SOHO CHINA
SOHO中國有限公司

INTERIM REPORT 2010

Stock Code : 410

Content

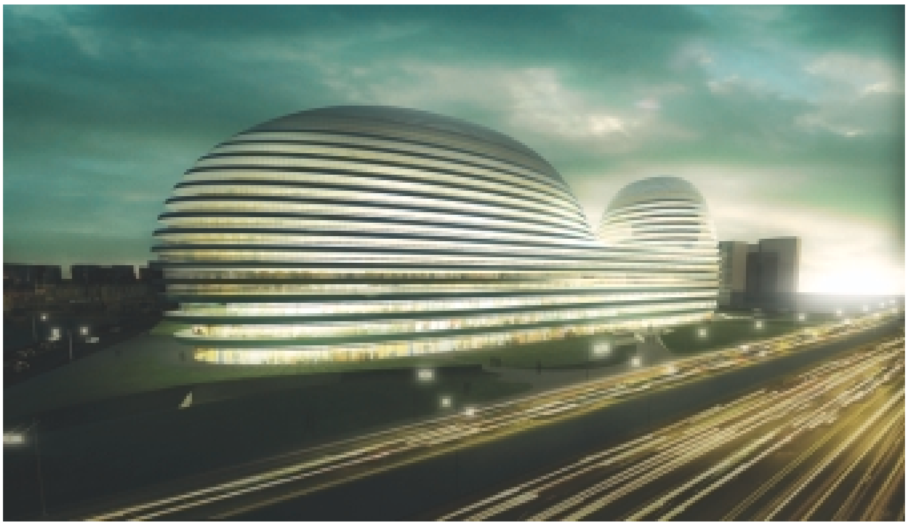
The board of directors (the "Board") of SOHO China Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 (the "Period" or the "Period under Review"), which have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The 2010 interim results of the Group have been reviewed by the audit committee of the Company and approved by the Board on 25 August 2010. The interim financial report is unaudited, but has been reviewed by the Company's auditors, KPMG.

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

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

Business Review



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

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

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

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

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

Business Review (continued)

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

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

** Planned gross floor area

Major projects

Sanlitun SOHO

Sanlitun SOHO is located close to the second embassy district and the Workers' Stadium in Beijing. The site is in the popular Sanlitun entertainment district. With a total planned GFA of approximately 465,371 square meters, Sanlitun SOHO is one of the largest commercial and residential complexes available for sale in central Beijing. It comprises five office towers and four residential towers on top of shopping malls, which are linked by an outdoor plaza. Pre-sale of Sanlitun SOHO commenced on 12 July 2008. As at 31 July 2010, approximately 99% of total saleble area (excluding carparks) has been sold with total sales amount of RMB16,943 million and an average price of RMB48,384 per square meter. Sanlitun SOHO Phase I was completed in 2009. The retail part of Sanlitun SOHO Phase II was completed and delivered during the Period. The remaining residential part of the Phase II will be completed in the second half of 2010.

Business Review (continued)

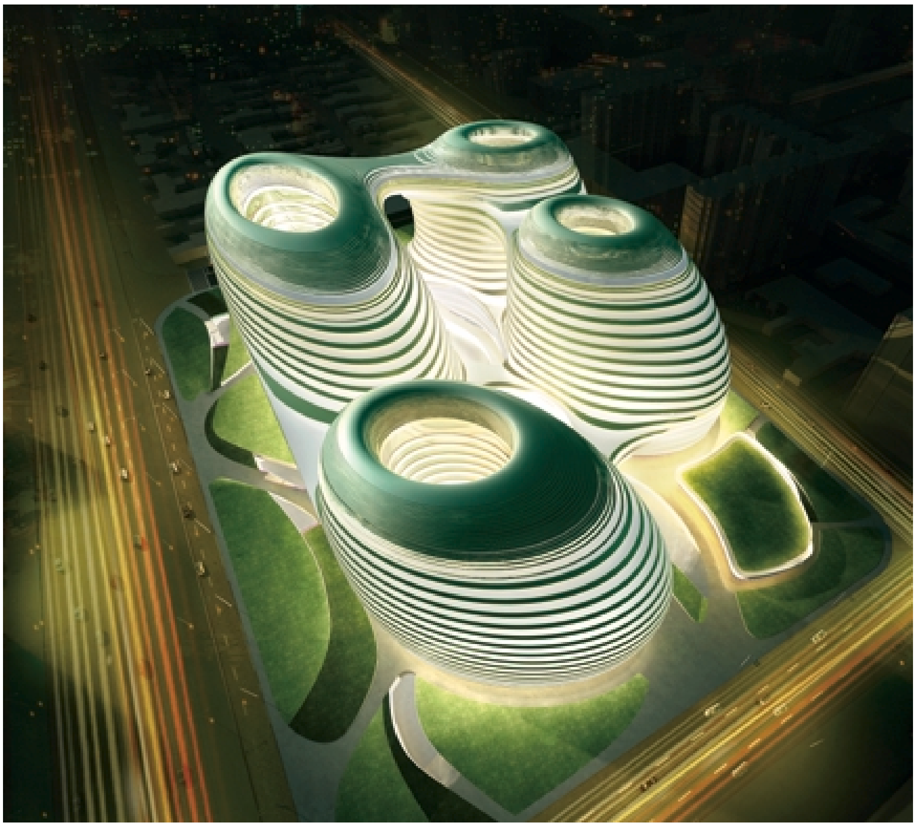
Guanghualu SOHO II

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

Galaxy SOHO

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

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



Tiananmen South (Qianmen)

