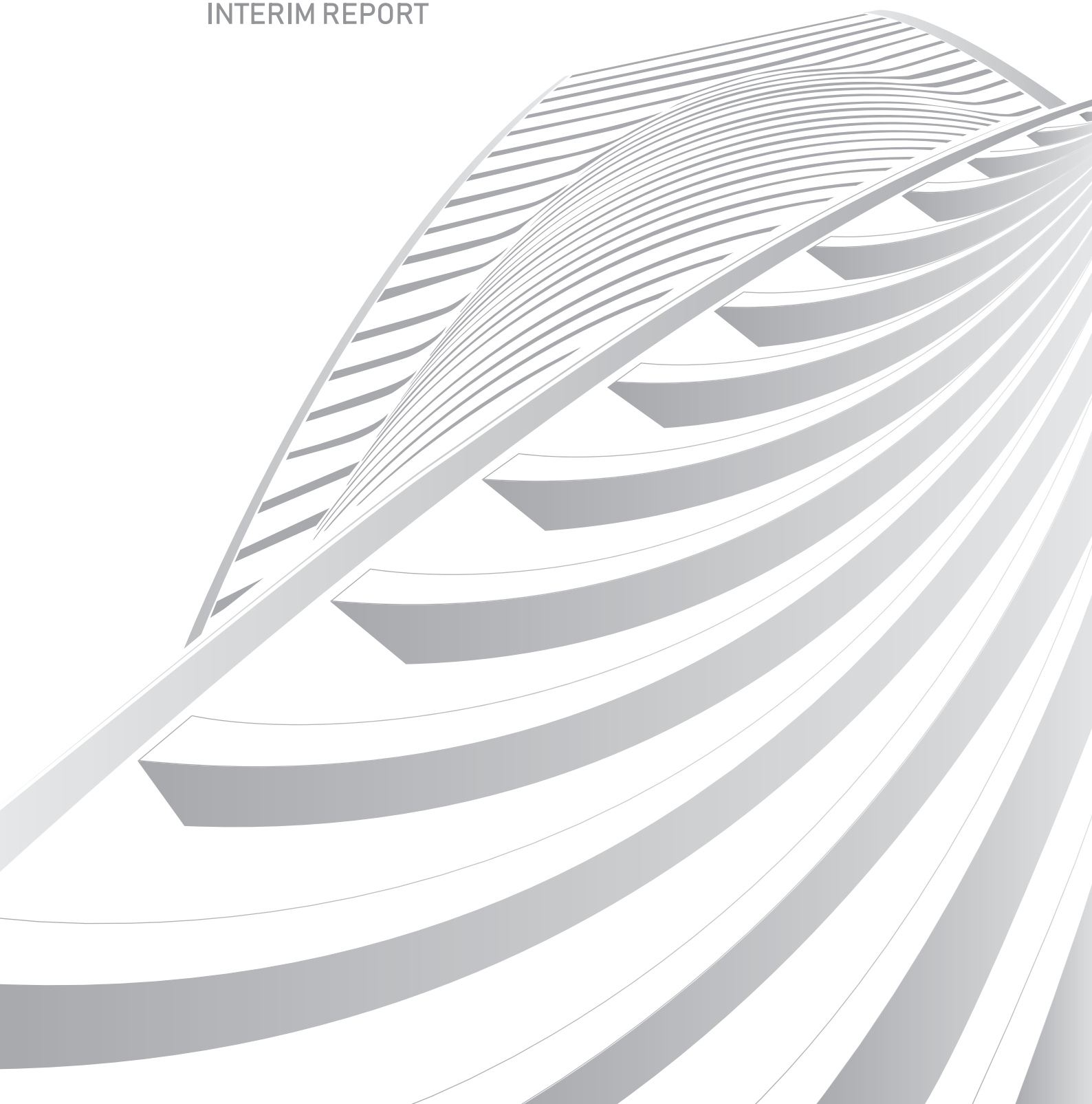




SOHO CHINA LIMITED

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**2022**  
INTERIM REPORT



# SOHO CHINA

The board (the “Board”) of directors (the “Directors”) of SOHO China Limited (the “Company” or “SOHO China” or “we”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “Period” or “1H2022”), together with the comparative figures for the six months ended 30 June 2021.



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# BUSINESS REVIEW AND MARKET OUTLOOK

## MARKET REVIEW AND OUTLOOK

As the first half of 2022 came to an end, we must recognize that the global environment is becoming increasingly complex and severe. Domestic outbreaks of the COVID-19 pandemic have been frequent and sporadic, with all kind of unexpected factors contributing to adverse effects on the economy. Since the second quarter of this year, in particular, the economic downward pressure has notably increased. Facing this complicated and difficult situation, the whole society has come together, and under the leadership of the Party and the government at all levels, the COVID-19 pandemic has been effectively controlled and the economy has stabilized and recovered. As a result, a hard-won positive gross domestic product (“GDP”) growth of 2.5% has been achieved in the first half of the year.

Nonetheless, due to the impact of the pandemic, the trend of economic recovery was blocked in Beijing and Shanghai rental markets in the first and second quarters of 2022. The vacancy rate re-surfed and the rent fell. According to the market data from Cushman & Wakefield, in the first half of 2022, the net absorption of Grade A office buildings in Beijing and Shanghai was 444,000 square meters and 301,000 square meters respectively, representing a marked drop as compared with the same period of 2021. Meanwhile, market rents also fell after three consecutive quarters of rising. In the next six months, the leasing market will continue to be under pressure as a large number of new projects that were delayed in the first half of the year are expected to enter into the market.

In a relatively depressed macroeconomy and market environment, SOHO China’s office leasing business has inevitably been affected. With the exception of Leeza SOHO, the occupancy rate of most of our portfolio projects in Beijing and Shanghai has declined to varying degrees as compared with the end of 2021.

Another key focus of our work is that we are doing our best to continue to provide top-quality property management service amidst repeated COVID-19 pandemic outbreaks and containment efforts. During the first half of this year, most of our Beijing and Shanghai projects underwent strict closures and control, especially in Shanghai which was subject to a two-month lockdown. Hundreds of SOHO property managers continued with their work during this difficult time, ensuring property security and building management and operations. Property management has followed government orders and arrangements to coordinate the scientific control of the pandemic, while serving customers with patience and understanding to alleviate their concerns in these challenging times. Many SOHO China employees also actively volunteered in their communities, offering emotional support to those around them.

