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E-House (China) Enterprise Holdings Limited

易居(中國)企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2048 and Debt Stock Code: 40507)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of E-House (China) Enterprise Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company, its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”). These annual results have been reviewed by the Company’s audit committee.

In this announcement, “we”, “us”, and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

FINANCIAL HIGHLIGHTS

- Total revenue amounted to RMB5,033.3 million for the Reporting Period.
- The total gross transaction value (“**GTV**”) of real estate agency services was RMB83.1 billion for the Reporting Period.
- The total GTV of real estate brokerage network services amounted to RMB87.8 billion for the Reporting Period.
- Loss for the year amount to RMB4,968.5 million, and total comprehensive expense for the year amounted to RMB4,974.6 million for the Reporting Period.

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2022 (2021: nil).

BUSINESS REVIEW AND OUTLOOK

In 2022, China's real estate industry experienced unprecedented challenge and turmoil, partly as a result of COVID-19 related disruptions in economic activities and negative market sentiment. Many leading developers, including the majority of the Group's clients, faced sharply decreased sales and serious liquidity constraints. Many of them defaulted on their external liabilities. This led to not only a substantial decline in the Group's revenues, especially from real estate agency services in the primary market, but further delays in collection of accounts receivables. In the face of this challenging environment, the Group effectively reduced the scale of its operation in the real estate agency services and focused on cost control and collection of receivables. At the same time, the Group continued prudent and stable operation in its data and consulting services and continued to build and develop its online real estate marketing platform in cooperation with Alibaba. The Group believes that this strategy will allow the Group to cope with the current challenge and position itself for the eventual market recovery.

Adhering to the digital service strategy of "CRIC Big Data", the Group built a real estate digital solution platform ecosystem: By taking advantage of real estate big data over data assets and brand influence, the Group will build CRIC into the greatest and undoubtedly leading platform based on big data in the digital real estate market all over the country. First, as for the residential property development, following the principle that houses are for living in, not for speculation, CRIC will apply digital technology into all stages of property development based on the existing big data products and services, and provide more comprehensive and customized digital solutions of residential development for high-quality residential developers. In addition, CRIC will adapt to the folding era of real estate industry and carry out digital innovation and exploration of real estate business models, including but not limited to, making innovations in digital asset management of existing real estate and non-performing assets, such as apartment, commercial office, industry city, finance, health care and special assets, and other related business forms. It will continuously reinforce barriers against competition to realize innovation and exploration. Meanwhile, in the future digital age, CRIC will continue to play to its own advantages and brand influence, and build better digital service cooperation ecosystem in order to help customer achieve effective development and excellent performance.

Centering on the digital marketing strategy of “Tmall Haofang (天貓好房)”, the Group built a real estate information service platform and a full-chain platform for online and offline transactions: in 2022, the information service platform of Tmall Haofang was initially established, and the construction of a real estate transaction platform was commenced in full swing. By taking “opening stores and making deals on Tmall Haofang” as the core strategy of its transaction platform, Tmall Haofang invites developers, real estate brokerage agencies, real estate channel agencies, centralized apartments, real estate transaction service centers and other real estate transaction agencies to open stores on the platform and supports them to establish digital marketing positions and carry out independent store operation. By the end of 2022, more than 10,000 merchants joined Tmall Haofang, including 1,200+ merchants in new housing projects, 100+ merchants in new housing channels and its 3,000+ downstream partners, 6,000+ merchants in second-hand housing and 6,000+ tenants. Based on the Tmall ecosystem under Taobao, Tmall Haofang has implemented a customized transaction link for new houses, second-hand houses and rented houses step by step. On July 26, China’s first store-aggregated house rental transaction platform was officially launched in a closed-loop way, marking the first step in the construction of a real estate transaction platform. In 2023, Tmall Haofang will continue to actively promote the construction of a full-chain platform for online and offline real estate transactions, and further upgrade the online store system based on the ETC ecological joint sales platform to promote three major types of transactions: joint sales of new houses, joint sales of second-hand houses and apartment joint leasing. It also works with industry partners to build a new industry ecosystem featuring openness, independence, collaboration, sharing and co-growth.

Notes Restructuring

Due to serious liquidity constraints caused by the large amount of unpaid accounts receivables, the Group announced in March 2022 an offshore debt restructuring (the “**Restructuring**”) in respect of its senior notes due 2022 and 2023. The proposed scheme of arrangement between the Company and the scheme creditors under section 86 of the Companies Act (2022 Revision) relating to the Restructuring was sanctioned by the Grand Court of the Cayman Islands on 9 November 2022 and was expected to be consummated by 14 December 2022. However, due to the continued industry downturn during 2022 and the Group’s inability to recover a substantial portion of its outstanding accounts receivables, the Restructuring did not become effective on 14 December 2022. The Company is currently in discussions with its advisers with the intention to announce in the near future a new restructuring plan that appropriately takes into consideration the positions of all stakeholders. For details, please refer to the announcements of the Company dated 31 March, 7, 11, 14, 18, and 25 April, 21 September, 5, 6, 7 and 12 October, 3, 10, 16 November 2022 and 3 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue decreased by 43.2% from RMB8,866.0 million in 2021 to RMB5,033.3 million in 2022.