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

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

Business Review (continued)

The Exchange-SOHO

The Exchange-SOHO is located at No.1486 Nanjing Road West, Shanghai, in the heart of the Nanjing Road West Commercial Business District. It is in close proximity to a concentration of five-star hotels, high-end shopping centres and two metro stations (Line 10 and planned Line 4), as well as Shanghai's main east-west thoroughfare – Yan'an Elevated Highway. The 52-floor building with a height of 217 meters is among Shanghai's tallest skyscrapers. It comprises a total above-ground GFA of 71,671 square meters of commercial space and a total below-ground GFA of 8,838 square meters for parking and storage.

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

SOHO Nexus Centre

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

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

Business Review (continued)

Wang Jing SOHO

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

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

Acquisition of new projects

The Bund 204 Land

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

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

Business Review (continued)

Linkong Plot 15 Land

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

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

Market Overview and Business Outlook

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

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

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

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

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

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

Management Discussion of Analysis

Financial review

Turnover

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

Cost of properties sold

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

Gross profit

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

Selling expenses

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

Administrative expenses

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

Financial income

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

Financial expense

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

Profit before taxation

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

Income tax

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

Net profit attributable to the equity shareholders of the Company

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

Cash and cash equivalents

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

Total current assets and liquidity ratio

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

Convertible bonds, Bank loans and collaterals

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

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

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

Management Discussion of Analysis (continued)

Interest rate risk

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

Foreign currency risk

The Group's operations are mostly conducted in RMB. In the Period, the medium exchange rate of 100 USD against RMB decreased from RMB682.82 at the beginning of the Period to RMB679.09 as at 30 June 2010. In case of the substantial change of exchange rate, the foreign currency of the Group obtained through convertible bonds issuance and bank loans will face exchange loss risk.

Contingent liabilities

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

Capital commitments

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

Employees and Remuneration Policy

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

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

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

Other Information

Principal activities

The principal activity of the Company is investment in real estate development. Details of the principal activities of the Group are set out in the section headed “Business review” of this report. There were no significant changes in the nature of the Group’s principal activities during the Period.

Dividends

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

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

Share capital

No changes in share capital occurred during the Period.

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.

Other Information (continued)

Interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2010, the interests and short positions of the directors of the Company (the "Directors") and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), to be notified to the Company and the Stock Exchange, are as follows:

(i) Interests in the ordinary shares of the Company

Name	Personal interests	Family interests	Corporate interests	Number of ordinary shares	Approximate percentage of shareholding
Pan Shiyi	–	3,324,100,000 (L) 151,480,191 (S)	–	3,324,100,000 (L) 151,480,191 (S)	64.0771% (L) 2.9200% (S)
Pan Zhang Xin Marita	–	–	3,324,100,000 (L) 151,480,191 (S)	3,324,100,000 (L) 151,480,191 (S)	64.0771% (L) 2.9200% (S)
Yan Yan	2,213,500 (L) (Note 2)	–	–	2,213,500 (L)	0.0427% (L)
Ramin Khadem	300,000 (L)	–	–	300,000 (L)	0.0058% (L)
Wang Shaojian Sean (Note 4)	500,000 (L) (Note 3)	–	–	500,000 (L)	0.0096% (L)

Notes:

(1) (L) represents the Directors' long position in underlying securities, (S) represents the Directors' short position in underlying securities.

(2) These are interest in the underlying shares, which include (i) 1,242,500 options granted under the pre-IPO share option scheme approved by the shareholders of the Company on 14 September 2007 (the "Pre-IPO Share Option Scheme"); (ii) 901,000 options granted on 30 January 2008 under the share option scheme approved by the shareholders of the Company on 14 September 2007 (the "Share Option Scheme"); and (iii) 70,000 shares beneficially owned.

(3) These are interest in the underlying shares, pursuant to which the options were granted under the Share Option Scheme on 30 June 2008.

(4) Mr. Wang Shaojian Sean resigned as executive Director with effect from 31 May 2010. The option granted to him will be expired by 31 August 2010.

