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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)

**RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2020**

FINANCIAL HIGHLIGHTS

- Achieved revenue of approximately RMB2,192 million during the Year, representing an increase of approximately 19% year over year.
- Due to the impact of COVID-19 pandemic, office leasing markets in Beijing and Shanghai were under pressure in 2020. However, as the economy improved, the average occupancy for the Group's stabilized investment properties recovered to approximately 82% as at 31 December 2020.
- Leeza SOHO, which started leasing at the beginning of 2020, successfully introduced Huawei's China headquarters as anchor tenant, achieving an occupancy rate of 60% as at 31 December 2020.
- Achieved profit before income tax of approximately RMB1,600 million during the Year, representing a decrease of approximately 17% year over year due to the impact of COVID-19 pandemic.
- As at 31 December 2020, net gearing ratio of the Group was approximately 43% 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 audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Year**”), together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Revenue	2	2,191,637	1,847,091
Cost of sales		<u>(801,399)</u>	<u>(336,650)</u>
Gross profit		1,390,238	1,510,441
Valuation gains on investment properties		1,099,804	1,168,488
Other income and gains		465,567	481,704
Selling expenses		(37,063)	(31,751)
Administrative expenses		(214,463)	(237,747)
Other operating expenses		<u>(252,009)</u>	<u>(369,572)</u>
Operating profit		2,452,074	2,521,563
Finance income	3	63,366	80,032
Finance expenses	3	<u>(915,374)</u>	<u>(682,400)</u>
Profit before income tax		1,600,066	1,919,195
Income tax expense	4	<u>(1,056,600)</u>	<u>(599,169)</u>
Profit for the Year		<u>543,466</u>	<u>1,320,026</u>
Profit attributable to:			
Owners of the Company		535,604	1,331,193
Non-controlling interests		<u>7,862</u>	<u>(11,167)</u>
Profit for the Year		<u>543,466</u>	<u>1,320,026</u>
Earnings per share (RMB per share)			
Basic earnings per share	5	0.10	0.26
Diluted earnings per share	5	<u>0.10</u>	<u>0.26</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the Year	543,466	1,320,026
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	17,505	47,783
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	–	745
Surplus on revaluation of office premises, net of tax	–	101,452
Other comprehensive income for the Year, net of tax	17,505	149,980
Total comprehensive income for the Year	560,971	1,470,006
Total comprehensive income for the Year attributable to:		
Owners of the Company	552,080	1,471,028
Non-controlling interests	8,891	(1,022)
	560,971	1,470,006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December	
	Notes	2020 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Investment properties		63,367,000	61,833,246
Property and equipment		1,129,835	1,306,505
Intangible assets		700	2,491
Deferred income tax assets		898,194	637,035
Trade and other receivables	6	72,100	365,900
Prepayments		–	169,133
Investment in other financial assets		52,050	32,319
Total non-current assets		65,519,879	64,346,629
Current assets			
Completed properties held for sale		1,746,533	2,224,075
Prepayments		229,214	203,998
Trade and other receivables	6	421,096	454,803
Bank deposits		69,354	261,098
Structured bank deposits		2,321,355	961,950
Cash and cash equivalents		396,804	1,206,837
Assets classified as held for sale		–	69,626
Total current assets		5,184,356	5,382,387
Total assets		70,704,235	69,729,016
Equity			
Equity attributable to owners of the Company			
Share capital		106,112	106,112
Other reserves		36,522,962	35,964,422
		36,629,074	36,070,534
Non-controlling interests		917,939	1,045,605
Total equity		37,547,013	37,116,139

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2020*

	As at 31 December	
	2020	2019
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Liabilities		
Non-current liabilities		
Bank and other borrowings	17,457,907	16,366,214
Lease liabilities	–	227,167
Contract retention payables	399,743	467,154
Deferred income tax liabilities	9,292,978	8,704,737
Total non-current liabilities	27,150,628	25,765,272
Current liabilities		
Bank and other borrowings	1,011,860	1,632,440
Lease liabilities	–	30,980
Receipts in advance from customers	77,615	72,082
Contract liabilities	84,218	241,112
Trade and other payables	3,100,204	3,138,383
Current income tax liabilities	1,732,697	1,732,608
Total current liabilities	6,006,594	6,847,605
Total liabilities	33,157,222	32,612,877
Total equity and liabilities	70,704,235	69,729,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to Hong Kong Accounting Standard (“**HKAS**”) 1 and HKAS 8,
- Definition of a Business – amendments to Hong Kong Financial Reporting Standard (“**HKFRS**”) 3,
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7, and
- Revised Conceptual Framework for Financial Reporting.