The decrease was primarily due to transformation of China's real estate market and the business disruptions affected by the COVID-19 pandemic.

Revenue derived from real estate agency services in the primary market decreased by 70.5% from RMB1,989.1 million in 2021 to RMB586.5 million in 2022, primarily due to the decline of GTV caused by the disposal of a subsidiary.

Revenue derived from real estate brokerage network services decreased by 37.4% from RMB2,517.0 million in 2021 to RMB1,576.6 million in 2022. The decrease was primarily due to decline of GTV caused by the overall downturn in the real estate market.

Revenue derived from real estate data and consulting services decreased by 38.9% from RMB916.7 million in 2021 to RMB559.8 million in 2022 primarily due to the overall downturn of real estate market.

Revenue derived from digital marketing services decreased by 32.9% from RMB3,443.2 million in 2021 to RMB2,310.4 million in 2022 primarily due to decrease in revenues from e-commerce services and online advertising services.

Staff costs

Our staff costs decreased by 39.3% from RMB3,243.2 million in 2021 to RMB1,967.3 million in 2022. Staff costs as a percentage of our revenue increased from 36.6% in 2021 to 39.1% in 2022, primarily due to decrease of revenue.

Advertising and promotion expenses

Our advertising and promotion expenses decreased by 22.1% from RMB3,048.3 million in 2021 to RMB2,374.6 million in 2022, The advertising and promotion expenses primarily consist of targeted online and offline marketing costs for business expansion from Leju Holdings Limited (a company listed on the New York Stock Exchange with stock Ticker LEJU). The decrease primarily due to the decrease of revenue from digital marketing services.

Rental expenses for short-term leases, low-value assets leases and variable leases

We recorded rental expenses for short-term leases, low-value assets leases and variable leases of RMB103.5 million in 2022, and RMB111.4 million in 2021. The decrease was primarily due to the decrease of expenses relating to short-term leases.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by 23.5% from RMB435.3 million in 2021 to RMB537.5 million in 2022, primarily due to the increase in amortisation of intangible assets arising from acquisition.

Loss allowance on financial assets subject to expected credit loss (“ECL”), net of reversal

Our loss allowance on financial assets subject to ECL, net of reversal decreased by 88.9% from RMB8,963.7 million in 2021 to RMB996.0 million in 2022, primarily due to the recognition of additional loss allowance on ECL of the Group’s outstanding trade related receivables from certain of the Group’s customers engaged in property development whose credit qualities have worsened in the first half of 2021.

Loss on derecognition of receivables at fair value through other comprehensive income (“FVTOCI”)

We recorded loss on derecognition of receivables at FVTOCI of RMB38.0 thousand in the 2022, and RMB5.7 million in 2021. The loss incurred was primarily from the disposal of receivables at FVTOCI through certain factoring arrangement.

Impairment losses recognised on non-current assets

We recorded impairment losses recognised on non-current assets of RMB1,034.8 million in 2022, and RMB858.5 million in 2021. The cost incurred was primarily from the losses on intangible assets.

Consultancy expenses

Our consultancy expenses increased by 51.1% from RMB305.7 million in 2021 to RMB462.0 million in 2022, primarily due to the increase of requirements related to digital marketing services.

Distribution expenses

Our distribution expenses decreased by 40.5% from RMB2,462.3 million in 2021 to RMB1,465.9 million in 2022, primarily due to the decrease of revenue derived from real estate brokerage network services.

Other operating costs

Our other operating costs decreased by 36.1% from RMB717.7 million in 2021 to RMB459.0 million in 2022, primarily due to the company’s reduction of cost.

Other income

Our other income decreased by 24.0% from RMB198.4 million in 2021 to RMB150.8 million in 2022, primarily due to the decrease of interest income.

Other gains and losses

We recorded net other losses of RMB214.7 million in 2021 and net other losses of RMB316.9 million in 2022. Our net other losses in 2022 were primarily attributable to the foreign exchange losses.

Other expenses

Our other expenses decreased from RMB29.7 million in 2021 to approximately RMB5.2 million in 2022. Our other expenses in 2022 primarily attributable to the expenses related to termination of leasing agreements in advance.

Share of results of associates

We recorded share of losses of associates of RMB33.0 million in 2021 and share of profits of associates of RMB2.8 million in 2022. The share of profits in 2022 was primarily attributable to a company provided boutique financial service.

Finance costs

Our finance costs decreased by 12.4% from RMB538.8 million in 2021 to RMB471.8 million in 2022, primarily due to the decrease in the weighted average balances of interest bearing loans.

Income tax credit(expense)

We recorded income tax expense was RMB360.9 million in 2021 and income tax credit RMB39.0 million in 2022, primarily due to the loss before taxation.

Loss for the year

As a result of the foregoing, our loss for the year amounted to RMB4,968.5 million in 2022, compared to loss for the year of RMB12,264.7 million in 2021.

Total comprehensive expense for the year

As a result of the foregoing, our total comprehensive expense for the year amounted to RMB4,974.6 million in 2022, compared to total comprehensive expense for the year of RMB12,260.9 million in 2021.