(ii) Interests in the ordinary shares of the Company's associated corporations

Name	Name of associated corporation	Nature of interest	Share capital (USD)	Approximate percentage of shareholding
Pan Shiyi	Beijing Redstone Jianwai Real Estate Development Co., Ltd.	interest of controlled corporation	1,275,000	4.25%
	Beijing SOHO Real Estate Co., Ltd.	beneficial owner	4,950,000	5.00%
	Beijing Redstone Newtown Real Estate Co., Ltd.	beneficial owner	500,000	5.00%
	Beijing Shanshi Real Estate Company Limited	beneficial owner	1,935,000	5.00%
Yan Yan	Beijing Redstone Jianwai Real Estate Development Co., Ltd.	interest of controlled corporation	225,000	0.75%

Save as disclosed above, to the knowledge of the Directors, as at 30 June 2010, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to Model Code, to be notified to the Company and the Stock Exchange.

Substantial shareholders and other persons' interests in the shares and underlying shares of the Company

As at 30 June 2010, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

Name	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding
Pan Zhang Xin Marita	beneficiary of trust	3,324,100,000 (L)	64.0771% (L)
		151,480,191 (S)	2.9200% (S)
HSBC International Trustee Limited (Note 2)	trustee	3,328,487,000 (L)	64.1617% (L)
		151,480,191 (S)	2.9200% (S)
Capevale Limited	interests of controlled corporation	3,324,100,000 (L)	64.0771% (L)
		151,480,191 (S)	2.9200% (S)
Boyce Limited (Note 3)	beneficial owner	1,662,050,000 (L)	32.0385% (L)
		151,480,191 (S)	2.9200% (S)
Capevale Limited (Note 4)	beneficial owner	1,662,050,000 (L)	32.0385% (L)

Other Information (continued)

Notes:

(1) (L) represents shareholders' long position in underlying securities. (S) represents shareholders' short position in underlying securities.

(2) HSBC International Trustee Limited (in its capacity as the trustee of the trust) is the legal owner of 100% of the shares in the issued share capital of Capevale Limited, a company incorporated in the Cayman Islands. HSBC International Trustee Limited holds 3,324,100,000 shares (long postion) and 151,480,191 shares (short position) under the trust for the benefit of the beneficiaries of the trust, including Mrs. Pan Zhang Xin Marita. Boyce Limited, which is incorporated in the British Virgin Islands, is the registered owner of 1,662,050,000 shares (long position) and 151,480,191 shares (short position) of the Company's shares. Capevale Limited, which is incorporated in the British Virgin Islands, is the registered owner of 1,662,050,000 shares of the Company's shares.

(3) Boyce Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Limited, a company incorporated in the Cayman Islands. Mrs. Pan Zhang Xin Marita is the sole director of Boyce Limited.

(4) Capevale Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Limited, a company incorporated in the Cayman Islands. Mrs. Pan Zhang Xin Marita is the sole director of Capevale Limited.

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2010, none of any person who had interest or short position in the shares and underlying shares of the Company which were required, pursuant to section 336 of the SFO, to be recorded into the register referred to therein.

Directors' rights to acquire shares of the Company

Save as disclosed in the section headed "Share Option Schemes" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, nor were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable any Directors to acquire such rights in any other body corporate.

Share Option Schemes

The Company has adopted the Share Option Scheme on 14 September 2007, which shall be valid and effective for a period of ten years commencing from 14 September 2007. The purpose of the Share Option Scheme is to provide the participants who have been granted options (the "Options") under the Share Option Scheme to subscribe for shares with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company for the benefit of the Company and shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, motivating, rewarding, remunerating, compensating and/or providing benefits to the participants. Under the Share Option Scheme, the Board may make an offer to (i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors), employees and officers of any member of the Group and (ii) any advisers, consultants, agents, business partners, joint venture business partners and service providers of any member of the Group (collectively, these listed in (ii) being the "Business Associate"), as the Board may in its absolute discretion select, to take up Options (collectively the "Participants"). The amount payable by a Participant upon acceptance of a grant of Options is HKD 1.00.

Unless approved by shareholders the total number of shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) under the Share Option Scheme or any other share option scheme adopted by the Company in any twelve-month period must not exceed 1% of the Shares in issue. Any further grant of Options which would result in the number of shares issued as aforesaid exceeding the said 1% limit will be subject to prior shareholders' approval with the relevant Participant and his associates (as defined in the Listing Rules) abstaining from voting. The period within which the Options may be exercised shall expire no later than ten years from the relevant date on which the offer of the grant of an Option is made to a Participant.

The subscription price of any Option granted under the Share Option Scheme may be determined by the Directors provided that it shall be no less than the higher of (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the offer date; and (iii) the nominal value of a share on the date of grant.

As at 30 June 2010, the number of shares available for issue and remained outstanding under the Share Option Scheme was 6,485,000 shares representing 0.13% of the issued share capital of the Company, 413,000 shares options were cancelled during the Period.

