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 2012

- Achieved turnover of approximately RMB15,305 million, increased by approximately 169% year over year
- Achieved net profit attributable to equity shareholders of the Company of approximately RMB10,585 million, increased by approximately 172% year over year
- Achieved core net profit (excluding valuation gains on investment properties) of approximately RMB3,335 million, increased by approximately 135% year over year, mainly attributable to the increase in the area booked in 2012, resulting from the completion and delivery of Galaxy SOHO in the Year
- Core net profit margin in 2012 was approximately 22%
- As at 31 December 2012, the Group had total cash and bank deposits of approximately RMB22,200 million. Ratio of net debt to total equity attributable to shareholders of the Company was approximately 2.6%
- Recommended final dividend of RMB0.13 per share

The board of directors (the "Board") of SOHO China Limited (the "Company" or "SOHO China") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012 (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 (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 2012 audited consolidated annual results of the Group had been reviewed by the audit committee of the Company and approved by the Board on 6 March 2013.

For the year ended 31 December 2012, the Group achieved a turnover of approximately RMB15,305 million (increased by approximately 169% year over year), a gross profit of approximately RMB9,007 million and a gross profit margin of approximately 59%. Net profit attributable to equity shareholders of the Company was approximately RMB10,585 million, increased by approximately 172% year over year. Core net profit (excluding valuation gains on investment properties) was approximately RMB3,335 million, increased by approximately 135% year over year. The core net profit margin was approximately 22%. The main reason for the increase in turnover and core net profit during the Year was attributable to the increase in the area booked in 2012, resulting from the completion and delivery of Galaxy SOHO in the Year.

The Board recommended the payment of a final dividend of RMB0.13 per share for the year ended 31 December 2012 which is subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Tuesday, 14 May 2013 (the "AGM").

Consolidated income statement
for the year ended 31 December 2012

	Note	**2012**	**2011**
		RMB'000	*RMB'000*
Turnover	3	15,305,129	5,684,822
Cost of properties sold		(6,298,439)	(2,954,246)
Gross profit		9,006,690	2,730,576
Valuation gains on investment properties		9,604,777	4,027,445
Other revenue and income		239,015	276,142
Selling expenses		(326,970)	(237,661)
Administrative expenses		(254,094)	(210,511)
Other operating expenses		(151,885)	(134,097)
Profit from operations		18,117,533	6,451,894
Financial income	4(a)	432,516	559,453
Financial expenses	4(a)	(558,432)	(350,752)
Government grants	5	203,155	201,285
Profit before taxation	4	18,194,772	6,861,880
Income tax	6	(7,547,921)	(2,375,458)
Profit for the year		10,646,851	4,486,422
Attributable to:			
Equity shareholders of the Company		10,584,876	3,892,308
Non-controlling interests		61,975	594,114
Profit for the year		10,646,851	4,486,422
Earnings per share (RMB)	7		
Basic		2.051	0.751
Diluted		1.897	0.716

Consolidated balance sheet
at 31 December 2012

	Note	**2012**	**2011**
		RMB'000	*RMB'000*
Non-current assets			
Investment properties		38,310,000	13,334,500
Property and equipment		682,084	688,140
Bank deposits		137,647	1,222,115
Interest in jointly controlled entities		4,065,532	–
Deferred tax assets		2,009,795	901,918
Total non-current assets		45,205,058	16,146,673
Current assets			
Properties under development and completed properties held for sale		10,048,137	23,428,529
Deposits and prepayments		2,599,287	5,066,025
Trade and other receivables	8	662,937	549,471
Bank deposits		2,353,429	2,582,919
Cash and cash equivalents		19,708,723	11,906,157
Total current assets		35,372,513	43,533,101
Current liabilities			
Bank loans		3,922,219	2,214,593
Sales deposits		8,896,083	13,198,710
Trade and other payables	9	2,657,017	1,949,503
Taxation		9,571,246	5,681,681
Total current liabilities		25,046,565	23,044,487
Net current assets		10,325,948	20,488,614
Total assets less current liabilities		55,531,006	36,635,287

Consolidated balance sheet
at 31 December 2012 (continued)

	Note	**2012**	**2011**
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans		10,791,280	9,422,836
Convertible bonds		2,092,476	1,986,897
Senior notes		6,198,433	–
Contract retention payables		660,189	276,677
Deferred tax liabilities		4,078,166	1,731,255
Total non-current liabilities		23,820,544	13,417,665
NET ASSETS		31,710,462	23,217,622
CAPITAL AND RESERVES			
Share capital	10	106,029	107,502
Reserves		30,593,478	21,615,261
Total equity attributable to equity shareholders of the Company		30,699,507	21,722,763
Non-controlling interests		1,010,955	1,494,859
TOTAL EQUITY		31,710,462	23,217,622

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 2012 comprise SOHO China Limited ("the Company") and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

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 several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

- Amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*

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

The impacts of these developments are discussed below:

- The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognized in their entirety, irrespective of when the related transfer transaction occurred. However, an entity needs not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

- Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  In respect of the Group's investment properties located in Mainland China, the Group has determined that these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended HKAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to these properties using the tax rate that would apply as a result of recovering their value trough use.

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 properties, net of business tax, analysed as follows:

	2012	2011
	RMB'000	*RMB'000*
Sale of property units	15,157,006	5,593,729
Rental income from investment properties	148,123	91,093
	15,305,129	5,684,822

(b) Segment reporting

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

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

(iii) Projects under development

This segment includes projects which are under development.