Non-IFRS Measures

To supplement our condensed consolidated financial information which is presented in accordance with IFRS, we also use (i) operating loss and operating loss margin and (ii) EBITDA loss as additional measures for illustrative purposes only. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial results in the same manner as our management.

We define our operating loss as revenue net of operating costs, which consist of staff costs, advertising and promotion expenses, rental expenses for short-term leases, low-value assets leases and variable leases, depreciation and amortization expenses, loss allowance on financial assets subject to ECL, net of reversal, loss on derecognition of receivables at FVTOCI, consultancy expenses, distribution expenses, and other operating costs. We define operating loss margin as operating loss divided by revenue for the year.

Our operating loss amounted to RMB3,332.5 million for the year ended 31 December 2022 compared to an operating loss of RMB10,427.4 million for the year ended 31 December 2021. Our operating loss margin was 66.2% for the year ended 31 December 2022, as compared to 117.6% for the year ended 31 December 2021, primarily due to the overall downturn in the real estate market. The calculation of operating loss and operating loss margin is not in accordance with IFRS and may not be directly comparable with similarly named financial measures of other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

We define EBITDA loss as (i) loss for the period, adjusted to add back (ii) finance costs (iii) depreciation and amortisation expenses and (iv) income tax expense. We use EBITDA loss to emphasize operating results and it more nearly approximates cash flows.

Our EBITDA loss for the year ended 31 December 2022 was RMB3,998.2 million, representing a decrease of 63.4% as compared with RMB10,929.6 million for the year ended 31 December 2021. The calculation of EBITDA loss is not in accordance with IFRS and therefore may not be directly comparable with similarly named financial measures of other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

We define core net loss attributable to owners of the Company as (i) loss for the year attributable to owners of the Company, adjusted to add back (ii) profit and total comprehensive income attributable to the 21 investors (the “**21 Investors**”) of E-House Enterprise (China) Group Co., Ltd. (the “**PRC Holdco**”), details and background of the 21 Investors are set out in the section headed “History, Reorganization and Corporate Structure-Our Corporate Reorganization-Reorganization of Interests in PRC Holdco” of the prospectus of the Company dated 10 July 2018 (the “**Prospectus**”), and (iii) share-based compensation expense related to the Company’s pre-IPO share option scheme.

Since the profit and total comprehensive income attributable to the 21 Investors of the PRC Holdco was nil from 2019, and the share-based compensation expense related to the Company’s pre-IPO share option scheme was nil in the year ended 31 December 2022, the disclosure of these measures would not be expected to influence the economic decisions of users taken on the basis of financial statements.

Liquidity, Financial Resources and Gearing

During the year ended 31 December 2022, we funded our cash requirements principally from cash generated from our operations and external borrowings. We had cash and cash equivalents of RMB3,314.7 million and RMB1,246.6 million as of 31 December 2021 and 31 December 2022, respectively. We generally deposit our excess cash in interest bearing bank accounts and current accounts.

During the year ended 31 December 2022, our principal uses of cash have been for the funding of required working capital and other recurring expenses to support the expansion of our operations. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, the share subscriptions and other funds raised from the capital markets from time to time.

Capital Expenditure

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
	(audited)	(audited)
Purchase of and deposits placed for property and equipment	35,507	369,185
Purchase of intangible assets	170	647
	<hr/>	<hr/>
Total	35,677	369,832
	<hr/> <hr/>	<hr/> <hr/>

Our capital expenditures primarily related to purchases of property, equipment, and intangible assets and capitalised prepayment. Leasehold improvements, mainly including capitalised decoration and maintenance costs, account for the majority of property and equipment purchases.

Off-Balance Sheet Commitments and Arrangements

As of 31 December 2022, we had not entered into any off-balance sheet transactions.

Gearing Ratio

As at 31 December 2022, the gearing ratio of the Group, which is calculated by dividing total debt (all bank and other borrowings) by total assets as at the end of the year, was 100.6%, representing an increase of 44 percentage points as compared with 56.6% as at 31 December 2021. The increase was primarily due to the decrease of total assets.

Significant Investments Held

As of 31 December 2022, we did not hold any significant investments in the equity interests of any other companies (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2022).

Future Plans for Material Investments and Capital Assets

As of 31 December 2022, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Employee and Remuneration Policy

As at 31 December 2022, we had 6,146 full-time employees, most of whom were based in China. Our employees are based in our headquarters in Shanghai and various other cities in China according to our business strategies.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. The total remuneration expenses, including share-based compensation expense, for the year ended 31 December 2022 were RMB1,967.3 million, as opposed to RMB3,243.2 million for the year ended 31 December 2021, representing a year-on-year decrease of 39.3%.

Foreign Exchange Risk

Our functional currency is Renminbi, but certain of our cash and cash equivalent, USD-denominated senior notes and conditional investment fund received are denominated in foreign currency and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. We will continue to monitor foreign exchange exposure and will take actions when necessary.

Pledge of Assets

As at 31 December 2022, the Group's bank borrowings of RMB853.5 million were secured by Wanju Property (carrying amount of RMB578.9 million), Tangchao Grand Hotel (carrying amount of RMB515.3 million) and 2 units in Hangzhou PingLan business center (carrying amount of RMB17.3 million).

