SOHO CHINA LIMITED
SOHO中國有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

2020 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Achieved revenue of approximately RMB1,453 million in the Period, representing an increase of approximately 63% from the same period of 2019; achieved rental income of approximately RMB782 million, representing a decrease of approximately 12% from the same period of 2019.

- Due to the impact of COVID-19 pandemic, the average occupancy for the Group's stabilized investment properties was approximately 78% as at 30 June 2020 (approximately 90% as at 31 December 2019).

- During the Period, valuation gains on investment properties were nil, mainly due to the absence of projects under development. Valuation gains on investment properties were approximately RMB553 million in the same period of 2019, mainly attributable to the construction progress of Gubei SOHO and Leeza SOHO.

- During the Period, net profit was approximately RMB205 million, as compared with approximately RMB567 million (including valuation gains on investment properties) in the same period of 2019. Excluding valuation gains on investment properties (net of tax), net profit was approximately RMB148 million in the same period of 2019, and net profit during the Period represented an increase of approximately 39% from the same period of 2019.

- As at 30 June 2020, net gearing ratio of the Group was approximately 42%, average funding cost approximately 4.8%, and offshore borrowings approximately 4.1% of the total debt.

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 2020 (the "**Period**" or "**1H2020**"), together with the comparative figures for the six months ended 30 June 2019 as follows:

Interim Condensed Consolidated Income Statement
For the six months ended 30 June 2020

	Notes	**Unaudited Six months ended 30 June 2020** ***RMB'000***	2019 *RMB'000*
Revenue	*3*	**1,452,719**	888,687
Cost of sales		**(653,568)**	(177,230)
Gross profit		**799,151**	711,457
Valuation gains on investment properties		**–**	552,827
Other income and gains		**212,121**	176,939
Selling expenses		**(24,315)**	(18,078)
Administrative expenses		**(92,217)**	(115,747)
Other operating expenses		**(125,645)**	(150,698)
Operating profit		**769,095**	1,156,700
Finance income	*4*	**38,183**	41,780
Finance expenses	*4*	**(469,604)**	(333,296)
Profit before income tax		**337,674**	865,184
Income tax expenses	*5*	**(133,164)**	(297,685)
Profit for the Period		**204,510**	567,499
Profit attributable to:			
Owners of the Company		**203,872**	564,675
Non-controlling interests		**638**	2,824
Profit for the Period		**204,510**	567,499
Earnings per share (RMB per share)			
Basic earnings per share	*6*	**0.04**	0.11
Diluted earnings per share	*6*	**0.04**	0.11

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2020

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Profit for the Period	**204,510**	567,499
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(6,443)**	3,163
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**1,726**	2,230
Other comprehensive income for the Period, net of tax	**(4,717)**	5,393
Total comprehensive income for the Period	**199,793**	572,892
Total comprehensive income for the Period attributable to:		
Owners of the Company	**199,155**	570,068
Non-controlling interests	**638**	2,824
	199,793	572,892

Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2020

	Note	**Unaudited 30 June 2020** *RMB'000*	Audited 31 December 2019 *RMB'000*
Assets			
Non-current assets			
Investment properties		**61,595,806**	61,833,246
Property and equipment		**1,228,279**	1,306,505
Intangible assets		**1,566**	2,491
Deferred income tax assets		**767,555**	637,035
Trade and other receivables	*7*	**368,084**	365,900
Prepayments		**178,926**	169,133
Financial assets at fair value through other comprehensive income		**48,169**	32,319
Total non-current assets		**64,188,385**	64,346,629
Current assets			
Completed properties held for sale		**1,787,872**	2,224,075
Prepayments		**222,141**	203,998
Trade and other receivables	*7*	**495,297**	454,803
Bank deposits and structured bank deposits		**2,825,469**	1,223,048
Cash and cash equivalents		**746,422**	1,206,837
Assets classified as held for sale		**1,822**	69,626
Total current assets		**6,079,023**	5,382,387
Total assets		**70,267,408**	69,729,016
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**106,112**	106,112
Reserves		**36,170,037**	35,964,422
		36,276,149	36,070,534
Non-controlling interests		**1,046,243**	1,045,605
Total equity		**37,322,392**	37,116,139

