SOHO CHINA LIMITED
SOHO中國有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

2022 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Achieved revenue of approximately RMB896 million in the Period, all of which were rental income, representing an increase of approximately 11% from approximately RMB805 million of the same period of 2021.

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

- As affected by the resurgence of COVID-19, office leasing markets in Beijing and Shanghai were under continuous pressure. The average occupancy of the Group's investment properties decreased to approximately 80% as at 30 June 2022. Meanwhile, Leeza SOHO, which only started leasing at the beginning of 2020, has reached an overall occupancy of approximately 82%.

- During the Period, profit attributable to owners of the Company (excluding valuation gain on investment properties and one-off tax and administrative charges) was approximately RMB200 million, representing an increase of approximately 63% from approximately RMB123 million for the same period of 2021.

- As at 30 June 2022, net gearing ratio of the Group was approximately 44%, and average funding cost was approximately 4.7%.

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 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

		Unaudited Six months ended 30 June	
		2022	2021 (Restated)
	Notes	***RMB'000***	*RMB'000*
Revenue	*2*	**896,040**	804,992
Cost of sales		**(153,947)**	(145,965)
Gross profit		**742,093**	659,027
Valuation gains on investment properties		**19,380**	289,000
Other income and gains		**281,281**	197,504
Selling expenses		**(13,492)**	(20,531)
Administrative expenses		**(73,923)**	(73,697)
Other operating expenses		**(223,738)**	(556,851)
Operating profit		**731,601**	494,452
Finance income	*3*	**1,979**	22,517
Finance expenses	*3*	**(420,703)**	(449,236)
Profit before income tax		**312,877**	67,733
Income tax expense	*4*	**(119,226)**	(144,763)
Profit/(loss) for the period		**193,651**	(77,030)
Profit/(loss) attributable to:			
– Owners of the Company		**190,568**	(80,216)
– Non-controlling interests		**3,083**	3,186
Profit/(loss) for the period		**193,651**	(77,030)
Earnings/(loss) per share (RMB per share)	*5*		
Basic earnings/(loss) per share		**0.04**	(0.02)
Diluted earnings/(loss) per share		**0.04**	(0.02)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**Unaudited 30 June 2022** *RMB'000*	Audited 31 December 2021 *RMB'000*
ASSETS			
Non-current assets			
Investment properties		**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	*6*	**68,743**	72,100
Investment in other financial assets		**234,841**	164,240
Total non-current assets		**65,689,840**	65,824,792
Current assets			
Completed properties held for sale		**1,738,379**	1,737,526
Prepayments		**227,378**	231,337
Trade and other receivables	*6*	**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**	–
Total current assets		**3,503,350**	4,621,723
Total assets		**69,193,190**	70,446,515
EQUITY			
Equity attributable to owners of the Company			
Share capital		**106,112**	106,112
Other reserves		**36,290,828**	36,068,032
		36,396,940	36,174,144
Non-controlling interests		**926,779**	925,620
Total equity		**37,323,719**	37,099,764

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2022

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		**15,116,665**	16,333,819
Contract retention payables		**427,475**	456,433
Deferred tax liabilities		**9,701,415**	9,595,793
Total non-current liabilities		**25,245,555**	26,386,045
Current liabilities			
Bank and other borrowings		**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	7	**2,921,193**	3,248,382
Current income tax liabilities		**1,661,921**	1,662,376
Total current liabilities		**6,623,916**	6,960,706
Total liabilities		**31,869,471**	33,346,751
Total equity and liabilities		**69,193,190**	70,446,515

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 ACCOUNTING POLICIES

1.1 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 properties units.

(c) The Group will continue to take proactive measures to improve operating cash flow by controlling administrative costs and containing capital expenditure.

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 it's 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.

1.2 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.

1.3 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 enterprise income tax ("**EIT**") and land appreciation tax ("**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)*
Effect on the Group's interim condensed consolidated income statement for the six months ended 30 June 2021			
Other operating expenses	136,335	420,516	556,851

2 REVENUE

The Group is principally engaged in the provision of property leasing and related services in the People's Republic of China ("**PRC**"). Revenue is analyzed as follows:

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

3 FINANCE INCOME AND FINANCE EXPENSES

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
Finance income		
Interest income	**1,979**	22,517
Finance expenses		
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

4 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	*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%).

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.

5 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.

6 TRADE AND OTHER RECEIVABLES

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

(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

7 TRADE AND OTHER PAYABLES

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

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

8 DIVIDENDS

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

BUSINESS REVIEW

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-surged 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[1] *(sq.m.)*	Rental Income 1H2022 *(RMB'000)*	Occupancy Rate[2] as at 30 June 2022	Occupancy Rate[2] as at 31 December 2021
Beijing				
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%
Shanghai				
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 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.

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 EIT, 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).

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 announcement.

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 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 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 2022 were approved by the Board on 18 August 2022.

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, 18 August 2022

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.