The Group also elected to adopt the following amendments early:

- Annual Improvements to HKFRS Standards 2018–2020 Cycle.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2 REVENUE

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Rental income	1,537,636	1,832,756
Sale of property units	<u>654,001</u>	<u>14,335</u>
	<u>2,191,637</u>	<u>1,847,091</u>

3 FINANCE INCOME AND FINANCE EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Finance income		
Interest income	<u>63,366</u>	<u>80,032</u>
	<u>63,366</u>	<u>80,032</u>
Finance expenses		
Interest expenses on bank and other borrowings	946,711	892,194
Interest expenses on lease liabilities	–	39,083
Interest expenses on corporate bonds	–	7,886
Less: interest expenses capitalized into investment properties under development*	<u>–</u>	<u>(212,781)</u>
	<u>946,711</u>	<u>726,382</u>
Net foreign exchange gains	(31,916)	(45,079)
Bank charges and others	<u>579</u>	<u>1,097</u>
	<u>915,374</u>	<u>682,400</u>

* No borrowing cost was capitalized in 2020. The borrowing costs were capitalized at a rate of 4.51% – 4.90% per annum in 2019.

4 INCOME TAX EXPENSE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current income tax	729,518	23,589
Deferred income tax	<u>327,082</u>	<u>575,580</u>
	<u>1,056,600</u>	<u>599,169</u>

5 EARNINGS PER SHARE

5(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB535,604,000 (2019: RMB1,331,193,000) and the weighted average number of 5,199,433,000 ordinary shares (2019: 5,193,023,000) in issue during the Year, calculated as follows:

Weighted average number of ordinary shares

	2020 <i>Share'000</i>	2019 <i>Share'000</i>
Issued ordinary shares at the beginning	5,199,524	5,199,524
Effect of shares held for share award scheme	(91)	(7,165)
Effect of awarded shares vested	—	664
	<u>5,199,433</u>	<u>5,193,023</u>
Weighted average number of ordinary shares during the year	<u>5,199,433</u>	<u>5,193,023</u>

5(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of RMB535,604,000 (2019: RMB1,331,193,000) and the weighted average number of 5,199,433,000 ordinary shares (2019: 5,193,023,000) after adjusting for the effect of share award scheme, calculated as follows:

(i) Profit attributable to owners of the Company (diluted)

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit attributable to owners of the Company	<u>535,604</u>	<u>1,331,193</u>
Profit attributable to owners of the Company (diluted)	<u>535,604</u>	<u>1,331,193</u>

(ii) Weighted average number of ordinary shares (diluted)

	2020 <i>Share'000</i>	2019 <i>Share'000</i>
Weighted average number of ordinary shares	<u>5,199,433</u>	<u>5,193,023</u>
Weighted average number of ordinary shares (diluted)	<u>5,199,433</u>	<u>5,193,023</u>

6 TRADE AND OTHER RECEIVABLES

	Notes	As at 31 December	
		2020 RMB'000	2019 RMB'000
Non-current –			
Other receivables		<u>72,100</u>	<u>365,900</u>
Current –			
Trade receivables		235,495	222,812
Less: allowance for impairment of trade receivables	(b)	<u>(36,842)</u>	<u>(32,028)</u>
Trade receivables – net	(a)	<u>198,653</u>	<u>190,784</u>
Other receivables		299,911	291,902
Less: allowance for impairment of other receivables		<u>(77,468)</u>	<u>(27,883)</u>
Other receivables – net		<u>222,443</u>	<u>264,019</u>
Total of current portion		<u><u>421,096</u></u>	<u><u>454,803</u></u>

The carrying amounts of trade and other receivables approximate their respective fair values as at 31 December 2020 and 2019.