Interim Condensed Consolidated Statement of Financial Position (continued)
As at 30 June 2020

	Note	**Unaudited 30 June 2020** *RMB'000*	Audited 31 December 2019 *RMB'000*
Liabilities			
Non-current liabilities			
Bank and other borrowings		**18,020,173**	16,366,214
Lease liabilities		**–**	227,167
Contract retention payables		**383,791**	467,154
Deferred income tax liabilities		**8,862,105**	8,704,737
Total non-current liabilities		**27,266,069**	25,765,272
Current liabilities			
Bank and other borrowings		**840,044**	1,632,440
Lease liabilities		**–**	30,980
Receipts in advance from customers		**56,714**	72,082
Contract liabilities		**96,128**	241,112
Trade and other payables	*8*	**2,911,367**	3,138,383
Current income tax liabilities		**1,774,694**	1,732,608
Total current liabilities		**5,678,947**	6,847,605
Total liabilities		**32,945,016**	32,612,877
Total equity and liabilities		**70,267,408**	69,729,016

Notes to the Interim Condensed Consolidated Financial Information

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), and any public announcements made by the Company during the interim reporting period.

2 ACCOUNTING POLICIES

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

New and amended standards adopted by the Group

Below new and amended standards and interpretations became effective for annual reporting periods commencing on or after 1 January 2020 and adopted by the Group for the first time in 2020 interim condensed consolidated financial information:

- Definition of Material – amendments to HKAS 1 and HKAS 8,
- Definition of a Business – amendments to HKFRS 3,
- Revised Conceptual Framework for Financial Reporting, and
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7.

The amended standards listed above did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments. The Group has not early adopted any other new or amended standards and interpretations that are not yet effective for the current accounting period.

3 REVENUE

The principal activities of the Group are real estate development, property leasing and property management. Revenue represents revenue from rental income and sale of property units and is analyzed as follows:

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Rental income	**781,568**	887,529
Sale of property units	**671,151**	1,158
	1,452,719	888,687

4 FINANCE INCOME AND FINANCE EXPENSES

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
Interest income	**38,183**	41,780
	38,183	41,780
Finance expenses		
Interest expenses on bank and other borrowings	**475,849**	461,630
Interest expenses on corporate bonds	**–**	7,886
Less: interest expenses capitalized into investment properties under development	**–**	(133,064)
	475,849	336,452
Net foreign exchange gains	**(6,533)**	(3,655)
Bank charges and others	**288**	499
	469,604	333,296

5 INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Provision for the Period		
PRC corporate income tax	**100,405**	49,094
PRC land appreciation tax ("LAT")	**5,911**	2,146
Deferred tax	**26,848**	246,445
	133,164	297,685

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 corporate income tax.

In accordance with the Corporate Income Tax Law of the People's Republic of China (the "PRC" or "China"), the corporate income tax rate applicable to the Company's subsidiaries in the PRC is 25% (six months ended 30 June 2019: 25%).

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.

6 EARNINGS PER SHARE

6(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2020 of RMB203,872,000 (six months ended 30 June 2019: RMB564,675,000) and the weighted average number of 5,198,240,000 ordinary shares (six months ended 30 June 2019: 5,192,408,000) in issue during the Period.

6(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2020 of RMB203,872,000 (six months ended 30 June 2019: RMB564,675,000), and the weighted average number of 5,198,240,000 ordinary shares (six months ended 30 June 2019: 5,192,408,000) after adjusting for the effect of share award scheme.