Since the beginning of June 2022, SOHO China has been maintaining a full working status, actively responding to the government's call to resume work, production and business activities. Facing the current situation, the Company has supported a number of policies, such as rent deferral for tenants who are struggling with payments, and pandemic subsidies. These policies are vital to businesses working on restoring their vitality and maintaining a high level of customer satisfaction.

At the same time, SOHO China continues to attach great importance to its development of environmental, social and governance work, promoting corporate governance, environmental protection, and social responsibility to build a sustainable enterprise. In respect of corporate governance, the Company has optimized existing rules and regulations to improve corporate governance and management. In terms of environmental protection, during the Period, the total energy consumption of the Group's 24 property projects under management was reduced by approximately 67.89 million kWh below the national standard, achieving an energy saving rate of approximately 36.5%. Carbon emission reduction of approximately 55,000 tonnes was also achieved. With regard to social responsibility, despite the challenges of the COVID-19 pandemic, including operational and financial pressures, the Company, through SOHO China Foundation, has made every effort to ensure the continued operations of Yangzheng Kindergarten in Maiji District, Tianshui, Gansu Province, and has continued to move forward with the construction of China's first "zero-carbon library" demonstration building as planned. The library is expected to be completed and delivered in the second half of 2022.

Difficulties are the best test of a person's spiritual qualities. Good quality is like gold that does not fear fire. The spirit of service, solidarity, and fraternity in each SOHO China team member only becomes purer and stronger after overcoming daunting challenges. The Company believes in the robust nature of the Beijing and Shanghai office markets and scarcity in office supply will continue to attract investors in the long run. As the impact of the COVID-19 pandemic gradually subsides, and as government bailout and incentive policies and implementation plans for stable economic development are successively introduced, market activity will gradually rebound. Economic operations will gradually return to normal, inspiring confidence and laying the foundation for the revitalization of the office market in the second half of 2022.

## RENTAL PORTFOLIO

The details of rental income and occupancy rates of major investment properties of the Group were as follows:

Projects	Leasable GFA <sup>1</sup> (sq.m.)	Rental Income 1H2022 (RMB'000)	Occupancy Rate <sup>2</sup> as at 30 June 2022	Occupancy Rate <sup>2</sup> as at 31 December 2021
<b>Beijing</b>				
Qianmen Avenue Project	51,889	49,947	69%	77%
Wangjing SOHO	149,172	142,281	71%	76%
Guanghualu SOHO II	94,279	97,895	81%	85%
Leeza SOHO	135,637	86,753	82%	80%
Galaxy and Chaoyangmen SOHO	46,293	36,865	70%	69%
<b>Shanghai</b>				
SOHO Fuxing Plaza	88,234	116,237	92%	98%
Bund SOHO	72,006	98,184	84%	91%
SOHO Tianshan Plaza	97,751	93,052	80%	85%
Gubei SOHO	112,541	131,686	89%	99%

Notes: 1. The leasable GFA (gross floor area) attributable to the Group as at 30 June 2022.

2. Occupancy rate for office and retail areas.

## MAJOR PROJECTS IN BEIJING

### WANGJING SOHO

Wangjing SOHO is a large-scale office and retail project in the Wangjing area of Beijing, consisting of a total GFA of approximately 510,000 sq.m.. With a height of nearly 200 meters, Wangjing SOHO is now a landmark in central Beijing. The project comprises three towers (Towers 1, 2 and 3), among which Towers 1 and 2 were mostly sold in 2014.



The Group holds Wangjing SOHO Tower 3 and some units of Towers 1 and 2. Tower 3 was completed in September 2014, with a total GFA of approximately 157,318 sq.m..

The Group is entitled to a leasable GFA of approximately 133,766 sq.m., including approximately 123,568 sq.m. of office area and approximately 10,198 sq.m. of retail area.

Wangjing area has become the emerging hub for internet companies in the northeast of Beijing. Wangjing area is also home to the headquarters of many prestigious multinational companies in the People's Republic of China (the "PRC").



### GUANGHUALU SOHO II

Guanghualu SOHO II is located at the heart of the central business district in Beijing, close to subway lines 1 and 10. The total GFA of the project is approximately 117,179 sq.m. and the total leasable GFA attributable to the Group is approximately 94,279 sq.m., including approximately 63,308 sq.m. of office area and approximately 30,971 sq.m. of retail area. The project was completed in November 2014.



### QIANMEN AVENUE PROJECT

Qianmen Avenue project is located in the Qianmen area, immediate south of Tiananmen Square and within one of the largest “Hutong” (traditional Beijing courtyards) conservation areas in Beijing. The total leasable GFA attributable to the Group is approximately 51,889 sq.m. of retail area. The Group has been working towards its goal of developing Qianmen Avenue into a premier tourist destination. Leveraging on its massive visitor traffic, the Group aims to continue attracting and retaining high-quality tenants that fit the positioning of the project.



### LEEZA SOHO

Leeza SOHO is located in the center of the Lize Financial Business District in Beijing. The site is to the south of Lize Road, less than one kilometer away from the West Second Ring Road, and is adjacent to the planned subway lines 11, 14 and 16 as well as the New Airport line and the Lize Business District Financial Street connection line. Located between Beijing’s West Second and Third Ring Roads, the Lize Financial Business District is expected to be developed into

Beijing’s next financial district, acting as an extension to Beijing’s current Financial Street which we believe is one of the most expensive office markets in the world. The Lize Financial Business District is planned to provide quality offices, apartments, exhibition centers, commercial zones and leisure facilities aiming to accommodate the increasing demand arising from the continued expansion of financial companies around the current Financial Street area.

Leeza SOHO has a total GFA of approximately 158,434 sq.m., and a total leasable GFA of approximately 135,637 sq.m.. The project was completed in December 2019.

## MAJOR PROJECTS IN SHANGHAI

### SOHO FUXING PLAZA

SOHO Fuxing Plaza is located at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway lines 10 and 13. It is right next to Shanghai Xintiandi, the most bustling and diverse commercial area of Shanghai. SOHO Fuxing Plaza has a total GFA of approximately 124,068 sq.m. and a leasable GFA of approximately 88,234 sq.m., of which approximately 46,344 sq.m.

is for office use and approximately 41,890 sq.m. is for retail use. The project was completed in September 2014.