(c) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets and liabilities include all non-current assets and liabilities and current assets and liabilities with the exception of unallocated head office and corporate assets and liabilities.

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

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

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 gains on investment properties, net operating expenses, financial income, financial expenses, government grants, income tax, investment properties, properties under development and completed properties held for sale, interest in jointly controlled entity, cash and cash equivalents, bank deposits, bank loans, and additions to investment properties and property and equipment.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2012 and 2011 is set out below:

	Completed projects held for sale		**Completed investment properties**		**Projects under development**		**Total**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement items								
Reportable segment revenue	15,157,006	5,593,729	148,123	91,093	–	–	15,305,129	5,684,822
Cost of properties sold	(6,298,439)	(2,954,246)	–	–	–	–	(6,298,439)	(2,954,246)
Reportable segment gross profit	8,858,567	2,639,483	148,123	91,093	–	–	9,006,690	2,730,576
Valuation gains on investment properties	–	–	2,699,530	1,585,793	7,324,414	2,579,522	10,023,944	4,165,315
Operating income/(expenses), net	(137,503)	41,464	(28,760)	(18,061)	45,544	(51,315)	(120,719)	(27,912)
Financial income	336,526	333,535	251	1,288	85,322	150,966	422,099	485,789
Financial expenses	(28,452)	(126,539)	(65,544)	(76,089)	(41,944)	(93,689)	(135,940)	(296,317)
Government grants	199,429	192,305	3,726	7,966	–	1,014	203,155	201,285
Reportable segment profit before taxation	9,228,567	3,080,248	2,757,326	1,591,990	7,413,336	2,586,498	19,399,229	7,258,736
Income tax	(5,255,135)	(1,422,067)	(709,231)	(397,997)	(1,806,493)	(660,597)	(7,770,859)	(2,480,661)
Reportable segment profit	3,973,432	1,658,181	2,048,095	1,193,993	5,606,843	1,925,901	11,628,370	4,778,075

	Completed projects held for sale		Completed investment properties		Projects under development		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet items								
Investment properties	–	–	10,730,000	5,332,500	27,580,000	8,002,000	38,310,000	13,334,500
Properties under development and completed properties held for sale	5,592,279	5,718,209	–	–	5,340,271	18,021,736	10,932,550	23,739,945
Interest in jointly controlled entities	–	–	–	–	4,065,532	–	4,065,532	–
Cash and cash equivalents	6,833,121	8,873,968	11,095	16,955	3,517,660	1,648,841	10,361,876	10,539,764
Bank deposits	1,024,424	818,266	–	–	1,271,342	2,838,133	2,295,766	3,656,399
Bank loans	1,000,000	1,500,000	845,000	925,000	2,923,610	2,800,000	4,768,610	5,225,000
Reportable segment assets	41,821,344	32,833,720	10,890,831	5,542,011	56,537,095	43,685,066	109,249,270	82,060,797
Reportable segment liabilities	24,836,591	18,906,954	2,947,565	2,281,378	37,367,099	35,613,848	65,151,255	56,802,180
Additions to investment properties and property and equipment	15,156	51,448	126	469,207	561,746	2,849,853	577,028	3,370,508

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

	2012	2011
	RMB'000	*RMB'000*
Valuation gains on investment properties		
Reportable valuation gains on investment properties	10,023,944	4,165,315
Adjustment for expenses capitalised in preparing the consolidated financial statements	(419,167)	(137,870)
Consolidated valuation gains on investment properties	9,604,777	4,027,445
Profit		
Reportable segment profit	11,628,370	4,778,075
Elimination of intra-group profit	(288,283)	(23,810)
Unallocated head office and corporate expenses	(693,236)	(267,843)
Consolidated profit	10,646,851	4,486,422
Properties under development and completed properties held for sale		
Reportable segment properties under development and completed properties held for sale	10,932,550	23,739,945
Elimination of intra-group transactions	(884,413)	(311,416)
Consolidated properties under development and completed properties held for sale	10,048,137	23,428,529
Bank deposits		
Reportable segment bank deposits	2,295,766	3,656,399
Unallocated head office and corporate bank deposits	195,310	148,635
Consolidated bank deposits	2,491,076	3,805,034

	2012	2011
	RMB'000	*RMB'000*
Cash and cash equivalents		
Reportable segment cash and cash equivalents	10,361,876	10,539,764
Unallocated head office and corporate cash and cash equivalents	9,346,847	1,366,393
Consolidated cash and cash equivalents	19,708,723	11,906,157
Bank loans		
Reportable segment bank loans	4,768,610	5,225,000
Unallocated head office and corporate bank loans	9,944,889	6,412,429
Consolidated bank loans	14,713,499	11,637,429
Assets		
Reportable segment assets	109,249,270	82,060,797
Elimination of intra-group balances	(45,137,154)	(28,638,995)
Unallocated head office and corporate assets	16,465,455	6,257,972
Consolidated total assets	80,577,571	59,679,774
Liabilities		
Reportable segment liabilities	65,151,255	56,802,180
Elimination of intra-group balances	(44,575,478)	(28,444,034)
Unallocated head office and corporate liabilities	28,291,332	8,104,006
Consolidated total liabilities	48,867,109	36,462,152