For further details of Wanju Property and Tangchao Grand Hotel, please refer to the announcements of the Company published under the titles "Discloseable Transaction – Acquisition of Shanghai Wanju" and "Discloseable Transaction – Acquisition of Shanghai Juanpeng", respectively, on 22 March 2020.

Contingent Liabilities

As of 31 December 2022, we did not have any material contingent liabilities (31 December 2021: nil).

The Board announces the audited results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Revenue	4	5,033,279	8,865,987
Staff costs		(1,967,347)	(3,243,221)
Advertising and promotion expenses		(2,374,608)	(3,048,306)
Rental expenses for short-term leases, low-value assets leases and variable leases		(103,457)	(111,398)
Depreciation and amortisation expenses		(537,521)	(435,347)
Loss allowance on financial assets subject to expected credit loss (“ECL”), net of reversal		(995,959)	(8,963,718)
Loss on derecognition of receivables at fair value through other comprehensive income (“FVTOCI”)		(38)	(5,651)
Impairment losses recognised on non-current assets		(1,034,791)	(858,534)
Consultancy expenses		(461,971)	(305,714)
Distribution expenses		(1,465,853)	(2,462,261)
Other operating costs		(458,984)	(717,743)
Other income		150,781	198,396
Other gains and losses		(316,944)	(214,741)
Other expenses		(5,174)	(29,667)
Share of results of associates		2,826	(33,039)
Finance costs	6	(471,752)	(538,800)
Loss before taxation		(5,007,513)	(11,903,757)
Income tax credit/(expense)	7	38,989	(360,902)
Loss for the year		(4,968,524)	(12,264,659)
Other comprehensive (expense)/income for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value changes on receivables measured at FVTOCI		(635,581)	(4,671,979)
Net changes in ECL of receivables measured at FVTOCI		635,581	4,671,979
Exchange differences arising on translation of foreign operations		(6,109)	3,780
Other comprehensive (expense)/income for the year, net of income tax		(6,109)	3,780
Total comprehensive expense for the year	8	(4,974,633)	(12,260,879)

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss for the year attributable to:			
– Owners of the Company		(3,896,299)	(11,642,687)
– Non-controlling interests		<u>(1,072,225)</u>	<u>(621,972)</u>
		<u><u>(4,968,524)</u></u>	<u><u>(12,264,659)</u></u>
Total comprehensive expense for the year			
– Owners of the Company		(3,900,590)	(11,640,065)
– Non-controlling interests		<u>(1,074,043)</u>	<u>(620,814)</u>
		<u><u>(4,974,633)</u></u>	<u><u>(12,260,879)</u></u>
Loss per share			
– Basic (RMB cents)	<i>10</i>	<u>(222.77)</u>	<u>(665.65)</u>
– Diluted (RMB cents)		<u>(222.77)</u>	<u>(665.65)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Property and equipment		1,040,388	1,109,694
Right-of-use assets		299,622	350,755
Investment properties		607,904	648,992
Intangible assets		552,954	1,907,583
Interests in associates		69,144	71,635
Amounts due from related parties		422	492
Deferred tax assets		392,911	402,987
Other non-current assets		71,558	83,020
		3,034,903	4,575,158
Current assets			
Accounts receivables and bills receivables	<i>11</i>	23,589	223,639
Other receivables		512,143	621,624
Amounts due from related parties		28,845	33,540
Receivables at FVTOCI	<i>12</i>		
– accounts receivables and bills receivables		566,655	1,985,190
– amounts due from related parties – accounts receivables		129,713	266,306
Contract assets		–	8,936
Financial assets at fair value through profit or loss (“FVTPL”)		79,833	212,848
Restricted bank balances		228,689	132,198
Pledged bank deposits		–	755,136
Cash and cash equivalents		1,246,583	3,314,741
		2,816,050	7,554,158
Current liabilities			
Accounts payables	<i>13</i>	994,120	1,193,091
Advance from customers		571,976	652,744
Accrued payroll and welfare expenses		284,001	522,921
Other payables		1,001,327	715,449
Contract liabilities		130,256	181,394
Tax payables		1,331,222	1,370,183
Amounts due to related parties		287,216	185,664
Bank borrowings		372,569	1,774,946
Other borrowings		4,156,665	1,894,405
Convertible note		870,833	–
Lease liabilities		77,223	95,334
		10,077,408	8,586,131

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net current liabilities		<u>(7,261,358)</u>	<u>(1,031,973)</u>
Total assets less current liabilities		<u>(4,226,455)</u>	<u>3,543,185</u>
Non-current liabilities			
Deferred tax liabilities		138,520	162,210
Bank borrowings		485,947	546,519
Convertible note		–	756,912
Other borrowings		–	1,889,462
Lease liabilities		176,950	198,077
		<u>801,417</u>	<u>3,553,180</u>
NET LIABILITIES		<u><u>(5,027,872)</u></u>	<u><u>(9,995)</u></u>
EQUITY			
Share capital		116	116
Share premium		6,148,273	6,148,273
Reserves		<u>(11,367,569)</u>	<u>(7,312,918)</u>
Equity attributable to owners of the Company		<u>(5,219,180)</u>	<u>(1,164,529)</u>
Non-controlling interests		191,308	1,154,534
TOTAL EQUITY		<u><u>(5,027,872)</u></u>	<u><u>(9,995)</u></u>

1. GENERAL INFORMATION

E-House (China) Enterprise Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 22 February 2010. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 July 2018. The addresses of the Company’s registered office and the principal place of business are PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and 11/F, Yinli Building, 383 Guangyan Road, Jing’an District, Shanghai 200072, the People’s Republic of China (the “**PRC**”), respectively.