### BUND SOHO

Bund SOHO is located on the Bund in Shanghai. Bund SOHO is very close to Shanghai's famous City God Temple and next to the Bund's multi-dimensional transportation hub and yacht wharf.

The Group is entitled to a leasable GFA of approximately 72,006 sq.m., including approximately 50,347 sq.m. of office area and approximately 21,659 sq.m. of retail area. The project was completed in August 2015.



### SOHO TIANSHAN PLAZA

SOHO Tianshan Plaza is located at a prime location in the Hongqiao Foreign Trade Center in Changning District in Shanghai. The Hongqiao Foreign Trade Center area is Shanghai's first central business district for foreign enterprises and a gathering place for Changning's office buildings, business and high-end residential apartments. In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan Plaza has direct access to Loushanguan Station on subway line 2.



SOHO Tianshan Plaza has a total GFA of approximately 155,827 sq.m.. The office and retail parts of SOHO Tianshan Plaza were completed in December 2016, with a total leasable GFA of approximately 97,751 sq.m., including approximately 74,498 sq.m. of office area and approximately 23,253 sq.m. of retail area. Hyatt Place Shanghai Tianshan Plaza, which is located at SOHO Tianshan Plaza, was completed in November 2017 and has started operations since the end of February 2018.



### GUBEI SOHO

The land for Gubei SOHO is located in the core area of the Hongqiao Foreign Trade Center in Shanghai's Changning District, only 1 kilometer away from SOHO Tianshan Plaza.

The land is bordered by Yili Road to the east, Hongbaoshi Road to the south, Ma'nao Road to the west and Hongqiao Road to the north. The project is accessible underground from Yili Station on subway line 10 and with close proximity to Gubei Fortuna Plaza and other Grade A office buildings.

The project has a total GFA of approximately 156,654 sq.m. and a total leasable GFA of approximately 112,541 sq.m.. The project was completed in January 2019.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group achieved rental revenue of approximately RMB896 million in the Period, representing an increase of approximately 11% as compared with approximately RMB805 million in the same period of 2021. The increase was mainly driven by robust performance of the two newly completed projects Leeza SOHO and Gubei SOHO.

### Profitability

Gross profit for the Period was approximately RMB742 million, representing an increase of approximately 13% as compared with approximately RMB659 million in the same period of 2021.

Gross profit margin of property leasing was approximately 83% for the Period, as compared with approximately 82% in the same period of 2021.

### Cost control

Selling expenses for the Period were approximately RMB13 million, as compared with approximately RMB21 million in the same period of 2021. Administrative expenses for the Period were approximately RMB74 million, which was equivalent to that of the same period of 2021.

### **Finance income and expenses**

Finance income for the Period was approximately RMB2 million, representing a decrease of approximately RMB21 million as compared with approximately RMB23 million in the same period of 2021, mainly due to the lower average fund balance available for investment during the Period.

Finance expenses for the Period were approximately RMB421 million, representing a decrease of approximately RMB28 million as compared with approximately RMB449 million in the same period of 2021, mainly due to the lower average borrowing balance during the Period.

### **Income tax expense**

Income tax expense for the Period was approximately RMB119 million, representing a decrease of approximately RMB26 million as compared with approximately RMB145 million in the same period of 2021.

Income tax of the Group was composed of PRC enterprise income tax ("EIT"), land appreciation tax ("LAT") and deferred tax. PRC corporate tax for the Period was approximately RMB24 million, as compared with approximately RMB8 million in the same period of 2021. LAT was nil for the Period and the same period of 2021. Deferred tax for the Period was approximately RMB95 million, as compared with approximately RMB137 million in the same period of 2021.

### **Bank borrowings, other borrowings and collaterals**

As at 30 June 2022, total borrowings of the Group were approximately RMB16,730 million, of which approximately RMB1,613 million were due within one year, approximately RMB15,117 million were due over one year. As at 30 June 2022, borrowings of the Group of approximately RMB16,222 million were collateralized by the Group's investment properties.

As at 30 June 2022, net gearing ratio was approximately 44% (31 December 2021: approximately 44%), calculated based on net debt (total borrowings minus cash and cash equivalents minus restricted bank deposits and structured bank deposits) over equity attributable to owners of the Company.

### **Risks of foreign exchange fluctuation and interest rate**

As at 30 June 2022, offshore borrowings were approximately RMB508 million, accounting for approximately 3.0% of total borrowings of the Group (31 December 2021: offshore borrowings were approximately RMB588 million, accounting for approximately 3.3% of total borrowings of the Group). The Company's average funding cost remained relatively low at approximately 4.7% as at 30 June 2022 (31 December 2021: approximately 4.7%). During the Period, the Group's operating cash flow and liquidity had not been subject to significant influence from fluctuations in exchange rate.

### **Contingent liabilities**

The Group had entered into agreements with certain banks to provide guarantees in respect of mortgage loans offered to buyers of property units. As at 30 June 2022, the total amount of the mortgage loans guaranteed by the Group relating to such agreements was approximately RMB17 million (31 December 2021: approximately RMB39 million).

### **Capital commitment**

As at 30 June 2022, the Group's total capital commitment was approximately RMB24 million (31 December 2021: approximately RMB38 million).

### **Employees and remuneration policy**

As at 30 June 2022, the Group had 1,700 employees, including 1,538 employees for the property management company.

The remuneration package of the Group's employees mainly includes basic salary and bonuses. Bonuses are determined on a monthly basis based on performance reviews.

# OTHER INFORMATION

## PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of property leasing and related services in the PRC. There were no significant changes in the nature of the Group's principal activities during the Period.

## DIVIDENDS

The Board resolved not to declare an interim dividend for the Period (2021 interim dividend: Nil).

## SHARE CAPITAL

As at 30 June 2022, the Company had 5,199,524,031 shares in issue (31 December 2021: 5,199,524,031 shares).

## 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 2022, the interests and short positions of 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 (Cap. 571, the Laws of Hong Kong) (the "SFO"), which were 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 (the "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, were 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) <i>(Note 2)</i>	-	3,324,100,000 (L)	63.9309%
Pan Zhang Xin Marita	-	-	3,324,100,000 (L) <i>(Note 3)</i>	3,324,100,000 (L)	63.9309%

Notes:

(1) (L) represents the Directors' long position in shares or underlying shares.