4 Profit before taxation

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

(a) Financial income and financial expenses

	2012	2011
	RMB'000	*RMB'000*
Financial income		
Interest income	(432,516)	(425,127)
Net foreign exchange gain	–	(69,254)
Net gain on settlement of financial assets at fair value through profit or loss:		
Held for trading	–	(65,072)
	(432,516)	(559,453)
Financial expenses		
Interest on bank loans wholly repayable within five years	754,652	538,062
Interest on bank loans wholly repayable above five years	22,039	57,961
Interest expenses on the Convertible Bonds	190,938	185,290
Interest expenses on the Senior Notes	60,823	–
Less: Interest expense capitalised into properties under development	(494,099)	(451,614)
	534,353	329,699
Net foreign exchange loss	4,777	–
Bank charges and others	19,302	21,053
	558,432	350,752

(b) Staff costs

	2012	2011
	RMB'000	*RMB'000*
Salaries, wages and other benefits	209,105	193,937
Contributions to defined contribution retirement plan	15,048	13,122
Equity-settled share-based payment expenses	4,524	1,579
	228,677	208,638

(c) Other items

	2012	2011
	RMB'000	*RMB'000*
Depreciation	22,934	19,323

5 Government grants

The Group received total government grants of RMB203,155,000 (2011: RMB201,285,000) in relation to certain completed projects from the local finance bureaus pursuant to the regulations issued by the respective local governments.

6 Income tax

	2012	2011
	RMB'000	*RMB'000*
PRC Corporate Income Tax		
– Provision for the year	2,977,642	485,418
– (Over)/under-provision in respect of prior years	(78,887)	27,815
Land Appreciation Tax	3,410,132	822,163
Deferred tax	1,239,034	1,040,062
	7,547,921	2,375,458

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

In accordance with the Corporate Income Tax Law of the People's Republic of China (the "PRC"), the income tax rate applicable to the Company's subsidiaries in the PRC is 25% (2011: 24% 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 RMB10,584,876,000 (2011: RMB3,892,308,000) and the weighted average of 5,160,850,000 ordinary shares (2011:5,185,179,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Note	**2012**	**2011**
		'000	*'000*
Issued ordinary shares at 1 January		5,188,656	5,187,657
Effect of share options exercised	10(i)	53	658
Effect of shares repurchased and cancelled	10(ii)	(20,520)	–
Effect of treasury shares	10(iii)	(7,551)	(3,136)
Effect of Awarded Shares vested		212	–
Weighted average number of ordinary shares during the year		5,160,850	5,185,179

(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 RMB10,775,814,000 (2011: RMB4,077,598,000) and the weighted average of 5,680,015,000 ordinary shares (2011:5,696,893,000), calculated as follows:

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

	2012	**2011**
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders	10,584,876	3,892,308
After tax effect of effective interest on the liability component of the convertible bonds	190,938	185,290
Profit attributable to ordinary equity shareholders (diluted)	10,775,814	4,077,598

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

	2012	**2011**
	'000	*'000*
Weighted average number of ordinary shares	5,160,850	5,185,179
Effect of conversion of the Convertible Bonds	516,605	510,646
Effect of deemed issue of shares under the employee's share option schemes	–	470
Effect of deemed vesting of the Awarded Shares	2,560	598
Weighted average number of ordinary shares (diluted)	5,680,015	5,696,893

8 Trade and other receivables

	Note	**2012**	**2011**
		RMB'000	*RMB'000*
Trade receivables	(i)	161,038	161,162
Other receivables		513,622	389,861
Less: allowance for doubtful debts		(11,723)	(1,552)
		662,937	549,471

(i) The ageing analysis of trade receivables based on due date is as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Current	75,089	47,380
Less than 1 month past due	1,075	33,189
1 to 6 months past due	2,613	1,000
6 months to 1 year past due	9,388	16,960
More than 1 year past due	72,873	62,633
Amounts past due	85,949	113,782
	161,038	161,162

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 deliver properties to tenants before it receives the rental deposits and would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

9 Trade and other payables

	Note	**2012**	**2011**
		RMB'000	*RMB'000*
Accrued expenditure on land and construction	(i)	1,091,125	774,648
Consideration payable for acquisition of subsidiaries and jointly controlled entities		100,000	71,318
Amounts due to related parties		342,078	327,308
Others		676,064	569,946
Financial liabilities measured at amortised costs		2,209,267	1,743,220
Other taxes payable		447,750	206,283
		2,657,017	1,949,503

Notes:

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

The ageing analysis of accrued expenditure on land and construction based on due date is as follows:

	2012	2011
	RMB'000	*RMB'000*
Due within 1 month or on demand	326,956	236,604
Due after 1 month but within 3 months	764,169	538,044
	1,091,125	774,648

10 Share capital and treasury shares

(i) Share capital

	Note	2012		2011	
		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		5,188,656	107,502	5,187,657	107,485
Shares repurchased and cancelled	(ii)	(76,210)	(1,476)	–	–
Shares issued under the employees' share option schemes		170	3	999	17
At 31 December		5,112,616	106,029	5,188,656	107,502

During the year ended 31 December 2012, options were exercised to subscribe for 170,000 ordinary shares (2011: 999,000) of the Company at consideration of HKD722,000 (2011: HKD5,960,000) of which HKD3,000 (2011: HKD20,000) was credited to share capital and the balance of HKD719,000 (2011: HKD5,940,000) was credited to the share premium. HKD218,000 (2011: HKD1,857,000) has been transferred from capital reserve to share premium.

