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SOHO CHINA LIMITED
SOHO中國有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 410)

2024 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS

- As affected by the increasingly challenging commercial property leasing markets under soft economic sentiment, revenue income was approximately RMB799 million for the Period.

- Gross profit margin from property leasing remained stable at approximately 82% for the Period.

- The Group's average occupancy rate stabilized at approximately 76% as at 30 June 2024.

- Underlying profit attributable to owners of the Company from operating activities (excluding valuation changes on investment properties and one-off tax fees) was approximately RMB104 million for the Period. Loss attributable to owners of the Company was approximately RMB108 million for the Period.

- Net gearing ratio of the Group was approximately 41% and average funding cost was approximately 4.5% as at 30 June 2024.

The board (the "**Board**") of directors (the "**Directors**") of SOHO China Limited (the "**Company**" or "**SOHO China**" or "**we**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Period**" or "**1H2024**"), together with the comparative figures for the six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

		Unaudited Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**799,362**	821,503
Cost of sales		**(150,944)**	(143,289)
Gross profit		**648,418**	678,214
Fair value changes on investment properties		**(88,086)**	(48,997)
Other income and gains		**182,879**	226,926
Selling expenses		**(19,615)**	(10,468)
Administrative expenses		**(49,530)**	(66,038)
Other operating expenses		**(293,734)**	(289,417)
Operating profit		**380,332**	490,220
Finance income	*3*	**2,527**	2,479
Finance expenses	*3*	**(367,366)**	(386,724)
Profit before income tax		**15,493**	105,975
Income tax expense	*4*	**(124,662)**	(91,275)
(Loss)/profit for the period		**(109,169)**	14,700
(Loss)/profit attributable to:			
– Owners of the Company		**(107,546)**	13,613
– Non-controlling interests		**(1,623)**	1,087
(Loss)/profit for the period		**(109,169)**	14,700
(Loss)/earnings per share *(RMB per share)*	*5*		
Basic (loss)/earnings per share		**(0.02)**	0.00
Diluted (loss)/earnings per share		**(0.02)**	0.00

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(109,169)**	14,700
Other comprehensive income：		
Items that may be reclassified to profit or loss		
Currency translation differences	**2,292**	10,176
Items that will not be reclassified to profit or loss		
Currency translation differences	**(16,639)**	8,162
Other comprehensive income for the period, net of tax	**(14,347)**	18,338
Total comprehensive (loss)/income for the period	**(123,516)**	33,038
Total comprehensive (loss)/income for the period attributable to:		
– Owners of the Company	**(122,052)**	31,013
– Non-controlling interests	**(1,464)**	2,025
	(123,516)	33,038

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	Unaudited 30 June 2024 *RMB'000*	Audited 31 December 2023 *RMB'000*
ASSETS			
Non-current assets			
Investment properties		**63,137,300**	63,421,300
Property and equipment		**922,499**	940,876
Intangible assets		**–**	16
Deferred tax assets		**778,912**	831,264
Trade and other receivables	*6*	**68,743**	68,743
Investment in other financial assets		**266,300**	274,090
Total non-current assets		**65,173,754**	65,536,289
Current assets			
Completed properties held for sale		**1,608,086**	1,610,444
Prepayments		**105,184**	105,504
Trade and other receivables	*6*	**509,190**	535,782
Restricted bank deposits		**27,247**	60,076
Cash and cash equivalents		**768,140**	769,461
Total current assets		**3,017,847**	3,081,267
Total assets		**68,191,601**	68,617,556
EQUITY			
Equity attributable to owners of the Company			
Share capital		**106,112**	106,112
Other reserves		**36,038,707**	36,160,759
		36,144,819	36,266,871
Non-controlling interests		**926,689**	928,153
Total equity		**37,071,508**	37,195,024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2024