Details of the Options granted under the Share Option Scheme and remain outstanding as at 30 June 2010 are as follows:

		Number of Options					
Name and class of grantees	Date of grant	Outstanding as at 1 January 2010	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Peiord	Outstanding as at 30 June 2010
(1) Directors							
Yan Yan	30 January 2008 (Note 1)	901,000	–	–	–	–	901,000
Wang Shaojian Sean (Note 3)	30 June 2008 (Note 2)	500,000	–	–	–	–	500,000
			–	–		–	
(2) Other employees	30 January 2008 (Note 1)	4,917,000	–	–	413,000	–	4,504,000
Other employees	30 June 2008 (Note 2)	580,000	–	–	–	–	580,000
Total		6,898,000	–	–	413,000	–	6,485,000

Notes:

(1) Details of Options:

Number of Options granted	Exercise period	Exercise price per share HKD	Closing price per share immediately prior to the grant date HKD
7,259,000	30 January 2009 to 29 January 2014 *	6.10	5.87

Other Information (continued)

(2) Details of Options:

Number of Options granted	Exercise period	Exercise price per share HKD	Closing price per share immediately prior to the grant date HKD
1,080,000	30 June 2009 to 29 June 2014 **	4.25	4.34

(3) Mr. Wang Shaojian Sean resigned as Executive Director with effect from 31 May 2010.

* The Options granted on 30 January 2008 are exercisable from the commencement of the exercise periods until the expiry of the Options which is on 29 January 2014. One-third of such Options are exercisable after the expiry of the first year from the date of grant, a further one-third is exercisable after the expiry of second year from the date of grant, and the remaining one-third is exercisable after the expiry of third year from the date of grant.

** The Options granted on 30 June 2008 are exercisable from the commencement of the exercise periods until the expiry of the Options which is on 29 June 2014. One-third of such Options are exercisable after the expiry of the first year from the date of grant, a further one-third is exercisable after the expiry of second year from the date of grant, and the remaining one-third is exercisable after the expiry of third year from the date of grant.

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 14 September 2007, the terms of which are substantially the same as the terms of the Share Option Scheme except that:

(i) the exercise price per share under the Pre-IPO Share Option Scheme shall be equal to the offer price per share upon initial public offering of the Company's shares;

(ii) the term of the Pre-IPO Share Option Scheme is six years;

(iii) the total number of shares which may be issued upon the exercise of all Options granted under the Pre-IPO Share Option Scheme is 12,058,000 shares, representing approximately 0.23% of the enlarged issued share capital of the Company after completion of the global offering; and

(iv) save for the Options which have been granted, no further Options will be granted on or after 8 October 2007, as the right to do so has ended on 8 October 2007.

As at 30 June 2010, the number of shares available for issue and remained outstanding under the Pre-IPO Share Option Scheme was 9,789,495 shares representing 0.19% of the issued share capital of the Company. 401,080 Options were cancelled during the Period.

Details of the outstanding Options granted under the Pre-IPO Share Option Scheme, are as follows:

Name and class of grantees	Granted on 14 September 2007 (Note)	Number of Options: Outstanding as at 1 January 2010	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2010
(1) Directors						
Yan Yan	1,242,500	1,242,500	—	—	—	1,242,500
Su Xin (resigned with effect from 30 September 2009)	750,000	—	—	—	—	—
(2) Employees of the Group	10,065,500	8,948,075	—	401,080	—	8,546,995
	12,058,000	10,190,575	—	401,080	—	9,789,495

Note:

All the Options granted on 14 September 2007 under the Pre-IPO Share Option Scheme can be exercised at the price of HKD 8.3 per share. All the Options under the Pre-IPO Share Option Scheme cannot be exercised within the first twelve months after the date of the SOHO China Listing. The Options granted under the Pre-IPO Share Option Scheme on 14 September 2007 are exercisable for the period from 8 October 2008 until the expiry of Options which is on 7 October 2013. One-third of such Options are exercisable after the expiry of the first year from the date of grant, a further one-third is exercisable after the expiry of second year from the date of grant, and the remaining one-third is exercisable after the expiry of third year from the date of grant.

Compliance with the Code on Corporate Governance Practices

In the opinion of the Directors, the Company had been in compliance with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the Period.

Compliance with the Model Code for Securities Transactions

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

Board of Directors

The Board is responsible for the leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. Under the leadership of the Chairman, the Board is also responsible for approving and overseeing the overall strategies and policies of the Company, approving the annual budget and business plans, assessing the Company's performance and supervising the work of the senior management.

Mr. Wang Shaojian Sean resigned as executive Director and Chief Financial Officer with effect from 31 May 2010.

The Board is currently comprised of six Directors, including three executive Directors, namely Mr. Pan Shiyi (Chairman), Mrs. Pan Zhang Xin Marita (Chief Executive Officer) and Ms. Yan Yan; and three independent non-executive Directors, namely Dr. Ramin Khadem, Mr. Cha Mou Zing Victor and Mr. Yi Xiqun.