The Company and its subsidiaries, and upon the acquisition of Leju, its subsidiaries and consolidated variable interest entities (the “**Leju Group**”) completed on 4 November 2020 (collectively referred to as the “**Group**”) offers a wide range of services to the real estate industry, including real estate agency services in the primary market, real estate data and consulting services, real estate brokerage network services and digital marketing services in the PRC.

These consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. GOING CONCERN BASIS

The Group incurred a loss of approximately RMB4,968,524,000 and net cash outflow from operating activities of approximately RMB1,086,174,000 for the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities approximately RMB7,261,358,000 and approximately RMB5,027,872,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

In order to improve the Group’s financial position, to provide liquidity and cash flows and sustain the Group as a going concern, the Group has been implementing a number of measures, including but not limited to:

- (i) The Group is negotiating with creditors for debt restructuring;
- (ii) The Group is looking for opportunity for disposal of investment property of the Group;
- (iii) The Group is implementing cost-saving measures to improve its operating cash flows and financial position.

Accordingly, the management of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (the “**IASB**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards (“**IAS**”); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

The Group derives its revenue from (1) real estate agency services in the primary market, (2) real estate data and consulting services, (3) real estate brokerage network services and (4) digital marketing services. This is consistent with the revenue information that is disclosed for each operating and reportable segment under IFRS 8:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Real estate agency services in the primary market, recognised at a point in time	586,473	1,989,121
Real estate data and consulting services		
– consulting services, recognised at a point in time	386,665	704,561
– data services, recognised over time (<i>note a</i>)	173,149	212,121
	559,814	916,682
Real estate brokerage network services		
– distribution business in the primary market, recognised at a point in time	1,547,958	2,465,704
– other services, recognised at a point in time	28,640	51,329
	1,576,598	2,517,033
Digital marketing services		
– E-commerce, recognised at a point in time (<i>note b</i>)	1,220,387	2,649,367
– Online advertising services, recognised over time on a gross basis	1,087,206	785,967
– Online advertising services, recognised over time on a net basis	2,726	4,587
– Listing services, recognised over time	75	3,230
	2,310,394	3,443,151
	5,033,279	8,865,987

Notes:

- (a) As at 31 December 2022, the transaction price allocated to the remaining performance obligations in relation to the consulting fee income and fee-based subscription fee income that were unsatisfied or partially unsatisfied amounted to RMB106,639,000 (2021: RMB152,400,000) and were accounted for as contract liabilities.
- (b) As at 31 December 2022, the transaction price allocated to the remaining performance obligations in relation to the E-commerce service income that were unsatisfied or partially unsatisfied amounted to RMB23,617,000 (2021: RMB28,994,000) and were accounted for as contract liabilities.

The management of the Group expects the transaction price allocated to the abovementioned unsatisfied or partially unsatisfied contracts will be recognised in full as revenue within the coming twelve months period.

5. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the Chief Executive Officer, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are as follows:

(i) Real estate agency services in the primary market

The Group provides real estate agency services in the primary market that primarily include formulating and executing marketing and sales strategies for real estate projects developed by real estate developers, promoting the projects to prospective purchasers, and facilitating sales transactions.

(ii) Real estate data and consulting services

The Group mainly provides the following services:

- providing customers with a wide range of data services, leveraging the powerful CRIC systems;
- offering real estate rating and ranking services; and
- providing real estate consulting services that are tailored to meet the needs of property developer clients throughout the design, development and sales stages and address specific issues encountered by them.

The Group receives consulting services fee income and subscription-based fee income in relation to its proprietary CRIC system, which is a series of proprietary real estate database and analysis system developed by the Group, for a fixed amount upon entering into the subscription contract, normally for a one year subscription period contract.

(iii) Real estate brokerage network services

The Group provides real estate brokerage network services under the Fangyou brand of integrating small and medium-sized secondary real estate brokerage stores in the PRC, and empowering them with rich resources in their business operations. In addition, the Group can help their property developer customers expand their sales channels by sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerage firms that the Group cooperates with.