(ii) Shares repurchased and cancelled

During the year ended 31 December 2012, the Company repurchased its own shares on the Main Board of The Stock Exchange of Hong Kong Limited as follows:

	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HKD	*HKD*	*HKD'000*
August 2012	(24,598,500)	5.40	4.93	130,960
September 2012	(22,390,000)	4.86	4.72	107,593
October 2012	(18,290,500)	5.10	4.77	90,806
November 2012	(10,930,500)	5.70	5.46	61,430
	(76,209,500)			390,789

76,209,500 shares out of the total repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37 of the Cayman Islands Companies Law, an amount equivalent to the par value of the shares cancelled of HKD1,524,000 was transferred from share premium to the capital redemption reserve.

(iii) Treasury shares

	2012		2011	
	No. of shares	Treasury shares	No. of shares	Treasury shares
	('000)	*RMB'000*	*('000)*	*RMB'000*
At 1 January	6,593	26,300	2,210	8,775
Shares purchased for employees' share award scheme	3,879	17,625	4,383	17,525
Shares repurchased to be cancelled	22,300	109,132	–	–
Vesting of shares under employees' share award scheme	(262)	(960)	–	–
At 31 December	32,510	152,097	6,593	26,300

During the year ended 31 December 2012, a subsidiary of the Group purchased 3,878,500 shares (2011: 4,383,000 shares) of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, at a total consideration of HKD21,784,000 (2011: HKD21,539,000), for the employees' share award scheme launched on 23 December 2011, 13 January 2012 and 7 November 2012.

During December 2012, the Company repurchased 22,300,500 shares on the Main Board of The Stock Exchange of Hong Kong Limited, at a total consideration of HKD134,495,000 which were cancelled on 11 January 2013.

Details of treasury shares purchased during the year ended 31 December 2012 are as follows:

Month/year	Number of shares purchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HKD	*HKD*	*HKD'000*
June 2012	155,500	5.37	5.27	838
October 2012	188,000	5.01	5.01	945
November 2012	3,535,000	5.64	5.63	20,001
December 2012	22,300,500	6.27	5.86	134,495
	26,179,000			156,279

(iv) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	Exercise price	2012	2011
		Number	*Number*
8 October 2008 to 7 October 2013	HKD8.30	5,481,660	6,854,340
30 January 2009 to 29 January 2014	HKD6.10	2,606,000	3,129,000
30 June 2009 to 29 June 2014	HKD4.25	300,000	470,000
6 November 2013 to 5 November 2022	HKD5.53	8,184,000	–
		16,571,660	10,453,340

Each option entitles the holder to subscribe for one ordinary share in the Company.

11 Dividends

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

	2012	2011
	RMB'000	*RMB'000*
Interim dividend declared and paid of RMB0.12 per ordinary share (2011: RMB0.14 per ordinary share)	619,697	726,412
Final dividend proposed after the balance sheet date of RMB0.13 per ordinary share (2011: RMB0.11 per ordinary share)	655,601	570,752
	1,275,298	1,297,164

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

	2012	2011
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.11 per ordinary share (2011: RMB0.14 per ordinary share)	570,752	726,359

BUSINESS REVIEW AND MARKET OUTLOOK

Several years ago, after thorough consideration and discussion, the Group determined the future development strategy and direction of the Company: which is to focus on office properties development and investment in prime locations in Beijing and Shanghai. 2012 was a banner year for the Company – the Group achieved solid earnings, further strengthened its balance sheet, and successfully executed a bellwether US$1 billion bond issuance. Most importantly, the Group strategically started the transition of its business model from "Build-to-Sell" to "Build-to-Hold" to capture market opportunities and forge a sustainable foundation for the Company's future development. The Company considers that rental income realized through the "Build-to-Hold" model would be more stable and predictable than sales proceeds realized under the "Build-to-Sell" model.

The Group achieved excellent results in 2012. The Group's turnover was approximately RMB15,305 million, with year over year growth of approximately 169% and a gross profit margin of approximately 59%. Net profit was approximately RMB10,585 million, with year over year growth of approximately 172%. Core net profit (excluding valuation gains on investment properties) was approximately RMB3,335 million, with a year over year growth of approximately 135%. Core net profit margin was approximately 22%.

Based on the Group's financial indicators, the Group ended the year in solid financial position, with a net gearing ratio of only 2.6% and over RMB22 billion in cash, providing a cushion in the event of future volatility and fluctuations in the economy as the Group transited from sales to leasing, while enabling it to simultaneously pursue acquisitions in its two core markets. The Group expects 2013 will be an attractive year for acquisition opportunities, so the Group will focus on acquiring land and projects in Shanghai and Beijing.

Office rents in Beijing and Shanghai have been rising steadily. Despite the differences in the growth rates of the two cities during various periods, the steady overall rise in both markets laid a solid foundation for our new development model and strategy. In China, this solid foundation exists only in Beijing and Shanghai and is not present in second-tier cities.