(2) Mr. Pan Shiyi had deemed interests in 3,324,100,000 shares of the Company held by his spouse, Mrs. Pan Zhang Xin Marita as mentioned in note (3) below. According to the disclosure of interests form filed by Mr. Pan Shiyi on 1 January 2018, Mr. Pan Shiyi should be a beneficiary of a discretionary trust (the "Trust") that was founded by his spouse, Mrs. Pan Zhang Xin Marita.



- (3) Each of Boyce Limited and Capevale Limited (“Capevale BVI”), both of which were incorporated in the British Virgin Islands, was interested in 1,662,050,000 shares of the Company. Boyce Limited and Capevale BVI are the wholly-owned subsidiaries of Capevale Limited (“Capevale Cayman”), which was incorporated in the Cayman Islands. Cititrust Private Trust (Cayman) Limited (in its capacity as trustee) is the legal owner of 100% of the issued share capital of Capevale Cayman. Cititrust Private Trust (Cayman) Limited held these shares under the Trust, for the benefit of the beneficiaries of the Trust, including Mrs. Pan Zhang Xin Marita.

(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.	Interests of controlled corporation	1,275,000 (Note)	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 Co., Ltd.	Beneficial owner	1,935,000	5.00%

Note: These interests were held by Beijing Redstone Industry Co., Ltd..

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2022, 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 corporations (within the meaning of Part XV of the SFO) which were required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, 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 or the chief executives of the Company, the following shareholders of the Company 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
Cititrust Private Trust (Cayman) Limited (Note 2)	Trustee	3,324,100,000 (L)	63.9309% (L)
Capevale Cayman (Note 2)	Interests of controlled corporation	3,324,100,000 (L)	63.9309% (L)
Boyce Limited (Note 3)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)
Capevale BVI (Note 4)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)

Notes:

- (1) (L) represents the shareholders' long position in shares or underlying shares.
- (2) Cititrust Private Trust (Cayman) Limited (in its capacity as trustee of the Trust) is the legal owner of 100% of the issued share capital of Capevale Cayman. Capevale Cayman wholly owns Boyce Limited and Capevale BVI, each of which was interested in 1,662,050,000 shares of the Company. Accordingly, Cititrust Private Trust (Cayman) Limited is deemed to be interested in the 3,324,100,000 shares of the Company held by Boyce Limited and Capevale BVI via its interest in Capevale Cayman under the Trust for the benefit of the beneficiaries of the Trust, including Mrs. Pan Zhang Xin Marita.
- (3) Boyce Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Cayman.
- (4) Capevale BVI, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Cayman.

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2022, there was no other person who had interests or short positions in the shares and underlying shares of the Company which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OF THE COMPANY**

At no time during the Period were any rights to acquire benefits by means of 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 which would enable any Directors to acquire such rights in any other body corporate.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the Period.

### **EVENTS AFTER THE REPORTING PERIOD**

No significant subsequent events affecting the Group have occurred since the end of the Period up to the date of this report.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

### **COMPLIANCE WITH 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.

### **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 of the Board (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.

The running of the day-to-day businesses of the Company is delegated by the Board to the management who is working under the leadership and supervision of the Board committees except that authority is reserved for the Board to approve interim and annual financial statements, dividend policy, annual budget, business plan and significant operational matters.

Regular Board meetings are held at least four times a year (at quarterly intervals) and any ad hoc meeting will be held when necessary. At least fourteen days' notice will be given to all the Directors prior to any regular Board meeting and any relevant materials to be presented to a Board meeting will be provided to Directors at least three days before such Board meeting. The Directors are appointed by shareholders of the Company through ordinary resolutions or appointed by the Board to fill any casual vacancy on the Board or for new additions to the Board. At each annual general meeting, one-third (or, if the number is not a multiple of three, the number nearest to but not less than one-third) of the Directors for the time being shall retire from office by rotation but are eligible for reelection and re-appointment.

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 of the Company. Save as 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 Rules 3.10 and 3.10A of the Listing Rules. Among the three independent non-executive Directors appointed, at least one or more are equipped with financial expertise. The number of independent non-executive Directors also represents at least one-third of the Board.

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 of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

As at 30 June 2022, the Board comprised two executive Directors, namely, Mr. Pan Shiyi (Chairman) and Mrs. Pan Zhang Xin Marita (Chief Executive Officer), and three independent non-executive Directors, namely, Mr. Sun Qiang Chang, Mr. Xiong Ming Hua and Mr. Huang Jingsheng. Details of the composition of the audit committee, the remuneration committee, the nomination committee and the ESG committee of the Company as at 30 June 2022 are set out in the section headed "Corporation Information" of this report.

### REVIEW OF INTERIM RESULTS

The condensed consolidated interim results for the six months ended 30 June 2022 are unaudited, but had been reviewed by the Company's auditor, PricewaterhouseCoopers.

The audit committee of the Company had reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2022 and considered that the Company had complied with all applicable accounting standards and disclosure requirements.

The unaudited condensed consolidated interim results for the six months ended 30 June 2022 were approved by the Board on 18 August 2022.

On behalf of the Board

**Pan Shiyi**  
*Chairman*  
Hong Kong  
18 August 2022



# CORPORATE INFORMATION

## Executive Directors

Pan Shiyi (*Chairman*)  
Pan Zhang Xin Marita (*Chief Executive Officer*)

## Independent Non-executive Directors

Sun Qiang Chang  
Xiong Ming Hua  
Huang Jingsheng

## Company Secretary

Ng Sau Mei

## Members of the Audit Committee

Sun Qiang Chang (*Chairman*)  
Xiong Ming Hua  
Huang Jingsheng

## Members of the Remuneration Committee

Huang Jingsheng (*Chairman*)  
Sun Qiang Chang  
Xiong Ming Hua  
Pan Shiyi

## Members of the Nomination Committee

Pan Shiyi (*Chairman*)  
Xiong Ming Hua  
Huang Jingsheng

## Members of the ESG Committee

Pan Shiyi (*Chairman*)  
Pan Zhang Xin Marita  
Huang Jingsheng

## Authorized Representatives

Pan Zhang Xin Marita  
Ng Sau Mei

## Registered Office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## Corporate Headquarters

11/F, Tower A  
Chaowai SOHO  
6B Chaowai Street  
Chaoyang District  
Beijing 100020  
China