Other Information (continued)

The Chairman of the Board, Mr. Pan Shiyi, is the husband of Mrs. Pan Zhang Xin Marita, an executive Director and the Chief Executive Officer. Except for disclosed above, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Board is established in accordance with the provisions of Rule 3.10 of the Listing Rules. Of the three independent non-executive Directors appointed, at least one or more are equipped with financial expertise.

The Board's composition demonstrates a balance of core competence with regard to the business of the Company, so as to provide effective leadership and the required expertise to the Company.

Liability insurance for Directors and senior management officers was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Audit committee

The audit committee comprises three independent non-executive Directors, namely Dr. Ramin Khadem, Mr. Cha Mou Zing Victor and Mr. Yi Xiqun. The committee is chaired by Dr. Ramin Khadem.

The audit committee had reviewed the interim results for the six months ended 30 June 2010 and took the view that the Group was in full compliance with all applicable accounting standards and regulations and had made adequate disclosure.

Remuneration committee

The remuneration committee comprises three independent non-executive Directors, namely Mr. Cha Mou Zing Victor, Dr. Ramin Khadem and Mr. Yi Xiqun. The committee is chaired by Mr. Cha Mou Zing Victor. The remuneration committee is mainly responsible for appraising the performance of the executive Directors and senior management of the Company and making recommendations for their remuneration arrangements, as well as for assessing and making recommendations for staff benefits to the Board.

Compliance committee

The compliance committee comprises two independent non-executive Directors, one executive Director and one senior manager, namely Mr.Yi Xiqun, Dr. Ramin Khadem, Mrs. Pan Zhang Xin Marita and Ms. Lai Chor Shan. The committee is chaired by Mr. Yi Xiqun.

Internal control

The Board has the responsibility to maintain and review the Company's internal control system to ensure the Company's assets and shareholders' interests are safeguarded. The Board also reviews the internal control and risk management systems to ensure their effectiveness.

The Company has set up an internal audit department, which is an important part of its internal control system. During the Period, the Company also appointed Deloitte Touche Tohmatsu as its internal control consultant to implement risk assessment, prepare internal audit plans and carry out internal audits to strengthen the internal control system.

The Board is responsible for the internal control system of the Company and conducts regular reviews on the effectiveness of the system through the internal audit department. The Board considers that, during the Period, the existing internal control system has been operating in a healthy and effective manner in the financial, operational, compliance and risk management aspects.

Corporate Information

Executive Directors
Pan Shiyi (Chairman)
Pan Zhang Xin Marita (Chief Executive Officer)
Yan Yan

Independent Non-executive Directors
Ramin Khadem
Cha Mou Zing Victor
Yi Xiqun

Company Secretary
Ngai Wai Fung

Qualified Accountant
Zhao Guilin, CPA (Aust.), CPA (Hong Kong)

Members of the Audit Committee
Ramin Khadem (Chairman)
Cha Mou Zing Victor
Yi Xiqun

Members of the Remuneration Committee
Cha Mou Zing Victor (Chairman)
Ramin KHADEM
Yi Xiqun

Members of the Compliance Committee
Yi Xiqun (Chairman)
Ramin Khadem
Pan Zhang Xin Marita
Lai Chor Shan

Authorised Representatives
Pan Zhang Xin Marita
Ngai Wai Fung

Registered Office
Cricket Square
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Grand Cayman
KY1-1111
Cayman Islands

Corporate Headquarters
11F, Section A
Chaowai SOHO
No. 6B Chaowai Street
Chaoyang District
Beijing 100020
China

Corporate Information (continued)

Principle Place of Business in Hong Kong

8th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Hong Kong Legal Advisor

Mallesons Stephen Jaques
37th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Auditors

KPMG
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Principal Banker

China CITIC Bank Corporation Ltd.
Block C
Fuhua Mansion
No. 8 Chaoyangmenbei Dajie
Dongcheng District
Beijing
China

Website address

www.sohochina.com

Stock Code

410

Unaudited Interim Financial Report

Review report to the Board of Directors of SOHO China Limited

(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 28 to 46, which comprises the consolidated balance sheet of SOHO China Limited (the "Company") as of 30 June 2010 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and fair presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2010 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 August 2010

Consolidated Income Statement
for the six months ended 30 June 2010 - unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June 2010 RMB'000	2009 RMB'000
Turnover	3	**8,655,084**	71,866
Cost of properties sold		**(4,314,181)**	(55,395)
Gross profit		**4,340,903**	16,471
Other operating revenue		**109,602**	39,293
Selling expenses		**(240,579)**	(52,088)
Administrative expenses		**(80,921)**	(74,340)
Other operating expenses		**(78,790)**	(51,099)
Profit/(loss) from operations		**4,050,215**	(121,763)
Financial income	4(a)	**99,920**	158,652
Financial expenses	4(a)	**(153,798)**	(9,159)
Government grants	5	**–**	21,095
Profit before taxation	4	**3,996,337**	48,825
Income tax	6	**(2,213,409)**	(35,905)
Profit for the period		**1,782,928**	12,920
Attributable to:			
Equity shareholders of the Company		**1,720,887**	12,530
Non-controlling interests		**62,041**	390
Profit for the period		**1,782,928**	12,920
Earnings per share (RMB)	7		
Basic		**0.332**	0.002
Diluted		**0.319**	0.002

The notes on pages 34 to 46 form part of this interim financial report.