Notes:

(a) Aging analysis

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

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Current	157,556	150,107
Less than 1 month past due	331	19,589
1 to 6 months past due	32,442	18,649
6 months to 1 year past due	6,370	–
More than 1 year past due	<u>1,954</u>	<u>2,439</u>
Amounts past due	<u>41,097</u>	<u>40,677</u>
	<u><u>198,653</u></u>	<u><u>190,784</u></u>

(b) **Impairment of trade receivables**

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

7 TRADE AND OTHER PAYABLES

		As at 31 December	
		2020	2019
	<i>Note</i>	RMB'000	RMB'000
Trade payables	(a)	1,149,223	1,397,866
Amounts due to related parties		812,732	812,732
Deposits		257,889	273,575
Others		569,881	563,862
		<hr/>	<hr/>
Financial liabilities measured at amortized costs		2,789,725	3,048,035
Other taxes payable		310,479	90,348
		<hr/>	<hr/>
		3,100,204	3,138,383
		<hr/> <hr/>	<hr/> <hr/>

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

Note:

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

		As at 31 December	
		2020	2019
		RMB'000	RMB'000
Due within 1 month or on demand		1,149,223	1,397,866
		<hr/> <hr/>	<hr/> <hr/>

8 DIVIDENDS

The Board resolved not to declare a final dividend for the Year (2019: Nil).

CHAIRMAN’S STATEMENT

2020 has been an unprecedented year with the outbreak and spread of the pandemic affecting the global economy and people’s lives all over the world. International travel has come to a halt, and people are isolated from each other, with all activities taking place in confined spaces. For many companies, 2020 has presented the greatest challenge faced by business in years.

Our situation is the same as many companies in China. Because many of our tenants struggled to operate, by the end of last April occupancy of SOHO’s stabilized projects had fallen. Facing this challenge, we decided to treat the situation with calmness and not to take any drastic measures. In response to the government’s call for action, the Company introduced measures to support certain industries that were seriously affected by the pandemic and helped shoulder their burden – some tenants received reduced rents, some were provided with subsidies for the pandemic, and some were granted an extended grace period to complete their rental payments.

Facing these difficulties, our strategy was to strive to “expand our resources” by strengthening our rental business, and focusing on the market and on customers. We believe that the short-term decline in occupancy rates presented both risk and opportunity. In previous years, our occupancy rates were consistently close to full. There were many large companies who wanted to come to our buildings to work, and tenants who wanted to expand their rental space within our buildings, and these demands were always difficult to be fulfilled. Last year, after integrating vacant areas, we attracted many high-quality companies who leased areas of thousands or tens of thousands of square meters. This adjustment to our leasing strategy enabled our business to begin to rebound in May, and our stabilized projects achieved an increase in occupancy rates by the end of 2020. Our newly signed tenants include Huawei, Alibaba, Yuanfudao, Taikang Life, SPD Bank, Shanghai Industrial, Phoenix Media, and others. The Company’s tenant base has become more diverse.

These companies which possess core competitive strength and leading technologies are valuable assets to society; they are also able to withstand the impact of the pandemic and have the ability to lease large spaces. Historically, companies like these have been a real driving force behind societal progress. Societal advancement is rooted in the advancement of technology, from stone to bronze, to iron, all the way to the industrial revolution, the information revolution, and to today’s 5G era. These are all examples of how technology propels the advancement of greater society. Huawei is a great representative of this type of company, and we are fortunate to be able to provide them with our service.

Leeza SOHO, which only entered the market in early 2020, has also made remarkable achievements despite the pandemic. We successfully introduced Huawei's China headquarters as the building's anchor tenant, with a signed area of 59,000 square meters, helping the project's occupancy rate to reach 60% at the end of the year. This was also the largest single Beijing office rental market transaction in 2020, which has had a positive driving effect on leasing the rest of the project, while also contributing to the overall development of the Lize Business District.

The achievements of our leasing business are inseparably linked to the Chinese government's effective pandemic prevention and rapid economic recovery. As office building managers, we have carried out pandemic prevention work in strict accordance with government requirements and directives. Out of the more than 4 million square meters of buildings we manage, none of our hundreds of thousands of tenants nor any of our staff members have been infected by COVID-19. Now, scientific methods of epidemic prevention are quickly being deployed, especially in China. With more and more people getting vaccinated, the end of pandemic is quickly approaching.

In 2020, regulatory authorities continued to implement the principle of "real estate is not for speculative investment". In order to prevent financial risk and real estate bubbles, the People's Bank of China and the Ministry of Housing and Urban-Rural Development jointly launched the "three red lines" policy. SOHO China has not broken any of the red lines. At the end of 2020, the Group's net gearing ratio was 43% and its average financing cost was 4.7%.

In order to remedy the economic damage caused by COVID-19, many countries are issuing currency in large amounts. The monetary policy in China is relatively stable thanks to the country's successful outbreak prevention and control of the pandemic. While the scale of currency issue has reached unprecedented levels in regions outside of China, in the current era of globalized capital, these funds will also flow into markets with the most potential for investment and development. SOHO China's high-quality commercial properties in the core areas of Beijing and Shanghai will certainly benefit from appreciation in value.