## Principal Place of Business in Hong Kong

31/F  
Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

<b>Principal Share Registrar and Transfer Office in the Cayman Islands</b>	Suntera (Cayman) Limited Suite 3204, Unit 2A, Block 3, Building D P.O. Box 1586, Gardenia Court, Camana Bay Grand Cayman KY1-1110 Cayman Islands
<b>Branch Share Registrar and Transfer Office in Hong Kong</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Hong Kong Legal Advisor</b>	Stephenson Harwood 18th Floor, United Centre 95 Queensway Hong Kong
<b>Auditor</b>	PricewaterhouseCoopers 22/F, Prince's Building 10 Chater Road Central, Hong Kong
<b>Principal Bankers</b>	Agricultural Bank of China Bank of China Bank of Communications China Everbright Bank China Merchants Bank Industrial and Commercial Bank of China Standard Chartered Bank (Hong Kong) The Hongkong and Shanghai Banking Corporation
<b>Website address</b>	<a href="http://www.sohochina.com">www.sohochina.com</a>
<b>Stock Code</b>	410



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of SOHO China Limited  
*(incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 21 to 44, which comprises the interim condensed consolidated statement of financial position of SOHO China Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information 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 of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review 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 information consists of making inquiries, 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 information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 18 August 2022

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022  
(Expressed in Renminbi)

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 (Restated) RMB'000
<b>Revenue</b>	7	<b>896,040</b>	804,992
Cost of sales		(153,947)	(145,965)
<b>Gross profit</b>		<b>742,093</b>	659,027
Valuation gains on investment properties	12	19,380	289,000
Other income and gains	8	281,281	197,504
Selling expenses		(13,492)	(20,531)
Administrative expenses		(73,923)	(73,697)
Other operating expenses		(223,738)	(556,851)
<b>Operating profit</b>		<b>731,601</b>	494,452
Finance income	9	1,979	22,517
Finance expenses	9	(420,703)	(449,236)
<b>Profit before income tax</b>		<b>312,877</b>	67,733
Income tax expense	10	(119,226)	(144,763)
<b>Profit/(loss) for the period</b>		<b>193,651</b>	(77,030)
<b>Profit/(loss) attributable to:</b>			
- Owners of the Company		190,568	(80,216)
- Non-controlling interests		3,083	3,186
<b>Profit/(loss) for the period</b>		<b>193,651</b>	(77,030)
<b>Earnings/(loss) per share (RMB per share)</b>	11		
Basic earnings/(loss) per share		0.04	(0.02)
Diluted earnings/(loss) per share		0.04	(0.02)

The notes on pages 28 to 44 form an integral part of these interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022  
(Expressed in Renminbi)

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 (Restated) RMB'000
<b>Profit/(loss) for the period</b>	<b>193,651</b>	(77,030)
<b>Other comprehensive income/(expenses):</b> <i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	30,304	(26,908)
<b>Other comprehensive income/(expenses) for the period, net of tax</b>	<b>30,304</b>	(26,908)
<b>Total comprehensive income/(expenses) for the period</b>	<b>223,955</b>	(103,938)
<b>Total comprehensive income/(expenses) for the period attributable to:</b>		
- Owners of the Company	222,796	(107,357)
- Non-controlling interests	1,159	3,419
	<b>223,955</b>	(103,938)

The notes on pages 28 to 44 form an integral part of these interim condensed consolidated financial information.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022  
(Expressed in Renminbi)

	<i>Note</i>	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	12	63,509,900	63,656,000
Property and equipment		1,024,873	1,091,172
Intangible assets		108	561
Deferred tax assets		851,375	840,719
Trade and other receivables	14	68,743	72,100
Investment in other financial assets		234,841	164,240
<b>Total non-current assets</b>		<b>65,689,840</b>	<b>65,824,792</b>
<b>Current assets</b>			
Completed properties held for sale	13	1,738,379	1,737,526
Prepayments		227,378	231,337
Trade and other receivables	14	621,081	455,634
Restricted bank deposits		86,442	84,858
Structured bank deposits		222,437	1,377,670
Cash and cash equivalents		461,533	734,698
Assets classified as held for sale		146,100	-
<b>Total current assets</b>		<b>3,503,350</b>	<b>4,621,723</b>
<b>Total assets</b>		<b>69,193,190</b>	<b>70,446,515</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>	15		
Share capital		106,112	106,112
Other reserves		36,290,828	36,068,032
		<b>36,396,940</b>	<b>36,174,144</b>
<b>Non-controlling interests</b>		<b>926,779</b>	<b>925,620</b>
<b>Total equity</b>		<b>37,323,719</b>	<b>37,099,764</b>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>Unaudited 30 June 2022 RMB'000</b>	Audited 31 December 2021 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	16	15,116,665	16,333,819
Contract retention payables		427,475	456,433
Deferred tax liabilities		9,701,415	9,595,793
<b>Total non-current liabilities</b>		<b>25,245,555</b>	26,386,045
<b>Current liabilities</b>			
Bank and other borrowings	16	1,613,176	1,663,789
Receipts in advance from customers		337,473	299,807
Contract liabilities		90,153	86,352
Trade and other payables	17	2,921,193	3,248,382
Current income tax liabilities		1,661,921	1,662,376
<b>Total current liabilities</b>		<b>6,623,916</b>	6,960,706
<b>Total liabilities</b>		<b>31,869,471</b>	33,346,751
<b>Total equity and liabilities</b>		<b>69,193,190</b>	70,446,515

The notes on pages 28 to 44 form an integral part of these interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022  
(Expressed in Renminbi)

	Unaudited								
	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Other reserves	Retained earnings	Total			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2022	106,112	1,596	(1,672,110)	983,566	36,754,980	36,174,144	925,620	37,099,764	
Profit for the period	-	-	-	-	190,568	190,568	3,083	193,651	
Other comprehensive income/ (expenses)	-	-	32,228	-	-	32,228	(1,924)	30,304	
Total comprehensive income for the period	-	-	32,228	-	190,568	222,796	1,159	223,955	
Balance at 30 June 2022	106,112	1,596	(1,639,882)	983,566	36,945,548	36,396,940	926,779	37,323,719	