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2010 - unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Profit for the period	**1,782,928**	12,920
Other comprehensive expenses for the period (after tax and reclassification adjustments):		
Exchange differences on translation of financial statements of foreign operations	**(17,190)**	(58,327)
Total comprehensive income for the period	**1,765,738**	(45,407)
Attributable to:		
Equity shareholders of the Company	**1,703,697**	(45,797)
Non-controlling interests	**62,041**	390
Total comprehensive income for the period	**1,765,738**	(45,407)

The notes on pages 34 to 46 form part of this interim financial report.

Consolidated Balance Sheet at 30 June 2010 - unaudited

(Expressed in Renminbi)

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Non-current assets			
Fixed assets	8		
– Investment property		2,920,000	2,920,000
– Other property and equipment		560,556	672,211
		3,480,556	3,592,211
Bank deposits		4,555,788	1,277,691
Deferred tax assets		1,235,537	557,761
Total non-current assets		9,271,881	5,427,663
Current assets			
Properties under development and completed properties held for sale	9	21,078,588	21,520,795
Trade and other receivables	10	1,978,323	1,565,984
Cash and cash equivalents	11	11,112,913	9,241,879
Total current assets		34,169,824	32,328,658
Current liabilities			
Bank loans		–	550,000
Trade and other payables	12	9,044,300	7,708,176
Taxation		5,475,436	3,700,397
Total current liabilities		14,519,736	11,958,573
Net current assets		19,650,088	20,370,085
Total assets less current liabilities		28,921,969	25,797,748

The notes on pages 34 to 46 form part of this interim financial report.

Consolidated Balance Sheet
at 30 June 2010 - unaudited (continued)

(Expressed in Renminbi)

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Non-current liabilities			
Bank loans		**7,596,588**	5,769,660
Convertible bonds		**1,986,748**	1,958,783
Contract retention payables		**137,018**	22,241
Deferred tax liabilities		**608,733**	604,537
Total non-current liabilities		**10,329,087**	8,355,221
NET ASSETS		**18,592,882**	17,442,527
CAPITAL AND RESERVES	13		
Share capital		**107,485**	107,485
Reserves		**17,783,751**	17,116,130
Total equity attributable to the equity shareholders of the Company		**17,891,236**	17,223,615
Non-controlling interests		**701,646**	218,912
TOTAL EQUITY		**18,592,882**	17,442,527

Approved and authorised for issue by the board of directors on 25 August 2010.

Pan Shiyi)
) *Directors*
Pan Zhang Xin Marita)

The notes on pages 34 to 46 form part of this interim financial report.

Consolidated statement of changes in equity for the six months ended 30 June 2010 - unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	General reserve fund RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2009		107,485	11,424,236	867	–	35,891	(606,291)	216,232	259,043	2,550,579	13,988,042	136,845	14,124,887
Total comprehensive income for the period		–	–	–	–	–	(58,327)	–	–	12,530	(45,797)	390	(45,407)
Dividends approved in respect of the previous year	13(a)(ii)	–	–	–	–	–	–	–	–	(518,766)	(518,766)	–	(518,766)
Equity settled share-based transactions	13(b)	–	–	–	–	3,693	–	–	–	–	3,693	–	3,693
Distributions to non-controlling interests		–	–	–	–	–	–	–	–	—	—	(12,445)	(12,445)
At 30 June 2009		107,485	11,424,236	867	—	39,584	(664,618)	216,232	259,043	2,044,343	13,427,172	124,790	13,551,962
At 1 January 2010		107,485	11,424,236	867	(8,775)	559,934	(665,193)	216,232	395,681	5,193,148	17,223,615	218,912	17,442,527
Total comprehensive income for the period		–	–	–	–	–	(17,190)	–	–	1,720,887	1,703,697	62,041	1,765,738
Dividends approved in respect of the previous year	13(a)(ii)	–	–	–	–	–	–	–	–	(1,037,531)	(1,037,531)	–	(1,037,531)
Equity settled share-based transactions	13(b)	–	–	–	–	1,455	–	–	–	–	1,455	–	1,455
Transfer to general reserve fund		–	–	–	–	–	–	–	2,690	(2,690)	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	409,149	409,149
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	13,516	13,516
Distributions to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(1,972)	(1,972)
At 30 June 2010		107,485	11,424,236	867	(8,775)	561,389	(682,383)	216,232	398,371	5,873,814	17,891,236	701,646	18,592,882