BUSINESS REVIEW

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

Projects	Leasable GFA¹ (sq.m.)	Rental Income 2020 (RMB'000)	Occupancy Rate² as at 31 December 2020	Occupancy Rate² as at 30 June 2020
Beijing				
Qianmen Avenue project	34,907	78,090	92%	87%
Wangjing SOHO	149,172	288,573	83%	73%
Guanghualu SOHO II	94,134	194,993	68%	77%
Galaxy & Chaoyangmen SOHO	45,913	76,117	62%	76%
Leeza SOHO ³	132,777	21,118	60%	10%
Shanghai				
SOHO Fuxing Plaza	88,234	220,870	82%	82%
Bund SOHO	72,006	147,359	97%	68%
SOHO Tianshan Plaza	97,681	188,840	83%	88%
Gubei SOHO	111,582	183,974	87%	77%

- Notes:
1. The leasable GFA (gross floor area) attributable to the Group as at 31 December 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 94,134 sq.m., including approximately 63,308 sq.m. of office area and approximately 30,826 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 51,889 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 157,308 sq.m., and a total leasable GFA of approximately 132,777 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 47,964 sq.m. is for office use and approximately 40,270 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 97,681 sq.m., including approximately 74,428 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 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 111,582 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 RMB2,192 million during the Year, representing an increase of approximately 19% as compared with approximately RMB1,847 million in 2019.

Profitability

The Group achieved profit before income tax of approximately RMB1,600 million during the Year, representing a decrease of approximately 17% as compared with approximately RMB1,919 million in 2019.

Cost control

Selling expenses for the Year were approximately RMB37 million, compared with approximately RMB32 million in 2019. Administrative expenses for the Year were approximately RMB214 million, compared with approximately RMB238 million in 2019.

Finance income and expenses

Finance income for the Year was approximately RMB63 million, representing a decrease of approximately RMB17 million as compared with approximately RMB80 million in 2019.

Finance expenses for the Year were approximately RMB915 million, representing an increase of approximately RMB233 million as compared with approximately RMB682 million in 2019, mainly because interest expenses were not capitalized as there were no projects under development during the Year.

Valuation gains on investment properties

During the Year, the valuation gains were approximately RMB1,100 million, compared with approximately RMB1,168 million in 2019.

Income tax expense

Income tax expense for the Year was approximately RMB1,057 million, representing an increase of approximately RMB458 million as compared with approximately RMB599 million in 2019, mainly due to a one-off tax expense recognized by the Group during the Year.

Bank borrowings, other borrowings and collaterals

As at 31 December 2020, total borrowings of the Group was approximately RMB18,470 million, of which approximately RMB1,012 million were due within one year, approximately RMB1,660 million were due after one year but within two years, approximately RMB3,676 million were due after two years but within five years, and approximately RMB12,122 million were due after five years. As at 31 December 2020, borrowings of the Group of approximately RMB17,760 million were collateralized by the Group's investment properties.

As at 31 December 2020, net gearing ratio was approximately 43% (as at 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 31 December 2020, offshore borrowings were approximately RMB710 million, accounting for approximately 3.8% of total borrowings of the Group. The Company's average funding cost remained relatively low at approximately 4.7% as at 31 December 2020. During the Year, 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 31 December 2020, the total amount of the mortgage loans guaranteed by the Group relating to such agreements was approximately RMB72 million as at 31 December 2020 (as at 31 December 2019: approximately RMB112 million).

Capital commitment

As at 31 December 2020, the Group's total capital commitment was approximately RMB78 million (as at 31 December 2019: approximately RMB106 million).

Employees and remuneration policy

As at 31 December 2020, the Group had 1,714 employees, including 1,531 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 businesses. There were no significant changes in the nature of the Group's principal activities during the Year.

Dividends

The Board resolved not to declare a final dividend for the Year (2019: Nil).

Closure of register of members

The register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting to be held on Wednesday, 26 May 2021, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 20 May 2021.

Share capital

As at 31 December 2020, the Company had 5,199,524,031 shares in issue (as at 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 scheme 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 Year.

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 Year.

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 Year.

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 Year.

Audit committee

The audit committee of the Company had reviewed the audited consolidated annual results of the Company for the year ended 31 December 2020 which had been agreed with the auditor of the Company, namely PricewaterhouseCoopers, and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

Publication of results announcement

This annual 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, 25 March 2021

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.