Properties for commercial use include offices and retail facilities. As online shopping becomes more and more popular, its impact on retail bricks and mortar businesses is already enormous and will be increasingly significant in the coming years. Accordingly, the Group is reducing the retail exposure in its portfolio, and those retail facilities included in its projects will mainly be concept stores. Prominent brands such as Canon and Samsung have already established concept stores in the Group's properties.

How does the Group adapt to an evolving society under the influence of the internet? In 2012, adhering to the Group's principles of openness, transparency and fairness to all clients, the Group disclosed all sales and leasing prices clearly on the internet with no privately offered discounts. This fundamentally changed the real estate industry's deep-rooted and unspoken rule that prices should be disclosed and negotiated offered only in private. The Group's excellent sales and leasing results have validated its advanced approach. The Group also made significant progress carrying out procurements and tenders on the internet with genuine openness and transparency, which attracted the participation of numerous highly qualified businesses, improving the quality of procurement and reducing costs.

In 2013, the Group will be vigilant in reviewing and modifying its strategy on a daily basis in order for the Group to adapt and accommodate the changing environment of the market. However, the Group will always adhere to its core values, identify real demand amid uncertainty, and offer the right products to the market and society based on their needs without taking undue risk. By making contributions to social advancement and offering appropriate products, the Company will be able to achieve a stable and sustainable growth and become a valuable contributor to society.

BUSINESS REVIEW

Contract sales

During 2012, the Group's contract sales were mainly generated from SOHO Peaks (formerly known as Wangjing SOHO) and SOHO Zhongshan Plaza. The total contract sales amount of these projects was approximately RMB9,468 million, with an average selling price of approximately RMB50,531 per square meter.

Project	**Contract sales amount during the Period** *(RMB'000)*	**Contract sales area* during the Period** *(sq.m.)*	**Average price* during the Period** *(RMB/sq.m.)*	**Total sellable area*** *(sq.m.)*	**Aggregate percentage of sellable area sold* by 31 December 2012**	**Aggregate contract sales amount by 31 December 2012** *(RMB'000)*
SOHO Peaks (Towers 1&2)	8,086,488	153,349	52,196	283,204	83%	12,765,529
SOHO Zhongshan Plaza	1,381,781	31,730	42,482	112,864	57%	3,039,355
Total	**9,468,269**	**185,079**	**50,531**			

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

Major Portfolio

During the Period, construction of SOHO Century Plaza and Galaxy SOHO were completed. The Company acquired SOHO Tianshan Plaza and the remaining 20% equity interest of the project company of SOHO Fuxing Plaza in 2012.

As at 31 December 2012, major properties in the Company's portfolio were as follows:

	Project	Location	Type	Total Gross Floor Area ("GFA") *(sq.m.)*	Group Interest *(%)*
Projects for Investment	Tiananmen South (Qianmen)	Beijing	Retail	55,000	100%
	Galaxy SOHO& Chaoyangmen SOHO	Beijing	Retail, office	45,000*	100%
	Guanghualu SOHO II	Beijing	Retail, office	167,000	100%
	SOHO Peaks (Tower 3)	Beijing	Retail, office	170,000	100%
	SOHO Century Plaza	Shanghai	Retail, office	59,000	100%
	SOHO Fuxing Plaza	Shanghai	Retail, office	137,000	100%
	Sky SOHO	Shanghai	Retail, office	343,000	100%
	Bund SOHO	Shanghai	Retail, office	189,000	61.51%
	Hongkou SOHO	Shanghai	Retail, office	95,000	100%
	Bund 8-1 Land	Shanghai	Retail, office, finance, art, culture	426,000	50%
	SOHO Hailun Plaza	Shanghai	Retail, office	169,000	100%
	SOHO Tianshan Plaza	Shanghai	Retail, office, hotel	170,000	100%
Projects for Sales	SOHO Peaks (Towers 1&2)	Beijing	Retail, office	350,000	100%
	SOHO Zhongshan Plaza	Shanghai	Retail, office	142,000	100%
	SOHO Jing'an Plaza	Shanghai	Residential, retail, office	76,000	100%

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

Major projects in Beijing

Tiananmen South (Qianmen)

The project is located at Qianmen Avenue and the area east to the avenue, right on the south of Tiananmen Square. The Group has the right to retail space of approximately 54,691 square meters. Approximately 35,000 square meters is fully built and is in leasing operation.

Guanghualu SOHO II

Guanghualu SOHO II is located in the heart of the Beijing Central Business District, opposite the Guanghualu SOHO project. The total planned GFA is approximately 167,000 square meters. The Group plans to keep the entire Guanghualu SOHO II project as investment properties. The underground construction of the project has been completed.

Galaxy SOHO

Galaxy SOHO has a total GFA of approximately 330,000 square meters. Designed by Zaha Hadid Architects, it is an iconic commercial development within the East Second Ring Road of Beijing.

The Group launched the pre-sale of Galaxy SOHO on 26 June 2010. As at 31 December 2012, a total cumulative contract sales amount of approximately RMB16,173 million was achieved with average selling price for office and retail area of approximately RMB63,634 per square meter and RMB86,311 per square meter, respectively. The Group keeps approximately 34,096 square meters of lettable area of the project as investment properties. The project was completed and delivered in November 2012.

