



For immediate release

## SOHO China reports a profitable year with exceptional pre-sales

### *Earnings recognition for large portion of pre-sales delayed from Olympic impact*

- SOHO China's pre-sales increased 92% in 2008, while average selling prices advanced 36%. Launched in July, Sanlitun SOHO led the Beijing market with RMB 6.9 billion in pre-sales in 2008.
- The Company achieved a turnover and net profit of RMB 3,121 million and RMB 399 million respectively.
- SOHO China maintains a strong cash position at RMB 10,691 million as of 31 December 2008; equivalent to HKD 2.34 of cash per share.
- Sharing the success of 2008, the Board of Directors has recommended a dividend payment in the same amount of RMB 0.10 per share as last year.

**(Hong Kong, 13 March 2009)** — **SOHO China Limited** ("SOHO China" or the "Company"; Stock Code: 410), Beijing's top commercial property developer, has announced its audited consolidated results for the fiscal year ended 31 December 2008. Under Hong Kong Financial Reporting Standards ("HKFRS"), the Company reported turnover of RMB 3,121 million and gross profit of RMB 1,544 million, with gross profit margin of 49%.

For the fiscal year 2008, 95% of the revenue recognized was for sales of Guanghualu SOHO and Beijing SOHO Residences, two projects completed in the second half of 2008. Guanghualu SOHO is an office-retail complex in Beijing's CBD with GFA of 75,798 square meters, adjacent to the China World Trade Center and the first embassy district. Opening its doors in December 2008, Guanghualu SOHO has already seen approximately half of the office space be leased out. Beijing SOHO Residences is a luxury apartment building with GFA of 66,618 square meters in Beijing's Lufthansa District, in close proximity to 3<sup>rd</sup> Ring Road and the second embassy area. This was the first project acquired by SOHO China after its IPO, in a state of near completion.

The Company's pre-sales reached RMB 7.7 billion, 92% up, as average pre-sales prices advanced 36% over the year. Pre-sales jumped, largely on account of exceptional sales at Sanlitun SOHO, the 465,700 square meter project located in Beijing's prime entertainment area. Sanlitun SOHO was the best selling property in Beijing for the full year 2008 despite a relative late launch in mid-July, generating RMB 6,921 million in pre-sales for the Company through contracted sale of floor area of approximately 140,600 square meters. At Sanlitun SOHO, the average price was RMB 49,219 per square meter. This is over four times Beijing's average price and over 70% higher than the average for the second highest-grossing project, Pangu Plaza.

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**SOHO China Chairman Mr. Pan Shiyi** said, “To be able to nearly double our pre-sales in a down-year, while at the same time raising prices at Sanlitun SOHO seven times, really shows that our products are unique and very much in demand.”

Impacting the Company’s net profit attributable to equity shareholders, which totaled RMB 399 million in 2008, was a delay in the completion of the first phase of Sanlitun SOHO, on account of interruptions and halts in construction in Beijing prior to and during the Olympics Games. With the completion pushed forward, the booking of pre-sales for Sanlitun SOHO were also delayed in accordance to accounting guidelines that require that revenue is only booked upon project completion and delivery.

**Chief Executive Officer Ms. Zhang Xin** said, “We develop a select number of large-scale, high-margin projects in the city centre of Beijing, which means that the timing of completion can have a sizeable year-on-year impact on revenue and earnings streams. While we were not able to book the exceptional sales results we achieved in 2008 this year, we have been able to lock them in for the future.”

Zhang Xin added, “We offer mainstream products that target local Chinese small and medium-sized enterprises, which are numerous, dynamic and are the growth engine of China’s economy. At SOHO China, we have a lot of experience in real estate development and know to stay clear of areas of overcapacity. That is the reason for the Company to be able to maintain 90% occupancy rate in its offices while the vacancies in CBD are currently at 35%. Over the years, we’ve learned what sells and rents best and how best to sell and rent it.”

In terms of its balance sheet, at December 31, 2008, SOHO China maintained a cash position of RMB 10,691 million, equivalent to HKD 2.34 of cash per share at year end. This month the Company also signed a strategic cooperation agreement with Bank of China for the grant of facilities up to RMB 10 billion, putting the Company’s access to capital at over RMB 20 billion as of the time of the announcement. In terms of the Company’s net debt to equity, its net gearing ratio was -46.2% at the end of 2008.

Mr. Pan noted, “The outlook of the PRC real estate market in 2009 remains uncertain, but we are well positioned to leverage this opportunity. Our cash becomes more valuable, and even more desirable developments open up, particularly with distressed commercial buildings in the center of Beijing and Shanghai. We are positive so far that the financial crisis has had no noticeable impact on our sales. Our land-bank strategy has always been rational and our financial management disciplined, which puts us in a good position to capture the opportunities arising from industry consolidation and make acquisitions now and complete properties in time for the revitalized market.”



Sharing the success of 2008, the Board of Directors has recommended a dividend payment in the same amount of RMB 0.10 per share as last year, subject to approval by shareholders of the Company at the forthcoming annual general meeting in May 2009.

For additional information, please see the Company's results announcement for the year ended 31 December 2008 at: [www.sohochina-ir.com](http://www.sohochina-ir.com).

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#### **About SOHO China**

Founded in 1995, SOHO China is the industry leader in developing high-profile branded commercial properties in central Beijing. The company collaborates with internationally-recognized architects, translating their innovative designs into iconic real estate which possesses strong appeal to property investors and the local businesses and customer bases which they serve.

On October 8, 2007, SOHO China was successfully listed on the Stock Exchange of Hong Kong as the largest IPO for commercial real estate developers in Asia. The company was named as one of the "Most Admired Companies" in China by Fortune (China) Magazine for three years running from 2006 to 2008.

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