and with the addition of subway lines 13 and 14 in the area in the future, Caojiadu commercial area is another vibrant, popular area for offices, retail and high-end apartments in Jingan District.

The planning and design work for the project has already commenced.

Hailun Road Station Land

On 13 April 2011, the Group made a successful bid of RMB2.47 billion for the Hailun Road Station Land through a public bidding process organised and held by Zhejiang Property Exchange. The Hailun Road Station Land is of an area of 28,103 square meters. Its total planned GFA is approximately 152,032 square meters, including approximately 112,132 square meters above-ground offices and retail area and approximately 39,900 square meters underground retail area and car parks.

The Hailun Road Station Land is located at Subway Line 10 Hailun Road Station in the centre of Hongkou District, Shanghai. It is in close proximity to the Sichuan North Road business district and is only about 2.5 kilometers from the city center, The People's Square, and about six minutes away from Lujiazui Pudong and the Bund. It is the converge point for Subway Line 10 and Subway Line 4.

The planning and design work for the project has commenced.

SOHO Zhongshan Plaza

On 6 May 2011, the Group entered into an agreement to acquire two office buildings of New World Changning Commercial Centre (which was later renamed as SOHO Zhongshan Plaza) in Shanghai at a total consideration of approximately RMB3.2 billion. SOHO Zhongshan Plaza has a total GFA of 142,184 square meters, including 100,199 square meters office area and 12,664 square meters retail area.

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

The sale of SOHO Zhongshan Plaza was launched on 14 August 2011. As at 23 August 2011, the project achieved contract sales amount of RMB1,433 million, with the average selling price of approximately RMB48,801 per square meter.

Sichuan North Road Station Land

On 31 May 2011, the Group entered into a share transfer and assignment of loan agreement to acquire a land parcel, the Sichuan North Road Station Land, in Shanghai at a total consideration of approximately RMB1.5 billion. The transaction was completed in July 2011. The Sichuan North Road Station Land is of an area of 16,427 square meters for retail and office uses. Its saleable GFA is approximately 66,833 square meters, including approximately 60,194 square meters above-ground office area and approximately 6,639 square meters above-ground and underground retail area.

The Sichuan North Road Station Land is situated at Sichuan North Road Station on Subway Line 10 and is only 300 meters away from Baoshan Road Station, the interchange station for Subway Lines 3 and 4. It is located at the most prime and developed area of the Sichuan North Road commercial district.

The planning and design work for the project has already commenced.

SOHO Century Avenue

On 5 August 2011, the Group entered into an agreement to acquire the target property of Jia Rui International Plaza, which will be renamed as "SOHO Century Avenue", at a total consideration of approximately RMB1,890 million. The target property comprises the entire building of SOHO Century Avenue (excluding the 24th floor and 40 carparks in the basement) which has a total saleable GFA of approximately 42,972 square meters, including approximately 42,540 square meters above-ground GFA for office use and approximately 432 square meters above-ground GFA for retail use.

Situated at Pudong's Zhu Yuan business district, SOHO Century Avenue is close to the Lujiazui financial district and only about 3 kilometers away from Jin Mao Tower and Oriental Pearl TV Tower. SOHO Century Avenue is easily accessible through convenient subway networks and road systems. It is within five minutes walking distance to Pudian Road Station on Subway Line 4 and within eight minutes walking distance to Century Avenue Station, the interchange station for Subway Lines 2, 4, 6 and 9. Century Avenue Station is currently the largest subway transportation hub in China.

The property is close to completion and is expected to be delivered in 2012.

Market review and outlook

The real estate market plodded forward amid constant restriction policies in the first half of 2011. In January 2011, Shanghai and Chongqing officially started to levy property tax. In February 2011, Beijing issued a purchase restriction order, and more than 40 cities nationwide soon followed suit. In March 2011, the National Development and Reform Commission announced that from May 2011, each commodity house must be marked clearly with a specific price as the ceiling price. Apart from administrative measures, to further tighten liquidity, the People's Bank of China increased the required reserve ratio for six consecutive times and raised the benchmark interest rate for three times since the beginning of the year, leaving a profound impact on the residential housing transaction volume. In the first half of 2011, residential housing transaction volume in 20 major cities nationwide recorded a decrease of approximately 7% compared with that of the same period of 2010. The first-tier cities with stricter policy witnessed a more extensive decrease in transaction volume.