The notes on pages 34 to 46 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement
for the six months ended 30 June 2010 - unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2010	2009
		RMB'000	RMB'000
Cash generated from operations		**7,516,868**	299,455
Tax paid		**(1,100,391)**	(490,209)
Net cash generated from/(used in) operating activities		**6,416,477**	(190,754)
Net cash used in investing activities		**(5,060,273)**	(1,644,923)
Net cash generated from/(used in) financing activities		**259,612**	(348,761)
Net increase/(decrease) in cash and cash equivalents		**1,615,816**	(2,184,438)
Cash and cash equivalents at 1 January		**7,122,768**	8,886,804
Effect of foreign exchange rates changes		**(4,029)**	(6,489)
Cash and cash equivalents at 30 June	11	**8,734,555**	6,695,877

The notes on pages 34 to 46 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi)

1 Basis of preparation

This interim financial report of SOHO China Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 25 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information preformed by the independent auditor of the entity", issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 27.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available from the Company's registered office. The auditors expressed an unqualified opinion on those financial statements in their report dated 11 March 2010.

2 Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, amendments to HKAS 27, Consolidated and separate financial statements and HK(IFRIC) 17, Distributions of non-cash assets to owners are relevant to the Group's financial statements.

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

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

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

2 Changes in accounting policies (continued)

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

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

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

- HK(IFRIC) 17 requires distributions of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group would have measured such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in HK(IFRIC) 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore previous periods have not been restated.

3 Turnover and segment reporting

(a) Turnover

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

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Sale of property units	**8,580,612**	71,866
Rental income from investment property	**74,472**	–
	8,655,084	71,866

(b) Segment reporting

The Group manages its businesses based on development status of current projects, which are divided into completed projects held for sale, projects under development and investment property. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Completed projects held for sale

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi)

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Projects under development
This segment includes projects which are under development.

(iii) Investment property
This segment includes one project which has been completed and is held to earn rental income.

(c) Segment results, assets and liabilities

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

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

	Completed projects held for sale		Projects under development		Investment property		Total	
	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000	**At 30 June 2010 RMB'000**	At 31 December 2009 RMB'000	**At 30 June 2010 RMB'000**	At 31 December 2009 RMB'000	**At 30 June 2010 RMB'000**	At 31 December 2009 RMB'000
Balance sheet items								
Reportable segment assets	**30,004,278**	15,335,019	**21,745,100**	26,656,148	**3,696,971**	3,606,364	**55,446,349**	45,597,531
Reportable segment liabilities	**21,892,119**	12,365,241	**11,186,004**	14,590,533	**1,950,567**	1,902,023	**35,028,690**	28,857,797

3 Turnover and segment reporting (continued)

(d) Reconciliation of reportable segment profit

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Profit		
Reportable segment profit/(loss)	**1,887,975**	(26,551)
Elimination of intra-group profit	**(15,084)**	(34,105)
Unallocated head office and corporate (expenses)/income	**(89,963)**	73,576
Consolidated profit	**1,782,928**	12,920

4 Profit before taxation

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

(a) Financial income and expenses

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

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4 Profit before taxation (continued)

(b) Other item

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

5 Government grants

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

No such government grants were received from the governments during the six months ended 30 June 2010.

6 Income tax

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

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

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

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

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 for the six months ended 30 June 2010 of RMB1,720,887,000 (2009: RMB12,530,000) and the weighted average of 5,185,447,000 ordinary shares (2009: 5,187,657,000) in issue during the interim period.

(b) Diluted earnings per share

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

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

8 Fixed assets

(a) Acquisitions of fixed assets

During the six months ended 30 June 2010, the Group incurred capital expenditure of equipment with a cost of RMB3,119,000 (2009: RMB4,568,000).

(b) Transfer to properties under development and completed properties held for sale

During the six months ended 30 June 2010, serviced apartment properties with a net book value of RMB105,716,000 (2009: RMB9,939,000) were transferred to properties under development and completed properties held for sale from fixed assets.

(c) Revaluation of investment properties

All investment properties of the Group were revalued as at 31 December 2009 on an open market value basis by making reference to comparable sales transaction as available in the relevant market, and where appropriate, taking into account of the valuation based on the income capitalization approach. The valuations were carried out by CB Richard Ellis Ltd., a firm of independent qualified valuers in Hong Kong with recent experience in the location and category of property being valued. During the year ended 31 December 2009, a net gain of RMB2,144,461,000 and deferred tax thereon of RMB536,115,000 has been recognised in profit or loss for the year in respect of investment properties. The carrying amount of the investment properties of the Group as at 30 June 2010 did not materially differ from their fair value.