	Note	**Unaudited 30 June 2024** *RMB'000*	Audited 31 December 2023 *RMB'000*
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*7*	**7,942,428**	10,707,093
Long-term deposits		**303,948**	308,821
Deferred tax liabilities		**9,932,577**	9,955,083
Total non-current liabilities		**18,178,953**	20,970,997
Current liabilities			
Bank and other borrowings	*7*	**7,748,564**	5,177,875
Receipts in advance		**483,363**	609,658
Trade and other payables	*8*	**3,038,531**	2,973,786
Current income tax liabilities		**1,670,682**	1,690,216
Total current liabilities		**12,941,140**	10,451,535
Total liabilities		**31,120,093**	31,422,532
Total equity and liabilities		**68,191,601**	68,617,556

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 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting".

As of 30 June 2024, the Group's current liabilities exceeded its current assets by RMB9,923,293,000. As at 30 June 2024, the Group's total bank and other borrowings amounted to RMB15,690,992,000 (including the current portion of RMB7,748,564,000 as disclosed in Note 7). These borrowings were collateralized by the Group's investment properties recorded at a total carrying amount of RMB53,891,775,000. As at 30 June 2024, the Group had unrestricted cash and cash equivalents amounted to RMB768,140,000.

Beijing Wangjing SOHO Real Estate Co., Ltd. ("**Beijing Wangjing**"), a subsidiary of the Company, received a notice from a local tax authority in August 2022 demanding payment by 1 September 2022 of RMB1,733,334,000 for land appreciation tax ("**LAT**") relating to Towers 1 and 2 of the Wangjing SOHO project developed by Beijing Wangjing. Surcharges would be imposed at 0.05 percent per day on the outstanding LAT should payment not be made by the due date. As at 30 June 2024, RMB144,600,000 of the LAT demanded had been paid and the remaining balance of the LAT, together with surcharges totalling RMB2,169,813,000, were outstanding.

The late payment of LAT triggered cross-defaults of certain bank borrowings of the Group amounting to RMB4,187,351,000 as at 30 June 2024 (the "**Cross-Defaulted Borrowings**"). The Cross-Defaulted Borrowings with a total principal amount of RMB4,174,000,000 and interest of RMB13,351,000, including those with original contractual repayment dates beyond 30 June 2025, were reclassified as current liabilities as at 30 June 2024 as they are due upon demand if requested by the respective lenders.

Furthermore, in accordance with the Law on the Administration of Tax Collection, the local tax authority might impose other enforcement measures, including but not limited to detention, seizure and sale of the related properties as well as imposing penalties, which would be charged between 50% and 5 times of the outstanding LAT, due to the late payment of LAT.

The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, management of the Company has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been or will be taken by management to mitigate the Group's liquidity pressure and to improve its cashflows which include, but are not limited to, the following:

(a) the Group has been in continuous communications with the local tax authority on the outstanding LAT and surcharges and agreed with them a detailed settlement plan. The Group continued to dispose of certain of its commercial properties to settle a portion of the unpaid LAT. As at 30 June 2024, with the proceeds from the disposal of certain commercial properties, RMB144,600,000 of the LAT has been settled by the Group with a further payment of RMB2,000,000 post 30 June 2024 to the date of approval of this interim condensed consolidated financial information.

    The Group will continue to communicate with the local tax authority and take measures to dispose of further commercial properties in order to settle the outstanding LAT to mitigate any further potential negative impact due to late payment;

(b) the Group has been in active discussion and will continue its negotiation with certain of its lenders, including those of the Cross-Defaulted Borrowings, to the Group's existing borrowings in order to repay these installment payments when they fall due. Subsequent to 30 June 2024, the Group has further entered into a supplemental agreement with a bank to revise the repayment installment amounts of a bank borrowing with a principal amount of RMB1,910,000,000. The Group will continue to communicate with the lenders of the Cross-Defaulted Borrowings not to take any actions against the Group that will require immediate payment of the principals and interest of these borrowings. Based on latest communications with the lenders of the Cross-Defaulted Borrowings, there is no indication that these lenders have any current intention to take action against the Group to demand immediate payment; and

(c) the Group will continue to take proactive measures to improve operating cash flow by improving the property leasing business and controlling administrative costs and containing capital expenditure.