SOHO Peaks

SOHO Peaks (formerly known as Wangjing SOHO) is to be developed into large-scale retail and office properties consisting of a total GFA of approximately 520,000 square meters and a total sellable/lettable GFA of approximately 420,000 square meters. Wangjing area is one of Beijing's most well-developed high-end residential areas, which is noticeably lacking in large-scale office and commercial facilities. Upon full completion in 2014, the development of SOHO Peaks will significantly enhance and balance the overall urban fabric of the Wangjing area. This development, zoned to stand 200 meters high, will be the first landmark and a point of access to central Beijing from the airport expressway. Wangjing area is also home to China headquarters of many prestigious multinational companies, including Daimler, Siemens, Microsoft, and Caterpillar whose headquarters are situated in close proximity to the project.

The pre-sale of SOHO Peaks Towers 1&2 was launched on 20 August 2011. As at 31 December 2012, the project achieved a cumulative contract sales amount of approximately RMB12,766 million, with the average selling price for office and retail area of approximately RMB49,321 per square meter and RMB91,078 per square meter, respectively. The Group plans to keep Tower 3 of approximately 134,000 square meters of lettable area as investment properties. SOHO Peaks is designed by Zaha Hadid Architects. SOHO Peaks is now under construction. Towers 1&2 are expected to be completed in 2013 and Tower 3 is expected to be completed in 2014.

Major projects in Shanghai

SOHO Century Plaza

In August 2011, the Group acquired the subject property, formerly known as Jia Rui International Plaza. The acquisition comprises the entire building of SOHO Century Plaza (excluding 24th floor and 40 carparks in the basement) which has a total lettable GFA of approximately 42,954 square meters, including approximately 42,522 square meters of GFA for office use and approximately 432 square meters of GFA for retail use.

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

The Group is keeping SOHO Century Plaza as investment properties. The project was completed in 2012 and is now in the process of leasing.

Sky SOHO

Sky SOHO (formerly known as Hongqiao SOHO) has a site area of 86,164 square meters with a planned total aboveground GFA of 216,000 square meters. The total GFA will be approximately 343,000 square meters. The project is situated in the Shanghai Hongqiao Linkong Economic Zone and adjacent to the Shanghai Hongqiao transportation hub. The Shanghai Hongqiao transportation hub, the convergence point of modern means of transportation such as airplane, high speed railway and subway, is the world's largest transportation hub and currently Shanghai's most vibrant area. It is connected to the most affluent cities of the Yangtze River Delta within about half an hour, making the Shanghai Hongqiao transportation hub and its nearby areas an area with the highest development potential in China.

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

SOHO Fuxing Plaza

On 12 October 2010, the Group acquired 48.4761% equity interest of the project company holding SOHO Fuxing Plaza (formerly known as Fuxinglu SOHO) at a consideration of approximately RMB1.21 billion. In March 2011 and April 2012, the Group made further acquisitions at the same consideration calculated under the initial Cooperation Framework Agreement, and increased its equity interest held in the project company to 100%. SOHO Fuxing Plaza is situated at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway line 10 and subway line 13 (under construction). It is right next to Shanghai Xintiandi that has a bustling commercial atmosphere. The land is zoned for commercial and office uses, with a total planned GFA of approximately 137,000 square meters.

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

Bund SOHO

The project has a total site area of approximately 22,462 square meters, with a total planned GFA of approximately 189,000 square meters. The Group holds 90% interests of T&T International Investment Corporation ("T&T International"), the major shareholder of the project company, and consequently holds 61.506% interest of the project company. T&T International is entitled to a total planned GFA of approximately 132,000 square meters, including 65,000 square meters of aboveground office and retail areas and 17,000 square meters of underground retail area.

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

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

Hongkou SOHO

In July 2011, the Group acquired No.10 land parcel on Hainan Road in Hongkou District, Shanghai. The project, later renamed as Hongkou SOHO, has a site area of approximately 16,427 square meters zoned for retail and office uses. Its lettable GFA is approximately 70,325 square meters, including approximately 65,467 square meters of aboveground office area and approximately 4,858 square meters of aboveground and underground retail area.

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

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

SOHO Jing'an Plaza

On 31 March 2011, the Group entered into a framework agreement to acquire Caojiadu Land in Shanghai, which was renamed as SOHO Jing'an Plaza. The project has a site area of approximately 14,832 square meters zoned for commercial, office and residential uses. Its total planned GFA is about 76,362 square meters, including an above ground GFA of approximately 51,130 square meters.

SOHO Jing'an Plaza is situated next to the Chang Shou Lu commercial street 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 was nearly finished.

SOHO Hailun Plaza

In April 2011, the Group acquired the Hailun Road Station Land, renamed later as SOHO Hailun Plaza. The site area for SOHO Hailun Plaza is approximately 28,103 square meters and is zoned for retail and office uses. Its total planned GFA is approximately 168,873 square meters, including approximately 115,180 square meters above ground offices and retail area and approximately 53,693 square meters underground retail area and car parks.

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

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

The Bund 8-1 Land

On 29 December 2011, the Group announced the entering into of an equity transfer and loan assignment agreement to acquire 50% equity interest in Shanghai Haizhimen Property Investment Management Co., Ltd. at a total consideration of RMB4 billion. As at 31 December 2012, the Group is now indirectly interested in 50% equity interest of Shanghai Bund 8-1 Land project company.