	Unaudited								
	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Other reserves	Retained earnings	Total			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2021 (as previously reported)	106,112	1,596	(1,621,640)	983,566	37,159,440	36,629,074	917,939	37,547,013	
Restatement	-	-	-	-	(273,362)	(273,362)	-	(273,362)	
Balance at 1 January 2021 (restated)	106,112	1,596	(1,621,640)	983,566	36,886,078	36,355,712	917,939	37,273,651	
(Loss)/profit for the period (restated)	-	-	-	-	(80,216)	(80,216)	3,186	(77,030)	
Other comprehensive (expenses)/ income	-	-	(27,141)	-	-	(27,141)	233	(26,908)	
Total comprehensive (expenses)/ income for the period (restated)	-	-	(27,141)	-	(80,216)	(107,357)	3,419	(103,938)	
Balance at 30 June 2021 (restated)	106,112	1,596	(1,648,781)	983,566	36,805,862	36,248,355	921,358	37,169,713	

The notes on pages 28 to 44 form an integral part of these interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

(Expressed in Renminbi)

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Proceeds from sales of property units and rendering of services	848,063	1,024,137
Refund of taxes and surcharges	11	809
Interest received	1,979	22,727
Cash received relating to other operating activities	52,208	46,546
Cash paid for properties and services	(86,019)	(49,251)
Cash paid to and on behalf of employees	(90,184)	(75,965)
Payments of taxes and surcharges	(131,287)	(92,291)
Income tax paid	(27,012)	(298,391)
Interest paid	(423,379)	(458,139)
Cash paid relating to other operating activities	(478,813)	(51,989)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(334,433)</b>	<b>68,193</b>
<b>Cash flows from investing activities</b>		
Payment for investment property development costs	(45,900)	(84,083)
Purchases of property and equipment	(3,674)	(9,457)
Proceeds from disposal of investment properties	235,770	-
Decrease in structured bank deposits	1,155,233	1,107,301
Investment income from financial assets	13,980	16,103
Proceeds from disposal of property and equipment	2,008	-
Investment in other financial assets	(26,713)	(27,728)
<b>Net cash inflow from investing activities</b>	<b>1,330,704</b>	<b>1,002,136</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank and other borrowings	-	500,000
Repayments of bank and other borrowings	(1,290,842)	(441,244)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(1,290,842)</b>	<b>58,756</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(294,571)</b>	1,129,085
<b>Cash and cash equivalents at the beginning of the period</b>	<b>734,698</b>	396,804
<b>Effects of foreign exchange rate changes on cash and cash equivalents</b>	<b>21,406</b>	(33,791)
<b>Cash and cash equivalents at end of the period</b>	<b>461,533</b>	1,492,098

The notes on pages 28 to 44 form an integral part of these interim condensed consolidated financial information.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 General information

SOHO China Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of property leasing and related services in the People’s Republic of China (the “PRC” or “China”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company has had its primary listing on the Stock Exchange of Hong Kong Limited since 8 October 2007.

The interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated. The interim condensed consolidated financial information was approved for issue by the board (the “Board”) of directors (the “Directors”) on 18 August 2022.

## 2 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2022 (the “interim financial report”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

As of 30 June 2022, the current liabilities of the Group exceeded the current assets by RMB3,120,566,000. As of 30 June 2022, the Group had restricted bank deposits amounting to RMB86,442,000, structured bank deposits amounting to RMB222,437,000 and cash and cash equivalents amounting to RMB461,533,000.

In view of the above, the management of the Group has given careful consideration to the Group’s future liquidity, operating conditions and available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has taken, or is planning, the following measures to reduce capital pressure and improve its financial position:

- (a) The Group is actively negotiating with certain major lenders for new financing or refinancing. Furthermore, it proposes to use unpledged investment properties as collateral for such borrowings. In addition, the Group will continue to monitor and fulfil the covenants of existing loan agreements.
- (b) The Group will continue to take measures to sell certain of its commercial property units.
- (c) The Group will continue to take proactive measures to improve operating cash flow by controlling administrative costs and containing capital expenditure.

**2 Basis of preparation (continued)**

The Directors of the Company have reviewed the cash flow forecasts of the Group prepared by management for a period of not less than 12 months from 30 June 2022. The cash flow forecast is based on management's judgments and assumptions regarding certain future events, and its realization will depend on the successful implementation of the Group's on-going plans and measures in particular, the Group's ability to obtain additional financing or refinancing from lenders as necessary, its ability to continue to comply with the terms and conditions of covenants contained in existing borrowing agreements and the successful and timely sale of properties to generate additional funding.

The Directors are of the opinion that, after taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the twelve months from 30 June 2022. Accordingly, the Directors consider that it is appropriate to prepare the interim financial report on a going concern basis.

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 annual consolidated financial statements for the year ended 31 December 2021 (the "2021 annual financial statements"). The interim condensed consolidated financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs. Accordingly, this interim financial report is to be read in conjunction with the 2021 annual financial statements and any public announcements made by the Company during the interim reporting period.

The interim financial report is unaudited, but has been reviewed by the external auditor of the Company.



### 3 Accounting policies

The accounting policies adopted are consistent with those of the 2021 annual financial statements and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

#### (a) Amended standards adopted by the Group

Below amended standards became effective for annual reporting periods commencing on or after 1 January 2022 and adopted by the Group for the first time in 2022 interim condensed consolidated financial information:

- Reference to the Conceptual Framework – Amendments to HKFRS 3;
- Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16;
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37; and
- Amendments to AG 5 Merger Accounting for Common Control Combinations.

The amended standards listed above did not have any significant impact on the Group's results for the six months ended 30 June 2022 and the Group's financial position as at 30 June 2022. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

#### (b) New and amended standards not yet adopted by the Group

A number of new and amended standards have been issued but are not mandatory for annual reporting periods ending on 31 December 2022 and have not been adopted by the Group. These new and amended standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### 4 Prior periods adjustment

The Group announced on 17 December 2021 that, Beijing Jianhua Real Estate Co., Ltd. (“Jianhua Real Estate”), a subsidiary of the Company, had received a tax treatment decision and a tax administrative penalties decision (collectively, the “Decision”) issued by Beijing municipal tax bureau. In accordance with the Decision, Jianhua Real Estate shall pay the amount of prior year EIT and LAT of RMB197,511,000 in total, as well as related late payment fees of RMB103,260,000 and penalty fees of RMB411,278,000.