While the residential property market was hit by austerity measures, the commercial property market became the only bright spot. There were more merger and acquisition opportunities in the tightening environment. The Group had acquired three quality plots and two office buildings in Shanghai since the beginning of this year. In the capital finance market, when most developers began worrying about their capital adequacy, the Group secured a USD605 million syndicated loan at a relatively low price with the help of 11 banks. Sufficient funds provide strong financial support for future acquisitions, development and operation. As for property sales, in July 2011, the Group launched Danling SOHO for sale, and sold more than 90% of the total sellable area on the first day of sale with contract sales amount reaching approximately RMB1.45 billion. In August 2011, the Group launched two new projects for sale, namely, SOHO Zhongshan Plaza and Wangjing SOHO. The better than expected sales performance indicated a brisk demand for office and retail properties.

The tightening policies will go forward in the second half of 2011. Despite the slashing transaction volume and cooling land market, housing prices have not shown sustainable correction. Meanwhile, with affordable housing construction still underway, it takes time for abundant affordable housing to appear in the market. The Group therefore expects the purchase restriction and price ceiling policies to continue, which however, has no impact on products of the Group. Owing to the scarcity of commercial property products available for sale, the Group has always posted forecast-beating results in both selling price and selling speed when launching the sale of a new project. On the other hand, the credit will continue to be tightened. The Group will take advantage of strong cash holding for more aggressive acquisitions. Its acquisitions will still stick to commercial properties in prime locations of Tier-I cities.

Financial Review

Turnover

Turnover (net of business tax) for the Period was RMB2,646 million, representing a decrease of RMB6,009 million or 69% as compared with RMB8,655 million in the same period of 2010. This was mainly attributed to no new completion of projects and a decrease in the area booked during the Period. Area booked during the Period was 42,411 square meters (excluding car parks), representing a decrease of 77% as compared with 182,934 square meters in the same period of 2010. During the Period, average selling price of booked area (excluding car parks) was RMB63,536 per square meter, representing an increase of 36% as compared to RMB46,837 per square meter in the same period of 2010. Turnover during the Period was mainly contributed by The Exchange-SOHO, Sanlitun SOHO, SOHO Nexus Centre and ZhongGuanCun SOHO.

Cost of properties sold

Cost of properties sold for the Period was RMB1,129 million, RMB3,185 million lower than RMB4,314 million in the same period of 2010, which was mainly a result of the decrease of area booked for the Period.

Gross profit

Gross profit for the Period was RMB1,517 million, representing a decrease of RMB2,824 million from RMB4,341 million in the same period of 2010. Gross profit margin for the Period was 57%, as compared with 50% in the same period of 2010.

Valuation gains on investment properties

Valuation gains on investment properties for the Period was RMB1,997 million, which was mainly a result of more investment properties held by the Group in the Period, including properties that are completed and under construction.

Selling expenses

Selling expenses for the Period was RMB108 million, representing a decrease of RMB133 million from RMB241 million in the same period of 2010. The decrease in expenses was mainly resulted from lower selling expenses in relation to lower recognised turnover in the Period.

Administrative expenses

Administrative expenses for the Period was RMB79 million, representing a decrease of RMB2 million or 2% from RMB81 million in the same period of 2010.

Financial income

Financial income for the Period was approximately RMB235 million, representing an increase of RMB135 million compared with RMB100 million in the same period of 2010. This was mainly due to the increase of interest income and net gain on financial assets at fair value through profit or loss in the Period.

Financial expense

Financial expense for the Period was approximately RMB132 million, representing a decrease of RMB22 million as compared with RMB154 million in the same period of 2010.

Profit before taxation

Profit before taxation for the Period was RMB3,480 million, representing a decrease of RMB517 million as compared with RMB3,996 million in the same period of 2010. The decrease was mainly due to the decrease in the 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 the Period was RMB773 million, representing a decrease of RMB7 million as compared with RMB780 million in the same period of 2010. RMB522 million of the total PRC Corporate Income Tax payable was deferred tax mainly due to the unrealized valuation gains on investment properties recognised during the Period. Land Appreciation Tax for the Period was RMB510 million, representing a decrease of RMB923 million as compared with RMB1,433 million in the same period of 2010. The decrease of the Land Appreciation Tax was mainly due to the decrease in area booked within the Period.

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 RMB1,750 million, representing an increase of RMB29 million as compared with RMB1,721 million in the same period of 2010. Core net profit, excluding valuation gains on investment properties, was approximately RMB675 million, representing a decrease of 61% compared with that of the same period of 2010. The core net profit margin reached 26%, mainly due to the higher profit margin of properties booked during the Period.