The Directors have reviewed the Group's cash flow projections prepared by management (the "**Cash Flow Projections**"), which cover a period of not less than twelve months from 30 June 2024. The Directors are of the opinion that, considering the above-mentioned 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 twelve months from 30 June 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) whether the local tax authority will demand immediate payment of the outstanding LAT and related surcharges before the Group is able to secure sufficient funding to do so; as well as it will take any further actions against the Group including detention, seizure and sale of the Group's properties or imposing penalties;

(b) whether the lenders of the bank and other borrowings, including those of the Cross-Defaulted Borrowings, will call for repayment ahead of the stipulated repayment dates as a result of any developments of the LAT or other matters;

(c) successfully and timely reaching agreements with certain banks to restructure bank borrowings, or securing new financing; and

(d) the Group's ability to steadily improve the property leasing business and generate operating cash flows to meet the Group's ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

Should the Group be unable to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim condensed consolidated financial information.

This interim condensed consolidated financial information contains condensed consolidated financial information 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 2023 (the "**2023 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 Hong Kong Financial Reporting Standards ("**HKFRSs**"). Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the 2023 annual financial statements and any public announcements made by the Company during the interim reporting period.

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

1.2 Amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants − Amendments to HKAS 1;

- Presentation of Financial Statements − Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause − HK Int 5 (Revised);

- Supplier Finance Arrangements − Amendments to HKAS 7 and HKFRS 7; and

- Lease liability in sale and leaseback − Amendments to HKFRS16.

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

The amended standards listed above did not have any significant impact on the Group's results for the six months ended 30 June 2024 and the Group's financial position as at 30 June 2024. Except for the adoption of the amendments to HKAS 1 as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

2 REVENUE

The Group is principally engaged in the provision of property leasing and related services, and real estate development in the PRC. Revenue represents revenue from rental income and sale of property units and is analyzed as follows:

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Rental income		**796,017**	819,127
Sale of property units	*(a)*	**3,345**	2,376
		799,362	821,503

(a) During the six months ended 30 June 2024, revenue from sale of property units was recognized at a point in time.

(b) No single customer contributed 10% or more of the Group's revenue during the six months ended 30 June 2024.

3 FINANCE INCOME AND FINANCE EXPENSES

	Unaudited Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Finance income		
Interest income	**2,527**	2,479
Finance expenses		
Interest expenses on bank and other borrowings	**367,002**	386,418
Net foreign exchange losses	**6**	31
Bank charges and others	**358**	275
	367,366	386,724

4 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**51,910**	27,391
– PRC LAT	**42,906**	5,378
Deferred income tax	**29,846**	58,506
	124,662	91,275

Current income tax includes PRC corporate income tax and PRC LAT.

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 2023: 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 (LOSS)/EARNINGS PER SHARE, BASIC AND DILUTED

The calculation of basic and diluted (loss)/earnings per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2024 of RMB107,546,000 (six months ended 30 June 2023: based on the profit attributable to owners of the Company of RMB13,613,000) and the weighted average number of 5,199,524,031 ordinary shares (six months ended 30 June 2023: 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 2024** ***RMB'000***	Audited 31 December 2023 *RMB'000*
Non-current			
Other receivables		**68,743**	68,743
Current			
Trade receivables	*(a)*	**399,469**	421,637
Less: allowance for impairment of trade receivables		**(43,747)**	(46,667)
Trade receivables – net		**355,722**	374,970
Amounts due from related parties		**24,740**	24,740
Amounts due from non-controlling interest		**46,493**	46,493
Other receivables		**195,860**	199,949
Less: allowance for impairment of other receivables		**(113,625)**	(110,370)
Other receivables – net		**153,468**	160,812
Total of current portion		**509,190**	535,782

The carrying amounts of trade and other receivables approximate their respective fair values as at 30 June 2024 and 31 December 2023.