7 TRADE AND OTHER RECEIVABLES

	Note	**Unaudited 30 June 2020** ***RMB'000***	Audited 31 December 2019 *RMB'000*
Non-current			
Other receivables		**368,084**	365,900
Current			
Trade receivables		**257,124**	222,812
Less: allowance for impairment of trade receivables		**(32,028)**	(32,028)
Trade receivables – net	*(a)*	**225,096**	190,784
Other receivables		**297,978**	291,902
Less: allowance for impairment of other receivables		**(27,777)**	(27,883)
Other receivables – net		**270,201**	264,019
Total of current portion		**495,297**	454,803

(a) Ageing analysis

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

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Current	**168,921**	150,107
Less than 1 month past due	**27,698**	19,589
1 to 6 months past due	**26,333**	18,649
6 months to 1 year past due	**–**	–
More than 1 year past due	**2,144**	2,439
Amounts past due	**56,175**	40,677
	225,096	190,784

8 TRADE AND OTHER PAYABLES

	Note	**Unaudited 30 June 2020** *RMB'000*	Audited 31 December 2019 *RMB'000*
Trade payables	*(i)*	**1,193,028**	1,397,866
Amounts due to related parties		**812,732**	812,732
Rental deposits		**281,687**	273,575
Others		**556,465**	563,862
Financial liabilities measured at amortized costs		**2,843,912**	3,048,035
Other taxes payable		**67,455**	90,348
		2,911,367	3,138,383

The carrying amounts of trade and other payables approximate their fair value.

(i) These trade payables are expected to be settled within 1 year or on demand.

9 DIVIDENDS

The Board resolved not to declare an interim dividend for the Period (2019 interim dividend: Nil).

BUSINESS REVIEW

Market Review and Outlook

The sudden outbreak of COVID-19 in early 2020 had an unprecedented and massive global impact on all industries and sectors with many industries brought to a standstill. Many businesses have faced increased cash flow pressure and have made the difficult decision to reduce office space as a way to cut back corporate spending. Such challenging macro and micro economic circumstances have led the office leasing market to face a severe test: rental demand has weakened, vacancy rates have been on the rise, and rental rates have faced downward pressure.

As at 30 June 2020, according to Cushman & Wakefield market reports, Grade A office vacancy rates reached 16.2% in Beijing and 20.9% in Shanghai, while average rent in Beijing and Shanghai declined year over year and quarter over quarter. However, with the pandemic contained and economic activity returning to normal in China, net absorption improved in the second quarter of this year as compared with the first quarter, and cumulative rental demand from the end of 2019 and the first quarter of 2020 began to show positive results in the latter half of the second quarter. During the Period, the average rent of SOHO China's mature properties remained stable; although the average occupancy declined with the market during the pandemic, it has recently begun to pick up.

Despite COVID-19's negative impact on the office leasing market, office property continues to be the most sought-after type of commercial real estate asset investment. In a market environment of rising uncertainty and numerous challenges, office property has demonstrated its unparalleled advantage as its asset value remained stable throughout the pandemic period. In Mainland China, Beijing and Shanghai have been the most active markets with the highest number of highest value of deals. In the first half of 2020, the total value of office property transactions in Beijing and Shanghai accounted for over 80% of all of China's en-bloc office property transaction. SOHO China's investment portfolio of office properties at prime locations in Beijing and Shanghai are risk resistant and outstanding in terms of maintaining asset value.

As Beijing and Shanghai's largest Grade A office real estate developer and property management service provider faced with the "Big Test" of the pandemic, SOHO China managed to excel at pandemic prevention for the office by building on its mature office property management system and delivered a set of effective preventative measures for office building management, including building access management, daily disinfection, air conditioning system operation, and waste disposal management. There has not been a single confirmed or suspected case of COVID-19 in all 4.3 million sq.m. of commercial properties managed by SOHO China in Beijing and Shanghai. The Company has shared these preventative measures as best practices with industry peers from across China and around the world, and looks forward to post COVID-19 recovery in all industries around the world.