(iv) Digital Marketing services

Leju is primarily engaged in the business of E-commerce, online advertising services and listing services (collectively referred to as "**Digital Marketing**"). Leju operates and manages its business as a single Digital Marketing segment. The Digital Marketing mainly provides the following services:

a) *E-commerce services*

The Group offers individual property buyers discount coupons that enable them to purchase specified properties from property developers at discounts greater than the face value of the fees charged by the Group. Discount coupons are collected initially upfront from the property buyers and are refundable at any time before they are used to purchase the specified properties.

b) *Online advertising services*

Revenue from online advertising services is principally from online advertising services, and also rebates from certain media publishers from the rendering of advertising placement services of its advertisers (i.e. property developers). Online advertising services allow customers to place advertisements on particular areas of the online media and platforms (including those owned by the Leju Group and other independent publishers) in particular formats and over a specified period of time.

c) *Listing service*

Listing services entitle real estate brokers to post and make changes to information for properties in a particular area on Leju's website for a specified period of time, in exchange for a fixed fee.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2022

	Real estate agency services in the primary market <i>RMB'000</i>	Real estate data and consulting services <i>RMB'000</i>	Real estate brokerage network services <i>RMB'000</i>	Digital Marketing services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue						
External sales	586,473	559,814	1,576,598	2,310,394	–	5,033,279
Inter-segment sales	17,642	10,562	40,034	67,484	(135,722)	–
Total	<u>604,115</u>	<u>570,376</u>	<u>1,616,632</u>	<u>2,377,878</u>	<u>(135,722)</u>	<u>5,033,279</u>
SEGMENT (LOSS)/PROFIT	<u>(985,547)</u>	<u>(324,136)</u>	<u>(573,981)</u>	<u>(2,218,943)</u>	<u>4,342</u>	<u>(4,098,265)</u>
Unallocated expenses						(109,114)
Unallocated net exchange loss						(268,987)
Unallocated net fair value loss on financial assets at FVTPL						(111,597)
Fair value gain on convertible note						12,915
Share of results of associates						2,826
Bank interest income						48,672
Finance costs						(471,752)
Equity-settled share-based payment expenses						<u>(12,211)</u>
Loss before taxation						<u>(5,007,513)</u>

For the year ended 31 December 2021

	Real estate agency services in the primary market <i>RMB'000</i>	Real estate data and consulting services <i>RMB'000</i>	Real estate brokerage network services <i>RMB'000</i>	Digital Marketing services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue						
External sales	1,989,121	916,682	2,517,033	3,443,151	–	8,865,987
Inter-segment sales	<u>68,209</u>	<u>35,689</u>	<u>145,541</u>	<u>16,292</u>	<u>(265,731)</u>	<u>–</u>
Total	<u><u>2,057,330</u></u>	<u><u>952,371</u></u>	<u><u>2,662,574</u></u>	<u><u>3,459,443</u></u>	<u><u>(265,731)</u></u>	<u><u>8,865,987</u></u>
SEGMENT (LOSS)/PROFIT	<u>(6,371,180)</u>	<u>(1,955,196)</u>	<u>(635,021)</u>	<u>(2,057,922)</u>	<u>3,219</u>	<u>(11,016,100)</u>
Unallocated expenses						(125,729)
Unallocated net exchange gain						4,516
Unallocated net fair value loss on financial assets at FVTPL						(332,433)
Fair value gain on convertible note						109,730
Share of results of associates						(33,039)
Bank interest income						42,407
Finance costs						(538,800)
Equity-settled share-based payment expenses						<u>(14,309)</u>
Loss before taxation						<u><u>(11,903,757)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the loss incurred and profit earned by each segment without allocation of unallocated expenses, unallocated net exchange (loss)/gain, unallocated net fair value loss on financial assets at FVTPL, fair value gain on convertible note, share of results of associates, interest income, finance costs and equity-settled share-based payment expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

For the year ended 31 December 2022

	Real estate agency services in the primary market <i>RMB'000</i>	Real estate data and consulting services <i>RMB'000</i>	Real estate brokerage network services <i>RMB'000</i>	Digital Marketing services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment loss:						
Depreciation and amortisation	24,108	64,464	5,257	143,877	299,815	537,521
Net loss allowance on financial assets subject to ECL recognised	351,429	76,065	310,906	257,559	–	995,959
Impairment losses recognised on non-current assets	–	–	–	1,034,791	–	1,034,791
Gain on disposal of subsidiaries	(14,560)	–	–	–	–	(14,560)
Net (gain)/loss on disposal of property and equipment	(715)	32	21	203	–	(459)
Net (gain)/loss on disposal of investment properties	(727)	–	–	(2,578)	–	(3,305)

For the year ended 31 December 2021

	Real estate agency services in the primary market <i>RMB'000</i>	Real estate data and consulting services <i>RMB'000</i>	Real estate brokerage network services <i>RMB'000</i>	Digital Marketing services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment loss:						
Depreciation and amortisation	50,710	37,638	6,667	212,766	127,566	435,347
Net loss allowance on financial assets subject to ECL recognised	5,869,688	1,969,806	402,939	721,285	–	8,963,718
Impairment losses recognised on non-current assets	–	46,915	–	811,619	–	858,534
Net (gain)/loss on disposal of property and equipment	(2,969)	20	14	(898)	–	(3,833)
Net loss/(gain) on disposal of investment properties	1,763	–	–	(1,820)	–	(57)

Geographical information

For the year ended 31 December 2022, the Group's operations are located in the PRC (including Hong Kong) (2021: PRC (including Hong Kong)). Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (note)	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
The PRC (including Hong Kong)	<u>5,033,279</u>	<u>8,865,987</u>	<u>2,618,611</u>	<u>4,134,969</u>

Note: Non-current assets excluded amounts due from related parties, deferred tax assets, and certain other non-current assets classified as financial instruments.