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

The Bund 8-1 Land is located between Yuyuan Garden and the Shiliupu Expo water gate in Shanghai's Huangpu District, and is in close proximity to the Shanghai Bund transportation hub and the Bund SOHO project acquired by the Group in June 2010. Set on the bank of the Huangpu River, the Bund 8-1 Land is endowed with the Huangpu River waterfront scenery and faces Pudong's Global Financial Center and Jinmao Tower across the river.

The project is currently under construction. The Group plans to keep The Bund 8-1 Land as investment properties.

SOHO Tianshan Plaza

On 17 April 2012, the Group announced its entering of a framework agreement to acquire Shanghai Tianshan Road project in Changning District, Shanghai, at a total consideration of approximately RMB2,129 million. Tianshan Road project, which was renamed as SOHO Tianshan Plaza, occupies a site area of approximately 25,594 square meters with a total GFA of approximately 170,000 square meters zoned for office and commercial uses. It has an aboveground GFA of approximately 106,441 square meters of which the lettable floor area is approximately 102,357 square meters.

SOHO Tianshan Plaza is at the most prime location of the Hongqiao Foreign Trade Center, in Changning District, Shanghai. Being the first business district for foreign enterprises in Shanghai, this area is home to over 4,400 enterprises and organizations with a high concentration of foreign enterprises (over 50% of the companies are foreign invested enterprises including many multinational companies such as Intel, GE, Samsung and Shell). In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan Plaza neighbors the inner circle and Loushanguan Station on subway line 2. Surrounded by a lively and bustling commercial atmosphere, it is situated at the hub for office, retail, and high-end residential apartments in Changning District. Upon completion, SOHO Tianshan Plaza will greatly enhance the quality of office and commercial facilities in the area.

The project is currently under construction. The Group plans to keep SOHO Tianshan Plaza as investment properties.

SOHO Zhongshan Plaza

On 6 May 2011, the Group acquired a commercial project, which was renamed as SOHO Zhongshan Plaza, in Changning District, Shanghai. SOHO Zhongshan Plaza has a site area of approximately 16,176 square meters zoned for retail and office uses. It comprises of two buildings with a total GFA of 142,000 square meters, including 100,218 square meters of office area and approximately 12,691 square meters of retail area.

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

As at 31 December 2012, the project achieved a total cumulative contract sales amount of approximately RMB3,039 million.

FINANCIAL REVIEW

Property development

Turnover (net of business tax) for 2012 was approximately RMB15,305 million, representing a substantial increase of approximately RMB9,620 million or approximately 169% as compared with approximately RMB5,685 million in 2011. This was mainly attributable to the increase in the area booked in 2012, resulting from the completion and delivery of Galaxy SOHO in the Year. Area booked during the Period was approximately 236,848 square meters (excluding car parks), representing an increase of approximately 136% compared to approximately 100,315 square meters in 2011. In 2012, average selling price of booked area (excluding car parks) was approximately RMB66,639 per square meter, which was approximately 18% higher than approximately RMB56,670 per square meter in 2011. Turnover for 2012 mainly came from Galaxy SOHO, SOHO Zhongshan Plaza, etc.

Profitability

Gross profit for 2012 was approximately RMB9,007 million, representing an increase of approximately RMB6,276 million or approximately 230% as compared with approximately RMB2,731 million in 2011. Gross profit margin for 2012 was approximately 59%.

Profit before taxation for 2012 was approximately RMB18,195 million, representing an increase of approximately RMB11,333 million or approximately 165% as compared with approximately RMB6,862 million in 2011. The increase in profit before taxation was mainly due to the increase in gross profit and revaluation gains from investment properties during the Period.

Net profit attributable to the equity shareholders of the Company for 2012 was approximately RMB10,585 million, representing an increase of approximately RMB6,693 million as compared with approximately RMB3,892 million in 2011. The increase was mainly due to the significant increase of GFA booked and revaluation gains arising from more investment properties during the Period. Core net profit, excluding valuation gains on investment properties, was approximately RMB3,335 million.

Core net profit margin for 2012 was approximately 22%.

Cost control

Selling expenses for 2012 was approximately RMB327 million, representing approximately 2.1% of the turnover in 2012.

Administrative expenses for 2012 was approximately RMB254 million, representing an increase of approximately RMB43 million or approximately 20% over approximately RMB211 million in 2011. The administrative expenses accounted for approximately 1.7% of the turnover in 2012.

Financial income and expense

Financial income for 2012 was approximately RMB433 million, representing a decrease of approximately RMB127 million as compared with approximately RMB559 million in 2011.

Financial expenses for 2012 was approximately RMB558 million, representing an increase of approximately RMB208 million or approximately 59% over approximately RMB351 million for 2011. The increase in financial expenses was mainly attributable to the increase of borrowings incurred during the Year.

Valuation gains on investment properties

Valuation gains on investment properties for 2012 was approximately RMB9,605 million, which was mainly a result of more investment properties being held by the Group during the Period, including properties that are completed and under construction.

Income tax

Income tax of the Group comprised the PRC Corporate Income Tax and the Land Appreciation Tax. The PRC Corporate Income Tax for 2012 was approximately RMB4,138 million, representing an increase of approximately RMB2,585 million as compared with approximately RMB1,553 million in 2011. Land Appreciation Tax for 2012 was approximately RMB3,410 million, representing an increase of approximately RMB2,588 million as compared with approximately RMB822 million in 2011. Income tax increased as a result of increased profit.