Imagining the future, the pandemic has already profoundly impacted the concept of a healthy work environment. During the pandemic, companies have experimented with rotating office usage, working from home, video conferencing, and other methods to continue working life. Some companies have adapted nimbly, but the majority of companies have struggled as industry needs, working habits, and corporate culture that have all been challenged. We believe that in the long-term, online tools can alleviate the temporary inconveniences to business communications brought about by pandemic, but effective people-to-people communications will continue to demand offline, face-to-face interaction. Face-to-face communication has unique advantages of provoking real-time feedback, and encouraging maximum inspiration and creativity. In the future, the way people work and collaborate in the office will not fundamentally change. What will change is the demand that people place on the office environment. Office space will need to be safer, more private, more open, healthier, and smarter. Therefore, safety management and green health will become important factors that determine competitiveness in the office market.

The more challenging the situation, the more we should see hope. The pandemic will eventually pass, and although it has brought us many difficulties, it has also brought us the opportunity to unite and forge ahead together. Looking forward, with our portfolio of high quality prime location properties, and our commitment to continuously improve operational management, SOHO China will most certainly continue to win the trust and favor of tenants.

Rental Portfolio

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

Projects	**Leasable GFA[1]** *(sq.m.)*	**Rental Income 1H2020** *(RMB'000)*	**Occupancy Rate[2] as at 30 June 2020**	**Occupancy Rate[2] as at 31 December 2019**
Beijing				
Qianmen Avenue Project	34,907	36,114	87%	95%
Wangjing SOHO	149,172	148,870	73%	86%
Guanghualu SOHO II	94,279	106,283	77%	87%
Galaxy & Chaoyangmen SOHO	45,553	44,104	76%	94%
Leeza SOHO[3]	135,896	9,367	10%	9%
Shanghai				
SOHO Fuxing Plaza	88,234	111,402	82%	95%
Bund SOHO	74,438	70,098	68%	78%
SOHO Tianshan Plaza	97,751	96,046	88%	97%
Gubei SOHO	112,176	89,044	77%	67%

Notes: 1. The leasable GFA (gross floor area) attributable to the Group as at 30 June 2020.

2. Occupancy rate for office and retail areas.

3. Leeza SOHO was completed in December 2019.

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 is holding 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 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, within one of the largest "Hutong" (traditional Beijing courtyards) conservation areas in Beijing. The Group has the right to retail area of approximately 54,691 sq.m., of which approximately 34,907 sq.m. is currently available for lease. 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 to attract and retain 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 and 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 150,324 sq.m., and a total leasable GFA of approximately 135,896 sq.m.. The project was completed in December 2019. The Group holds Leeza SOHO as investment property.

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 74,438 sq.m., including approximately 51,977 sq.m. of office area and approximately 22,461 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 74,497 sq.m. of office area and approximately 23,254 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 operation 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 146,692 sq.m. and a total leasable GFA of approximately 112,176 sq.m.. The project was completed in January 2019. The Group holds Gubei SOHO as investment property.

FINANCIAL REVIEW

Revenue

The Group achieved revenue of approximately RMB1,453 million in the Period, representing an increase of approximately 63% as compared with approximately RMB889 million in the same period of 2019, mainly due to sales of car parking spaces recognized in the Period.

The Group achieved rental income of approximately RMB782 million in the Period, representing a decrease of approximately 12% as compared with approximately RMB888 million in the same period of 2019.

Profitability

Gross profit for the Period was approximately RMB799 million, representing an increase of approximately RMB88 million or approximately 12% as compared with approximately RMB711 million in the same period of 2019.

During the Period, net profit was approximately RMB205 million, as compared with approximately RMB567 million (including valuation gains on investment properties) in the same period of 2019. Excluding valuation gains on investment properties (net of tax), net profit was approximately RMB148 million in the same period of 2019, and net profit during the Period represented an increase of approximately 39% from the same period of 2019.

Cost control

Selling expenses for the Period were approximately RMB24 million, as compared with approximately RMB18 million in the same period of 2019. Administrative expenses for the Period were approximately RMB92 million, as compared with approximately RMB116 million in the same period of 2019.