The aforesaid EIT and LAT matters were related to Phase 2 and Phase 3 of SOHO Shangdu Project (“SOHO Shangdu Project”) developed by Jianhua Real Estate. Most of the properties of SOHO Shangdu Project were sold before 31 December 2007. The Directors determined that the liabilities previously recognized in relation to the aforesaid matter had been understated by RMB693,878,000, being the tax amount of RMB197,511,000 and the related late payment fees of RMB75,851,000 up to 31 December 2020, and restated prior year financial statements. The remaining penalty fees of RMB411,278,000 and late payment fees of RMB9,238,000, which were related to the six months period ended 30 June 2021 and were recorded in “other operating expenses” in such period accordingly.

A summary of the effect of the restatements on the interim condensed consolidated income statement for the six months ended 30 June 2021 by each financial statement line item affected are presented in the table below:

	As previously reported (RMB'000)	Restatements (RMB'000)	As restated (RMB'000)
<b>Effect on the Group's interim condensed consolidated income statement for the six months ended 30 June 2021</b>			
Other operating expenses	136,335	420,516	556,851

#### 5 Estimates

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments and estimations made by management were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

## 6 Financial risk management and financial instruments

### 6(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended 31 December 2021.

There have been no significant changes in any risk management policies since 31 December 2021.

### 6(b) Fair value of financial assets and liabilities measured at amortized cost

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Bank deposits
- Bank and other borrowings
- Trade and other payables excluding tax payables, payroll and welfare payables
- Contract retention payables

### 6(c) Fair value estimation

The table below analyzes the Group's assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

**6 Financial risk management and financial instruments (continued)****6(c) Fair value estimation (continued)**

The following table presents the Group's assets and liabilities measured and recognized at fair value as at 30 June 2022.

	30 June 2022			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Investment properties	-	-	63,509,900	63,509,900
Property and equipment				
- office premises	-	-	421,460	421,460
Financial assets at fair value				
- structured bank deposits	30,337	192,100	-	222,437
- investment in a private fund	-	-	234,841	234,841
<b>Total assets</b>	<b>30,337</b>	<b>192,100</b>	<b>64,166,201</b>	<b>64,388,638</b>

The following table presents the Group's assets and liabilities measured and recognized at fair value as at 31 December 2021.

	31 December 2021			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Investment properties	-	-	63,656,000	63,656,000
Property and equipment				
- office premises	-	-	428,494	428,494
Financial assets at fair value				
- structured bank deposits	1,027,520	350,150	-	1,377,670
- investment in a private fund	-	-	164,240	164,240
<b>Total assets</b>	<b>1,027,520</b>	<b>350,150</b>	<b>64,248,734</b>	<b>65,626,404</b>

## 6 Financial risk management and financial instruments (continued)

### 6(c) Fair value estimation (continued)

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- equity allocation model and price/booking multiple method with observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability and etc..

There were no changes in valuation techniques during the Period.

### 6(d) Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties RMB'000	Property and equipment – office premises RMB'000	Investment in other financial assets RMB'000	Total RMB'000
<b>Opening balance at 1 January 2022</b>	63,656,000	428,494	164,240	64,248,734
Additions	3,620	-	26,713	30,333
Gains on financial assets at fair value through profit or loss	-	-	43,888	43,888
Fair value changes recognized in profit or loss	19,380	-	-	19,380
Depreciation	-	(7,034)	-	(7,034)
Disposals	(23,000)	-	-	(23,000)
Transfer to assets classified as held for sale	(146,100)	-	-	(146,100)
<b>Closing balance at 30 June 2022</b>	63,509,900	421,460	234,841	64,166,201

## 6 Financial risk management and financial instruments (continued)

### 6(e) Group's valuation processes

The finance department of the Group includes a team that performs the valuations of financial assets, investment properties and property and equipment which valued at fair value required for financial reporting purposes, including level 3 fair values. This team reports directly to the Financial Controller ("FC") and the Audit Committee (the "Audit Committee"). Discussions of valuation processes and results are held among the FC, the Audit Committee and the valuation team at least once every six months.

The components of the Level 3 instrument are investments in a private fund. As this instrument is not traded in an active market, major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of discount rate etc. The fair value of this instrument determined by the Group requires significant judgment, including the financial performance of the investee company and discount rate, etc..

The fair value measurement of investment properties was included in Note 12.

## 7 Revenue and segment reporting

### 7(a) Revenue

The Group is principally engaged in the provision of property leasing and related services in the PRC. Revenue is analyzed as follows:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Rental income	896,040	804,992

## 7 Revenue and segment reporting (continued)

### 7(b) Segment reporting

The management of the Group has determined the operating segments based on the information reviewed by the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The CODM reviews the operating results of the Group’s real estate development and property leasing business as an integrate part, and allocates resources on the same basis. As such, the Group has only one operating segment.

The major operating entity of the Group is domiciled in the PRC, all of the Group’s revenue were derived in the PRC during the Period. As at 30 June 2022 and 2021, over 99.6% of the Group’s non-current assets were located in the PRC.

## 8 Other income and gains

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Property management service income	129,918	113,882
Gains on financial assets at fair value through profit or loss	57,868	30,196
Government grants	29,841	2,596
Hotel operations income	28,132	19,917
Forfeited customer deposits	24,060	18,385
Others	11,462	12,528
	<b>281,281</b>	197,504



**9 Finance income and finance expenses**

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Finance income</b>		
Interest income	1,979	22,517
<b>Finance expenses</b>		
Interest expenses on bank and other borrowings	420,402	449,421
Net foreign exchange losses/(gains)	3	(619)
Bank charges and others	298	434
	420,703	449,236

**10 Income tax expense**

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current income tax	24,260	7,729
Deferred income tax	94,966	137,034
	119,226	144,763

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and the Company’s subsidiaries incorporated in the Cayman Islands and the BVI are not subject to any income tax.

In accordance with the Corporate Income Tax Law of the PRC, the corporate income tax rate applicable to the Company’s subsidiaries in the PRC is 25% (six months ended 30 June 2021: 25%).

## 10 Income tax expense (continued)

In accordance with the Provisional Regulations on Land Appreciation Tax of the PRC, LAT is levied at the properties developed and sold in the PRC by the Group. LAT 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 PRC, 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 recognized for the dividends that have been declared, and deferred tax liabilities are recognized for those to be declared in the foreseeable future.

## 11 Earnings/(loss) per share, basic and diluted

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2022 of RMB190,568,000 (loss attributable to owners of the Company for the six months ended 30 June 2021 (restated): RMB80,216,000) and the weighted average number of 5,199,524,031 ordinary shares (six months ended 30 June 2021: 5,199,524,031) in issue during the period, and after adjusting for the effect of share award scheme, if any.