Government grants

The Group received total government grants of approximately RMB203 million in 2012, compared with approximately RMB201 million in 2011. Such grants were awarded by local government to companies with a certain contribution pursuant to the regulations issued by the respective local governments.

Senior notes, convertible bonds, bank loans and collaterals

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

On 2 July 2009, the Company issued a five-year HKD2,800 million convertible bonds (the "Convertible Bonds"), bearing interest at a 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 per share. As at 31 December 2012, the conversion price was adjusted to HKD5.26 per share. The carrying amounts of liability and equity component of the Convertible Bonds were approximately RMB2,092 million and RMB514 million, respectively, as at 31 December 2012.

As at 31 December 2012, the loan balance of the Group was approximately RMB14,713 million, of which approximately RMB3,922 million is due within 1 year or on demand, approximately RMB6,365 million is due after 1 year but within 2 years, approximately RMB4,111 million is due after 2 years but within 5 years and approximately RMB315 million is due after 5 years. As at 31 December 2012, bank loans of approximately RMB14,713 million of the Group were collateralized by the Group's land use rights, properties, restricted bank deposits and shares of certain subsidiaries or guaranteed by certain subsidiaries of the Group.

As at 31 December 2012, the Group had Senior Notes, Convertible Bonds and bank loans of approximately RMB23,004 million, equivalent to approximately 28.5% of the total assets (2011: 22.8%). Net debt (bank loans + Senior Notes + Convertible Bonds – cash and cash equivalents and bank deposits) to shareholder's equity ratio was approximately 2.6% (2011: -10%).

Contingent liabilities

As at 31 December 2012, 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 approximately RMB5,593 million as at 31 December 2012 (approximately RMB4,776 million as at 31 December 2011).

Reference is made to the announcement of the Company dated 5 June 2012. On 4 June 2012, the Group was served with a document of summons issued by Shanghai No. 1 Intermediate People's Court in relation to a court action initiated by a subsidiary of Fosun International Limited ("Fosun Group"), which holds the other 50% equity interests in Shanghai Haizhimen Property Investment Management Co., Ltd. ("Shanghai Haizhimen"), that requested orders to be made to invalidate the acquisition of Shanghai Haizhimen by the Group. Fosun Group takes the view that the transaction breached its pre-emptive right to acquire the remaining equity interests in the Bund 8-1 Land.

The Company and its PRC legal advisers take the view that, the acquisition does not involve a transfer of equity interest in Shanghai Haizhimen and therefore, the Company believes that the acquisition of the entire equity interests in the shareholders of Shanghai Haizhimen does not constitute a breach of any pre-emptive rights as alleged by Fosun Group.

As at the date of this announcement, the directors of the Company (the "Directors"), after consultation with the PRC legal advisers, do not consider it probable that orders will be made to invalidate the acquisition. In case Fosun Group prevails in its suit, Shanghai Haizhimen will discontinue to be a jointly controlled entity of the Group and the consideration paid for the acquisition of Shanghai Haizhimen will be refunded from the original shareholders.

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

Capital commitment

As at 31 December 2012, the Group's contracted capital commitments for properties under development was approximately RMB4,903 million (approximately RMB4,547 million as at 31 December 2011). The amount mainly comprised the development cost and land cost of contracted projects.

OTHER INFORMATION

Dividends

The Board has approved a resolution to recommend the payment of a final dividend of RMB0.13 per ordinary share (each, a "Share") of HK$0.02 each in the issued share capital of the Company for the year ended 31 December 2012 (2011: RMB0.11), the payment of which is subject to the approval of the shareholders of the Company at the forthcoming AGM to be held on Tuesday, 14 May 2013. In 2012, the Group already paid the interim dividend of RMB0.12 per Share.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 8 May 2013 to Tuesday, 14 May 2013 (both days inclusive), during which period no transfer of Shares will be registered. To be eligible for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, 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 Tuesday, 7 May 2013.

The register of members of the Company will also be closed from Tuesday, 21 May 2013 to Monday, 27 May 2013 (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 at the AGM of the Company, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, 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 Monday, 20 May 2013.

Purchase, sale or redemption of listed securities of the Company

During the Year, the Company repurchased on the Stock Exchange a total of 98,510,000 Shares at a total consideration of approximately HKD525,284,000. As at 11 January 2013, all the Shares repurchased by the Company during the Year had been cancelled. In addition, the trustee of the employees' share award scheme which was adopted by the Company on 23 December 2010 (the "Employees' Share Award Scheme"), pursuant to the terms of the rules and trust deed of the Employees' Share Award Scheme, purchased on the Stock Exchange a total of 3,878,500 Shares at a total consideration of approximately HKD21,784,000. Other than the aforesaid, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the Year.

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

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

Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company had been in compliance with the code provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code during the period from 1 April 2012 to 31 December 2012, contained in Appendix 14 to the Listing Rules during the Period except for the following deviation.

Code provision A.6.7 requires the independent non-executive Directors and the non-executive Directors should attend the general meeting. However, due to other commitments, the independent non-executive Directors, Mr. Cha Mou Zing, Victor and Mr. Yi Xiqun did not attend the annual general meeting of the Company held on 18 May 2012 and had appointed Dr. Ramin Khadem, an independent non-executive Director, to attend the above meeting on their behalf.

Audit committee

The audit committee of the Company had reviewed the audited consolidated annual results of the Company for the year ended 31 December 2012 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, 6 March 2013

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