Cash and cash equivalents

Cash and cash equivalents of the Group as at 30 June 2011 was RMB11,440 million, representing a decrease of RMB6,284 million as compared with RMB17,725 million as at 31 December 2010, which was mainly due to more capital expenditure on land and project acquisitions.

Total current assets and liquidity ratio

Total current assets of the Group as at 30 June 2011 were RMB38,053 million, representing a decrease of RMB166 million or 0.4% from RMB38,219 million as at 31 December 2010. Liquidity ratio (total current assets/total current liabilities) decreased from 2.03 as at 31 December 2010 to 1.56 as at 30 June 2011.

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. As at 30 June 2011, the conversion price was adjusted to HK$5.42 per share as a result of the declare of final dividends of 2009 and 2010 and interim dividend of 2010. As at 30 June 2011, the carrying amounts of liability and equity component of the Convertible Bonds were RMB1,988 million and RMB514 million, respectively.

As at 30 June 2011, the loan balance of the Group was RMB10,569 million. Of all the bank loans, RMB1,870 million is due in September 2011, HKD loan equivalent to RMB644 million is due in January 2012, RMB1,800 million is due in March 2012, HKD loan equivalent to RMB645 million is due in March 2012, USD loan equivalent to RMB1,489 million is due in August 2012, USD loan equivalent to RMB1,732 million is due in June 2014, RMB1,100 million is due in September 2014, USD loan equivalent to RMB364 million is due in August 2014, RMB925 million is due in September 2022. As at 30 June 2011, bank loans of RMB9,080 million of the Group were collateralised by the Group's land use rights, properties and restricted bank deposits or guaranteed by certain subsidiaries of the Group.

As at 30 June 2011, the Group had Convertible Bonds and bank loans of RMB12,557 million, equivalent to 23% of its total assets (31 December 2010: 22%). Net debt (bank loans + Convertible Bonds - cash and cash equivalents and bank deposits) to equity ratio was about -20% (31 December 2010: -57%).

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 increased the benchmark interest rate for RMB loans during the Period twice from 5.81% to 6.56%. LIBOR decreased from 0.30% at the beginning of the Period to 0.25% at the end of the Period. The Group's interest rate risk is mainly from the floating interest rate of loans, the increase of which will result in an increase in the Group's financing cost.

Foreign currency risk

The Group's operations are mostly conducted in RMB. During the Period, the medium exchange rate of 100 USD against RMB decreased from 662.27 at the beginning of the Period to 647.16 as at 30 June 2011. In case of the substantial change of exchange rate, the Group will face exchange loss risk.

Contingent liabilities

As at 30 June 2011, the Group 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 RMB5,921 million as at 30 June 2011 (RMB6,587 million as at 31 December 2010).

Capital commitments

As at 30 June 2011, the Group's contracted capital commitments for properties under development was RMB5,452 million (RMB4,819 million as at 31 December 2010). The amount mainly comprised of contracted projects development cost and land cost. The Group's contracted capital commitments for acquisition of a subsidiary was RMB330 million (RMB nil as at 31 December 2010), which represents the acquisition cost of Sichuan North Road Station Land.

Employees and Remuneration Policy

As at 30 June 2011, the Group had 2,392 employees (including 164 employees for sales and leasing in Beijing and Shanghai, 378 employees for Commune by the Great Wall and Boao Canal Village and 1,447 employees for the property management company).

The remuneration of the Group's employees includes basic salary and bonuses. Bonuses are determined on a quarterly basis based on performance reviews. Remuneration of sales staff is primarily comprised of commissions linked to sales performance. Pursuant to the terms of the share option scheme adopted on 14 September 2007, the Company also granted share options to various directors and employees on 14 September 2007, 30 January 2008 and 30 June 2008, and adopted an employees' share award scheme on 23 December 2010 as part of its employees' remuneration packages.

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 RMB0.14 per share for the six months ended 30 June 2011 to the shareholders of the Company whose names appear on the register of members on 9 September 2011 (2010 interim: RMB0.12). The dividend warrants will be distributed to the shareholders on or before 30 September 2011.

In May 2011, the Company distributed the final dividend for the year ended 31 December 2010, equivalent to approximately RMB726 million, to the shareholders of the Company.

Share capital

Details of the movements in share capital of the Company during the Period are set out in note 9 to the consolidated financial statements.

During the Period, the total number of issued shares of the Company increased to 5,188,276,000 shares as at 30 June 2011 (31 December 2010: 5,187,657,000 shares).

Closure of register of members

The register of members of the Company will be closed from Friday, 9 September 2011 to Thursday, 15 September 2011 (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 Thursday, 8 September 2011.

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 2011 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 2011 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
25 August 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.