Finance income and expenses

Finance income for the Period was approximately RMB38 million, representing a decrease of approximately RMB4 million as compared with approximately RMB42 million in the same period of 2019.

Finance expenses for the Period were approximately RMB470 million, representing an increase of approximately RMB137 million as compared with approximately RMB333 million in the same period of 2019, mainly because interest expenses were not capitalized as there were no projects under development during the Period.

Valuation gains on investment properties

During the Period, valuation gains on investment properties were nil, mainly due to the absence of projects under development. Valuation gains on investment properties were approximately RMB553 million in the same period of 2019, mainly attributable to the construction progress of Gubei SOHO and Leeza SOHO.

Income tax expenses

Income tax expenses for the Period was approximately RMB133 million, representing a decrease of approximately RMB165 million as compared with approximately RMB298 million in the same period of 2019, mainly due to an absence of deferred tax accrued for valuation gains during the Period.

Income tax of the Group is composed of PRC corporate income tax, LAT and deferred tax. PRC corporate tax for the Period was approximately RMB100 million, compared with approximately RMB49 million in the same period of 2019. LAT for the Period was approximately RMB6 million, compared with approximately RMB2 million in the same period of 2019. Deferred tax for the Period was approximately RMB27 million, compared with approximately RMB246 million in the same period of 2019.

Bank borrowings, other borrowings and collaterals

As at 30 June 2020, total borrowings of the Group were approximately RMB18,860 million, of which approximately RMB840 million were due within one year, approximately RMB1,187 million were due after one year but within two years, approximately RMB4,018 million were due after two years but within five years, and approximately RMB12,815 million were due after five years. As at 30 June 2020, borrowings of the Group of approximately RMB18,092 million were secured by the Group's investment properties and/or shares of a subsidiary established in the PRC.

As at 30 June 2020, net gearing ratio was approximately 42% (31 December 2019: approximately 43%), calculated based on net debt (total borrowings – cash and cash equivalents – 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 2020, offshore borrowings were approximately RMB768 million, accounting for approximately 4.1% of total borrowings of the Group. The Company's average funding cost remained relatively low at approximately 4.8% as at 30 June 2020. 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 2020, the total amount of the mortgage loans guaranteed by the Group relating to such agreements was approximately RMB94 million (31 December 2019: approximately RMB112 million).

Capital commitment

As at 30 June 2020, the Group's total capital commitment was approximately RMB92 million (31 December 2019: approximately RMB106 million).

Employees and remuneration policy

As at 30 June 2020, the Group had 1,737 employees, including 1,530 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 principal activities of the Group are real estate development, property leasing and property management. 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 (2019 interim dividend: Nil).

Share capital

As at 30 June 2020, the Company had 5,199,524,031 shares in issue (31 December 2019: 5,199,524,031 shares).

Purchase, sale or redemption of listed securities of the Company

Following the expiry of the vesting period of the employees' share award of the Company (the "**Employees' Share Award Scheme**") in November 2019, the trustee of the Employees' Share Award Scheme sold on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") all remaining 2,366,063 unvested shares under the Employees' Share Award Scheme at a total consideration of approximately HKD7,094,853 during the Period.

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

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

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

Compliance with the Corporate Governance Code

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

Review of Interim Results

The condensed consolidated interim results for the six months ended 30 June 2020 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 2020 of the Company and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

The unaudited condensed consolidated interim results for the six months ended 30 June 2020 was approved by the Board on 21 August 2020.

Publication of results announcement

This interim results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.sohochina.com.

By order of the Board
SOHO China Limited
Pan Shiyi
Chairman

Hong Kong, 21 August 2020

As at the date of this announcement, the executive Directors are Mr. Pan Shiyi and Mrs. Pan Zhang Xin, Marita; and the independent non-executive Directors are Mr. Sun Qiang Chang, Mr. Xiong Ming Hua and Mr. Huang Jingsheng.