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9 Properties under development and completed properties held for sale

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Properties under development	**12,612,393**	13,153,953
Completed properties held for sale	**8,466,195**	8,366,842
	21,078,588	21,520,795

10 Trade and other receivables

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

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

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

11 Cash and cash equivalents

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Cash on hand	**1,323**	1,805
Cash at bank and other financial institutions	**7,052,758**	5,602,951
Term deposits with banks and other financial institutions	**4,058,832**	3,637,123
Cash and cash equivalents in the consolidated balance sheets	**11,112,913**	9,241,879
Less: Term deposits with banks and other financial institutions over 3 months	**2,378,358**	2,119,111
Cash and cash equivalents in the condensed consolidated cash flow statements	**8,734,555**	7,122,768

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12 Trade and other payables

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

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

Notes:

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

(ii) Sales deposits represent proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy.

13 Capital, reserves and dividends

(a) Dividends

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

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

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

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

(b) Equity settled share-based transactions

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 41 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 2010.

No options were exercised during the six months ended 30 June 2010 and 2009.

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14 Commitments and contingent liabilities

(a) Commitments

(i) Commitments in respect of properties under development and the purchase of properties outstanding at 30 June 2010 and 31 December 2009 not provided for in the financial statements were as follows:

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Contracted for	**1,505,806**	1,082,896
Authorised but not contracted for	**5,488,553**	3,336,512
	6,994,359	4,419,408

(b) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. For most residential mortgages, the guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property units are delivered to the buyers. For some mortgage loans, the agreements with the banks stipulate that the guarantee periods are generally 7 to 17 years from the effective date of the mortgage loan contract. The amount of guarantees relating to such agreements was approximately RMB17,286,000 as at 30 June 2010 (2009: RMB18,317,000). The total amount of mortgages outstanding which are guaranteed by the Company's subsidiaries, including the amount of guarantees with guarantee periods of generally 7 to 17 years mentioned above was RMB6,007,270,000 as at 30 June 2010 (2009: RMB3,701,817,000).

(c) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties of term between one to five years against certain defects as stipulated in the PRC laws and regulations which are covered by back-to-back warranties provided by the relevant contractors of the projects.

(d) Legal contingencies

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.

15 Acquisition of subsidiaries

On 28 June 2010, the Group acquired 90% of the equity interests of T&T International Investment Corporation ("T&T International"), which holds 68.34% of the equity interests in Shanghai Ding Ding Real Estate Development Co., Ltd. ("Shanghai Ding Ding"), and consequently the Group indirectly acquired 61.506% of the equity interests in Shanghai Ding Ding. Shanghai Ding Ding is the project company holding the land use right of the Bund 204 Land located at the Bund, Shanghai, the PRC. The project has a planned total gross floor area of approximately 189,000 square meters. According to the co-operative joint venture contract and its supplementary agreement of Shanghai Ding Ding, T&T International is entitled to a total gross floor area of approximately 131,000 square meters and the other two non-controlling equity holders holding the remaining 31.66% equity interests of Shanghai Ding Ding is entitled to a total gross floor area of approximately 58,000 square meters.

T&T International and Shanghai Ding Ding are accounted for as subsidiaries of the Group and their financial statements are consolidated into the Company's consolidated financial statements since 28 June 2010. According to the co-operative joint venture contract and the supplementary agreement as mentioned above, the profits or losses and net assets relating to the gross floor area of approximately 58,000 square meters, which are attributable to the two non-controlling equity holders in Shanghai Ding Ding, are presented as non-controlling interests in the Company's consolidated financial statements.

The assets acquired and liabilities assumed did not constitute a business as defined in HKFRS 3 and, therefore, these acquisitions have been accounted for as assets acquisition. The acquisitions had the following effect on the Group's assets and liabilities on the acquisition dates:

	RMB'000
Property and equipment	322
Deferred tax assets	15,125
Properties under development and completed properties held for sale	2,934,717
Trade and other receivables	437
Cash and cash equivalents	57,114
Trade and other payables	(639,939)
Taxation	(5,216)
Non-controlling interests	(409,149)
Net assets and liabilities	1,953,411
Cash consideration	1,953,411
Consideration payables	(390,682)
Cash acquired	(57,114)
Net cash outflow	1,505,615

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16 Material related party transactions

(a) Amounts due to related parties

Amounts due to related parties as at 30 June 2010 mainly represented the advances of RMB302,508,000 from Shanghai Yi Dian Holdings (Group) Co., Ltd. and Shanghai Rural Commercial Bank, the non-controlling equity holders of Shanghai Ding Ding which were incurred before the acquisition by the Group. The advances were interest-free, unsecured and had no fix term of repayment.

(b) Other related party transactions

Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita entered into guarantee agreements with a bank with respect to the long-term bank loans amounted to RMB1,834,681,000 as at 30 June 2010 provided to the Group. The guarantees will be released upon the repayment of the bank loans.

17 Non-adjusting post balance sheet event

On 13 August 2010, the Group made a successful bid of RMB1,561,720,000 for the land use right in respect of Linkong Plot 15 Land situated right next to the Shanghai Hongqiao transportation hub, Chang Ning District, Shanghai, through a public listing process.