(a) Aging analysis

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

	Unaudited 30 June 2024	Audited 31 December 2023
	RMB'000	*RMB'000*
Current	**325,002**	341,893
Less than 1 month past due	**10,687**	15,567
1 to 6 months past due	**10,244**	10,053
6 months to 1 year past due	**1,649**	7,579
More than 1 year past due	**51,887**	46,545
Amounts past due	**74,467**	79,744
	399,469	421,637

7 BANK AND OTHER BORROWINGS

	Unaudited 30 June 2024	Audited 31 December 2023
	RMB'000	*RMB'000*
Current	**7,748,564**	5,177,875
Non-current	**7,942,428**	10,707,093
	15,690,992	15,884,968

(a) Movements in principals of borrowings are analyzed as follows:

	Unaudited Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the period	**15,796,210**	16,108,048
Repayment of borrowings	**(186,031)**	(148,276)
Exchange rate effect	**2,442**	11,241
At end of the period	**15,612,621**	15,971,013

As at 30 June 2024, borrowings amounting to RMB15,690,992,000 (31 December 2023: RMB15,884,968,000) were secured by the Group's certain investment properties and/or shares of certain subsidiaries established in the PRC.

(b) Compliance with loan covenants

As mentioned in Note 1.1 of the interim condensed consolidated financial information, the late payment of LAT triggered cross-defaults of certain bank borrowings of the Group amounting to RMB4,187,351,000 as at 30 June 2024. The Cross-Defaulted Borrowings with a total principal amount of RMB 4,174,000,000 and interest of RMB13,351,000, including those with original contractual repayment dates beyond 30 June 2025, were reclassified as current liabilities as at 30 June 2024 as they are due upon demand if requested by the respective lenders.

8 TRADE AND OTHER PAYABLES

	Note	**Unaudited 30 June 2024** ***RMB'000***	Audited 31 December 2023 *RMB'000*
Trade payables	*(a)*	**903,077**	911,636
Amounts due to related parties		**812,732**	812,732
Late payment fees		**581,079**	436,481
Rental deposits		**224,654**	222,540
Other taxes payable		**82,571**	89,727
Deposits of sales of properties		**8,199**	11,058
Payroll and welfare payables		**7,637**	9,740
Others		**418,582**	479,872
		3,038,531	2,973,786

The carrying amounts of trade and other payables approximate their respective fair values as at 30 June 2024 and 31 December 2023.

(a) The aging analysis of trade payables based on due date is as follows:

	Unaudited 30 June 2024 ***RMB'000***	Audited 31 December 2023 *RMB'000*
Due within 1 month or on demand	**903,077**	911,636

9 DIVIDENDS

The Board resolved not to declare an interim dividend for the Period (2023 interim dividend: nil).

BUSINESS REVIEW

Market Review and Outlook

In the first half of 2024, China's economy demonstrated a resilient recovery in the wake of a complex external environment. Driven by a series of macro-policies designed to stimulate domestic demand and invigorate the consumer market, domestic economic development has stabilized, demand continues to recover, and the quality of economic development continues to improve. The real estate policy environment continues to be relaxed with a focus on stabilizing the market and destocking with the objective of easing overall pressure on the industry and accelerating the development of a new model for real estate industry.

Looking back at the office and commercial property leasing market in the first half of this year, in terms of supply, new supply has been slowed down, and the scale of supply and demand for commercial office has reached a low point compared to recent years. While, at the demand side, weak market demand has become the main factor holding back market recovery, with leasing demand mainly focused on relocation and lease renewal. The rental rates being a downward trajectory, although retail rental rates have slightly recovered, the increase is narrow. As such, the overall strategy is "price for volume" so as to keep market activity going.

Looking forward to the market in the second half of this year, the Cushman and Wakefield data analysis predicts Beijing and Shanghai Grade A office markets will see new supply of approximately 425,000 square meters and 709,000 square meters, respectively. With low market demand and a large amount of new supply entering the market, vacancy rates are going to rise and placing continuous pressure on the leasing market.