## 12 Investment properties

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Opening balance</b>	<b>63,656,000</b>	63,367,000
Additions	3,620	-
Fair value changes recognized in profit or loss	19,380	289,000
Disposal of investment properties	(23,000)	-
Transfer to assets classified as held for sale	(146,100)	-
<b>Closing balance</b>	<b>63,509,900</b>	63,656,000

The Group's investment properties were valued at 30 June 2022 and 2021, by the independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who holds recognized relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

**12 Investment properties (continued)**

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the FC and the Audit Committee.

At the end of each financial reporting period the finance department:

- verifies all major inputs to the independent valuation report,
- analyzes property valuation movements and changes in fair values when compared to the prior period valuation report, and
- holds discussions with the independent valuer and reports to the FC and the Audit Committee.

There have been no changes in the valuation techniques since the previous financial year end.

**13 Completed properties held for sale**

	<b>Unaudited 30 June 2022 RMB'000</b>	Audited 31 December 2021 RMB'000
Completed properties held for sale	<b>1,738,379</b>	1,737,526

Completed properties held for sale mainly includes commercial properties and car parking lots which are all located in the PRC. No impairment provision was recognized during the six months ended 30 June 2022 and 2021.

**14 Trade and other receivables**

	<i>Note</i>	<b>Unaudited 30 June 2022 RMB'000</b>	<b>Audited 31 December 2021 RMB'000</b>
Non-current			
- Other receivables		<b>68,743</b>	72,100
Current			
- Trade receivables		<b>433,810</b>	253,726
Less: allowance for impairment of trade receivables		<b>(36,816)</b>	(36,816)
Trade receivables - net	<i>(a)</i>	<b>396,994</b>	216,910
Other receivables		<b>319,465</b>	328,778
Less: allowance for impairment of other receivables		<b>(95,378)</b>	(90,054)
Other receivables - net		<b>224,087</b>	238,724
Total of current portion		<b>621,081</b>	455,634

The carrying amounts of trade and other receivables approximate their respective fair values as at 30 June 2022 and 31 December 2021.

## 14 Trade and other receivables (continued)

### (a) Ageing analysis

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

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Current	226,648	177,885
Less than 1 month past due	46,456	113
1 to 6 months past due	98,113	14,427
6 months to 1 year past due	9,198	8,293
More than 1 year past due	16,579	16,192
Amounts past due	170,346	39,025
	396,994	216,910

## 15 Capital, reserves and dividends

### 15(a) Dividends

The Board resolved not to declare an interim dividend for the Period (2021 interim dividend: nil).

### 15(b) Share capital

	No. of ordinary shares Share'000	Share capital RMB'000
<b>Authorized:</b>		
At 1 January 2021 and 2022, 30 June 2021 and 2022, HKD0.02 per share	7,500,000	
<b>Issued and fully paid:</b>		
As at 1 January 2021 and 2022	5,199,524	106,112
As at 30 June 2021 and 2022	5,199,524	106,112

**16 Bank and other borrowings**

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Current	1,613,176	1,663,789
Non-current	15,116,665	16,333,819
	<b>16,729,841</b>	17,997,608

Movements in borrowings are analyzed as follows:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>At beginning of the period</b>	<b>17,997,608</b>	18,469,767
Proceeds of new borrowings	-	500,000
Repayment of borrowings	(1,290,843)	(441,244)
Effective interest adjustment	1,666	1,621
Exchange rate effect	21,410	(7,502)
<b>At end of the period</b>	<b>16,729,841</b>	18,522,642

As at 30 June 2022, borrowings amounting to RMB16,221,975,000 (31 December 2021: RMB17,409,414,000) were secured by the Group's investment properties and/or shares of a subsidiary established in the PRC.

**17 Trade and other payables**

	<i>Note</i>	<b>Unaudited 30 June 2022 RMB'000</b>	Audited 31 December 2021 RMB'000
Construction payables		<b>973,918</b>	1,017,607
Amounts due to related parties	<i>19(a)</i>	<b>812,732</b>	812,732
Rental deposits		<b>251,721</b>	240,290
Deposits of sales of properties		<b>155,782</b>	-
Other taxes payable		<b>101,513</b>	101,973
Payroll and welfare payables		<b>13,586</b>	9,093
Late payment fees and penalty fees		-	411,278
Others		<b>611,941</b>	655,409
		<b>2,921,193</b>	3,248,382

The carrying amounts of trade and other payables approximate their respective fair values as at 30 June 2022 and 31 December 2021.

**18 Commitments and contingent guarantees****18(a) Commitments**

Commitments outstanding as at the end of the reporting periods but are not provided for are as follows:

	<b>Unaudited 30 June 2022 RMB'000</b>	Audited 31 December 2021 RMB'000
Commitments of investments	<b>23,661</b>	38,199

**18(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 mortgage loans, the guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgages, which generally take place within one year after the property units are delivered to the buyers. The total amounts of mortgage loans outstanding which are guaranteed by the Company's subsidiaries as at 30 June 2022 was RMB16,859,000 (31 December 2021: RMB39,059,000).



## 19 Material related party transactions

The Company is ultimately controlled by Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita.

### 19(a) Amounts due to related parties

Amounts due to related parties comprise:

	<i>Note</i>	<b>Unaudited 30 June 2022 RMB'000</b>	<b>Audited 31 December 2021 RMB'000</b>
China Fortune Properties (Group) Co., Ltd.	<i>(i)</i>	<b>406,366</b>	406,366
Shanghai Rural Commercial Bank	<i>(i)</i>	<b>406,366</b>	406,366
		<b>812,732</b>	812,732

- (i) The balances as at 30 June 2022 mainly represented the advances of RMB812,732,000 (31 December 2021: RMB812,732,000) from China Fortune Properties (Group) Co., Ltd. and Shanghai Rural Commercial Bank, the non-controlling equity holders of Shanghai Ding Ding Real Estate Development Co., Ltd., a subsidiary of the Company. The advances are interest-free, unsecured and have no fixed term of repayment.

### 19(b) Key management personnel remuneration

	<b>Unaudited Six months ended 30 June</b>	
	<b>2022 RMB'000</b>	<b>2021 RMB'000</b>
Short-term employee benefits	<b>7,021</b>	7,763
Post-employment benefits	<b>226</b>	177
	<b>7,247</b>	7,940

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