Information about major customers

There is no external customer over 10% of the total revenue of the Group.

6. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank borrowings	59,626	115,435
Interest on other borrowings	327,922	341,421
Interest on lease liabilities	11,703	15,736
Effective interest expense on convertible note	<u>72,501</u>	<u>66,208</u>
	<u>471,752</u>	<u>538,800</u>

7. INCOME TAX (CREDIT)/EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PRC Enterprise Income Tax		
Current tax	40,853	94,572
Overprovision in prior years	<u>(29,733)</u>	<u>(21,942)</u>
	11,120	72,630
Withholding tax of Leju	(3,261)	(31,815)
Deferred tax (credit)/expense	<u>(46,848)</u>	<u>320,087</u>
	<u>(38,989)</u>	<u>360,902</u>

8. TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

Total comprehensive expense for the year has been arrived at after charging:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Directors' remuneration	<u>6,428</u>	<u>10,208</u>
Other staff costs:		
– Salaries, bonus and other allowances	1,662,216	2,801,794
– Retirement benefit scheme contributions	287,734	422,776
– Equity-settled share-based payment expenses	<u>10,969</u>	<u>8,443</u>
	<u>1,960,919</u>	<u>3,233,013</u>
Total staff costs	<u><u>1,967,347</u></u>	<u><u>3,243,221</u></u>
Depreciation of property and equipment	84,394	93,287
Depreciation of right-of-use assets	87,216	133,101
Depreciation of investment properties	34,869	36,223
Amortisation of intangible assets	<u>331,042</u>	<u>172,736</u>
Total depreciation and amortisation	<u><u>537,521</u></u>	<u><u>435,347</u></u>
Auditor's remuneration	12,800	9,380
Research costs recognised as an expense and included in:		
– Staff costs	96,714	87,325
– Depreciation and amortisation expenses	1,976	2,286
– Other operating costs	<u>24,031</u>	<u>33,850</u>
	<u><u>122,721</u></u>	<u><u>123,461</u></u>

9. DIVIDENDS

No dividend was proposed nor declared by the Company for the years ended 31 December 2021 and 2022.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><u>(3,896,299)</u></u>	<u><u>(11,642,687)</u></u>
	<u><u>2022</u></u> <i>'000</i>	<u><u>2021</u></u> <i>'000</i>
Number of shares:		
Weighted average number of ordinary share for the purpose of basic and diluted loss per share	<u><u>1,749,060</u></u>	<u><u>1,749,060</u></u>

For the year ended 31 December 2021 and 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

11. ACCOUNTS RECEIVABLES AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Accounts receivables and bills receivables measured at amortised cost	598,460	746,880
Less: Loss allowance for accounts receivables and bills receivables measured at amortised cost	<u>(574,871)</u>	<u>(523,241)</u>
Total accounts receivables and bills receivables measured at amortised cost	<u>23,589</u>	<u>223,639</u>

The following is an aged analysis of accounts receivables, net of loss allowance, presented based on the dates of rendering the services for the digital marketing service at the end of the reporting period, which approximated the respective revenue recognition dates:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	8,167	146,317
1 – 2 years	7,930	37,429
Over 2 years	<u>7,297</u>	<u>39,655</u>
	<u>23,394</u>	<u>223,401</u>

12. RECEIVABLES AT FVTOCI

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Receivables at FVTOCI comprise:		
– Accounts receivables	558,131	1,903,452
– Bills receivables	8,524	81,738
– Amounts due from related parties – accounts receivables	<u>129,713</u>	<u>266,306</u>
	<u>696,368</u>	<u>2,251,496</u>

Note:

As at 31 December 2022, the gross contractual amount of the account receivables, bills receivables and amounts due from related parties – accounts receivables amounted to RMB3,834,727,000, RMB1,309,653,000 and RMB1,835,454,000 (31 December 2021: RMB4,547,260,000, RMB1,391,356,000 and RMB1,971,067,000), respectively. The difference between the fair value and the gross contractual amount mainly arose from the ECL impact. Included in the fair values of the account receivables, bills receivables and amounts due from related parties – accounts receivables were with ECL amounted to RMB3,276,596,000, RMB1,301,129,000 and RMB1,705,741,000 (31 December 2021: RMB2,643,808,000, RMB1,309,618,000 and RMB1,704,761,000), respectively.

The Group allows all of its customers a credit period of 30 (2021: 30) days upon satisfaction of the terms and conditions of the relevant agreements and relevant invoices have been issued.