Facing market uncertainty and the numerous aforementioned challenges, SOHO China adheres its management on the principle of prudent operations that boosting cost control and risk management, embracing change with an open mind, responding to challenges with an innovative spirit, and continuing to fortify the brand by offering high-quality services.

In the first half of the year, SOHO China continued to deepen its collaborative relationship with customers by focusing on customer needs, accurately grasping market developments and working with clients to create business strategies and service plans that to meet emerging trends, and widely promoting the ability to deliver customized renovation services. SOHO China's Grade A properties are all located in the core bustling business districts of Beijing and Shanghai. In addition to the advantage of prime location, the Company's "worry-free move-in" model solves customer pain points and challenges.

The combination of professional management and top-level service provided by our property management team allows for a safe and comfortable office and living experience at each and every SOHO China projects. Quality service is the bridge connecting customer trust and brand value, laying a solid foundation to stabilize the Company's occupancy rate and operating cash flow.

This year, we responded to the requirements and calls of administrative authorities, took production safety as top priority of the Company's daily management, and strictly adhered to the bottom line of safety. In the past six months, SOHO China has established a safety management committee, improved the Company's safety management system, organized fire drills, strengthened on-site inspections and emergency response, and has improved the emergency response capabilities of each employee through education, training and examinations, and contributing to the protection of public safety.

At the same time, SOHO China continues to promote the three aspects of environmental, social and governance ("**ESG**") and is committed to building a sustainable enterprise. In terms of environmental, the total energy consumption of the Group's 24 property projects under management saved 37.14 million kWh compared with the national standard, with an energy saving rate of 20%, and a carbon emission reduction of 31,000 tonnes. In terms of social, the Company continues to build a sustainable development ecosystem with value driving as the core, and establish long-term and mutually beneficial partnerships with customers, suppliers, and surrounding communities. Meanwhile, in terms of corporate governance, the Company has continuously improved management its sustainable development management by optimizing ESG governance structure and various rules and regulations.

In March 2024, SOHO China released its first 2023 Climate Action Report, taking a key step towards green and low-carbon transformation. In June 2024, the scientific carbon target submitted by SOHO China was officially approved by the Science-Based Targets Initiative (SBTi), which is consistent with the Paris Agreement's global emission reduction target of 1.5°C temperature rise control, helping the global transition to "net zero".

Looking forward to the second half of 2024, as macroeconomic policies continue to increase domestic demand and promote consumption, China's economy is expected to enter a more stable recovery track. In particular, the continuous optimization of the business environment of the service industry may take the lead in driving recovery of the commercial real estate market, especially in large cities and promoting the transformation of the commercial real estate industry to a higher quality and more sustainable development models.

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 1H2024 (RMB'000)	Occupancy Rate[2] as at 30 June 2024	Occupancy Rate[2] as at 31 December 2023
Beijing				
Qianmen Avenue Project	51,889	48,118	63%	67%
Wangjing SOHO	149,172	99,084	57%	60%
Guanghualu SOHO II	94,279	96,346	83%	85%
Leeza SOHO	135,637	87,491	89%	88%
Galaxy and Chaoyangmen SOHO	46,293	23,379	54%	56%
Shanghai				
SOHO Fuxing Plaza	88,234	111,129	85%	87%
Bund SOHO	72,006	93,903	80%	84%
SOHO Tianshan Plaza	97,751	85,205	79%	79%
Gubei SOHO	112,541	120,691	91%	89%

Notes: 1. The leasable GFA (gross floor area) attributable to the Group as at 30 June 2024.

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 already connected to subway line 14 to date and is adjacent to the planned subway lines 11 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 revenue income of approximately RMB799 million in the Period, representing a decrease of approximately 2.70% as compared with approximately RMB822 million in the same period of 2023. The decrease in revenue income was mainly due to weak market demand in the office and retail property leasing markets.