The following is an aged analysis of the fair value of the Group's accounts receivables at FVTOCI (including both amounts due from independent third parties and related parties), presented based on the dates of rendering the services and the dates when the sales target for higher commission was achieved for the real estate agency service in the primary market at the end of the reporting period, which approximated the respective revenue recognition dates:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	379,213	1,151,571
1 – 2 years	154,859	922,201
Over 2 years	153,772	95,986
	<u>687,844</u>	<u>2,169,758</u>

13. ACCOUNTS PAYABLES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payables	<u>994,120</u>	<u>1,193,091</u>

Accounts payables mainly represent consultancy fee payables to suppliers of the Group's real estate agency services in the primary market whereby no general credit terms are granted. For real estate brokerage network services, account payables mainly represent brokerage network intermediary fees. The balance as at 31 December 2021 and 2022 also included those outstanding payables for advertising fee, E-commerce service fee, and cultural media related expenses. The Group is obliged to settle the amounts due upon the completion of or pursuant to the terms and conditions of the relevant agreements. The following is an aged analysis of accounts payables presented based on the date of receipts of services by the Group at the end of each reporting period:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	558,508	1,140,331
1 – 2 years	435,612	52,760
	<u>994,120</u>	<u>1,193,091</u>

EVENTS AFTER THE REPORTING PERIOD

Please refer to the section headed “Notes Restructuring” under the “Business Review and Outlook” section of this announcement.

Save as disclosed in this announcement and as at the date of this announcement, there were no other significant events that might affect the Group since 31 December 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders.

During the Reporting Period, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ dealings in the securities of the Company. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code throughout the Reporting Period.

EXTRACT FROM THE AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately RMB4,968,524,000 and net cash outflow from operating activities of approximately RMB1,086,174,000 for the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities approximately RMB7,261,358,000 and approximately RMB5,027,872,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the successful completion of various debt restructuring measures; (ii) the successful disposal of investment property and (iii) the improvement of operating performance through certain measures to improve its financial position, to provide liquidity and cash flows. The consolidated financial statements do not include any adjustments that would result from the failure to complete various debt restructuring measures, the disposal of investment property and the failure to improve its financial position, to provide liquidity and cash flows. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements.

However, in view of the extent of the multiple uncertainty relating to (i) the successful completion of various debt restructuring measures; (ii) the successful disposal of investment property and (iii) the successful outcome through certain measures to improve its financial position, to provide liquidity and cash flows, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures contained in this announcement of the Group's audited consolidated annual results for the year ended 31 December 2022 have been agreed by Zhonghui Anda, to the figures set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022. The work performed by Zhonghui Anda in this respect does not constitute an assurance engagement and in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zhonghui Anda on the Preliminary Results Announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system (including risk management) of the Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Zhang Bang, Mr. Li Jin, and Mr. Wang Liqun. Mr. Zhang Bang is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

MATERIAL LITIGATION

As at 31 December 2022, the Company was not involved in any material litigation or arbitration. Nor were the Directors of the Company aware of any material litigation or claims that were pending or threatened against the Company.

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2022 (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's annual general meeting will be held on Friday, 16 June 2023. The register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar 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 not later than 4:30 p.m. on Monday, 12 June 2023.

USE OF PROCEEDS

1. Use of Proceeds from Subscription

On 31 July 2020, the Company entered into the Share Subscription Agreement with Taobao China Holding Limited ("**Taobao China**"), pursuant to which Taobao China conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, a total of 118,300,000 subscription shares at the subscription price of HK\$7.00 per subscription share for a total subscription amount of HK\$828,100,000.

The gross proceeds from the subscription amount to HK\$828,100,000. As at 31 December 2022, the Group had used HK\$777.0 million for general corporate purposes. The Company intends to apply the net proceeds for the subscription (after deduction of legal, professional and other costs and expenses associated with the subscription) towards the Group's general working capital and to expand its existing businesses, or for other purposes considered appropriate by the Directors from time to time. For the avoidance of doubt, the proceeds may not be used to pre-pay any debt, borrowings or indebtedness of the Group with a principal amount of more than RMB10 million.

The Company expects to fully utilise all the proceeds within one year.

For further details, please refer to the announcement of the Company dated 31 July 2020.

2. Use of Proceeds from Issuance of Convertible Note

On 31 July 2020, the Company entered into a subscription agreement with Alibaba.com Hong Kong Limited (the "**Alibaba Noteholder**"), pursuant to which the Alibaba Noteholder conditionally agreed to subscribe for the convertible note in the principal amount of HK\$1,031,900,000.

The gross proceeds from the note issuance amount to HK\$1,031,900,000. As at 31 December 2022, the Group had used HK\$1,005.6 million for general corporate purposes. The Company intends to apply the net proceeds for the note issuance (after deduction of legal, professional and other costs and expenses associated with the note issuance) towards the Group's general working capital and to expand its existing businesses, or for other purposes considered appropriate by the Directors from time to time. For the avoidance of doubt, the proceeds may not be used to pre-pay any debt, borrowings or indebtedness of the Group with a principal amount of more than RMB10 million.

The Company expects to fully utilise all the proceeds within one year.

For further details, please refer to the announcement of the Company dated 31 July 2020.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This audited annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ehousechina.com. The annual report of the Group for the year ended 31 December 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
E-House (China) Enterprise Holdings Limited
Zhou Xin
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhou Xin as Chairman and executive Director, Mr. Huang Canhao, Dr. Cheng Li-Lan and Dr. Ding Zuyu as executive Directors, Ms. Jiang Shanshan, Mr. Yang Yong, Ms. Xie Mei and Mr. Lv Peimei as non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin as independent non-executive Directors.