Profitability

Gross profit for the Period was approximately RMB648 million, representing a decrease of approximately 4.39% as compared with approximately RMB678 million in the same period of 2023.

Gross profit margin of property leasing was approximately 82% for the Period, as compared with approximately 83% in the same period of 2023.

Cost control

Selling expenses for the Period were approximately RMB20 million, as compared with approximately RMB10 million in the same period of 2023. Administrative expenses for the Period were approximately RMB50 million, as compared with approximately RMB66 million in the same period of 2023.

Finance income and expenses

Finance income for the Period was approximately RMB2.5 million, as compared with approximately RMB2.4 million in the same period of 2023.

Finance expenses for the Period were approximately RMB367 million, representing a decrease of approximately RMB20 million as compared with approximately RMB387 million in the same period of 2023, mainly due to the lower average borrowing balance during the Period.

Income tax expense

Income tax expense for the Period was approximately RMB125 million, representing an increase of approximately RMB34 million as compared with approximately RMB91 million in the same period of 2023.

Bank borrowings, other borrowings and collaterals

As at 30 June 2024, total borrowings of the Group were approximately RMB15,691 million, of which approximately RMB7,749 million were due within one year, approximately RMB7,942 million were due over one year. As at 30 June 2024, borrowings of the Group of approximately RMB15,691 million were collateralized by the Group's investment properties.

As at 30 June 2024, net gearing ratio was approximately 41% (31 December 2023: approximately 41%), calculated based on net debt (total borrowings minus cash and cash equivalents and restricted bank deposits) over equity attributable to owners of the Company.

Risks of foreign exchange fluctuation and interest rate

As at 30 June 2024, offshore borrowings were approximately RMB343 million, accounting for approximately 2.2% of total borrowings of the Group (31 December 2023: offshore borrowings were approximately RMB358 million, accounting for approximately 2.3% of total borrowings of the Group). The Company's average funding cost remained stable at approximately 4.5% as at 30 June 2024 (31 December 2023: 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 2024, the total amount of the mortgage loans guaranteed by the Group relating to such agreements was approximately RMB7 million (31 December 2023: approximately RMB8 million).

Capital commitment

As at 30 June 2024, the Group's total capital commitment was approximately RMB2 million (31 December 2023: approximately RMB2 million).

Employees and remuneration policy

As at 30 June 2023, the Group had 1,635 employees, including 1,479 employees for the property management operations.

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 related services management businesses. 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 (2023 interim dividend: Nil).

Share capital

As at 30 June 2024, the Company had 5,199,524,031 shares in issue (31 December 2023: 5,199,524,031 shares).

Purchase, sale or redemption of listed securities of the Company

As at 30 June 2024, there are no treasury shares held by the Company.

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities (including sale of treasury shares) 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 C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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 C1 to the Listing Rules during the Period.

Review of interim results

The condensed consolidated interim results for the six months ended 30 June 2024 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 2024 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 2024 were approved by the Board on 22 August 2024.

EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the report on review of interim condensed consolidated financial information for the six months ended 30 June 2024 from the external auditor of the Company:

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to the interim condensed consolidated financial information which indicates that as at 30 June 2024, the Group's current liabilities exceeded its current assets by RMB9,923,293,000. At the same date, the Group's total bank and other borrowings amounted to RMB15,690,992,000 (including the current portion of RMB7,748,564,000). As at 30 June 2024, the Group had unrestricted cash and cash equivalents amounted to RMB768,140,000. As stated in Note 1.1, these conditions, along with other matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Publication of results announcement

This interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.sohochina.com, respectively.

By order of the Board
SOHO China Limited
Xu Jin
Chairman

Hong Kong, 22 August 2024

As at the date of this announcement, the executive Directors are Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Xu Jin and Mr. Qian Ting; and the independent non-executive Directors are Mr. Huang Jingsheng, Mr. Xiong Ming Hua and Mr. Zhang Mingeng.