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易居企业集团

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of E-House (China) Enterprise Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and consolidated affiliated entities (collectively, the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**"). These interim results have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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).

INTERIM RESULTS HIGHLIGHTS

- Total revenue amounted to RMB2,299.5 million for the six months ended 30 June 2023.

- The total gross transaction value ("**GTV**") of real estate agency services was RMB14.9 billion for the six months ended 30 June 2023.

- The total GTV of real estate brokerage network services amounted to RMB28.3 billion for the six months ended 30 June 2023.

- Loss for the period amounted to RMB864.0 million, and total comprehensive expense for the period amounted to RMB863.0 million for the six months ended 30 June 2023.

BUSINESS REVIEW AND OUTLOOK

In the first half of 2023, the PRC government issued a series of measures to encourage real estate purchase, including lowering the required down payment and mortgage interest rates and reduction in transaction related taxes. However, the real estate industry in China remained in a depressed state due to poor buyer sentiment and slower economic growth. This had led to many leading developers reporting sharp decreases in sales volume for the first half of 2023 compared to the same period of 2022. Many of them continued to face serious liquidity constraints. The Group's operations were negatively affected by this continued and unprecedented industry downturn, resulting in a 5.7% year-on-year decrease in total sales revenue. Revenues from real estate agency services in the primary market decreased by 64.9%, revenues from real estate data and consulting services decreased by 25.1%, revenues from real estate brokerage network services increased by 15.9% and revenues from digital marketing services increased by 5.9%.

Amid this challenging environment, the Group continued to focus on cost reduction and cash flow, and achieved a 53% year-on-year reduction in total net loss and an 89% year-on-year decrease in net cash used in operating activities.

The Company worked closely with its creditors and advisors on the restructuring of its offshore debt and made substantial progress during the first half of 2023. The new restructuring plan has won the support of more than 82% of the creditors. The Company will continue to work tirelessly toward a successful and timely completion of the debt restructuring to provide a solid footing for the Group's future development.

Looking ahead at the second half of 2023, the Group expects China's macroeconomic conditions and real estate industry outlook to remain challenging. Although the PRC government has announced a series of measures aimed at stimulating the economy and encouraging real estate purchases and is expected to announce more positive measures, the timing and extent of a recovery of the real estate market sentiment and transaction activities remain uncertain. The Group expects to continue to face a difficult operating environment. Given this, the Group will remain focused on cost control and cash flow to maintain sustainable operation. With effective cost control and the eventual successful debt restructuring, the Group believes it is well positioned to take advantage of the market recovery when it occurs.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	For the six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*5*	**2,299,491**	2,438,755
Staff costs		**(622,217)**	(1,109,084)
Advertising and promotion expenses		**(1,003,296)**	(1,121,142)
Rental expenses for short-term leases, low-value assets leases and variable leases		**(20,541)**	(60,409)
Depreciation and amortisation expenses		**(146,401)**	(274,569)
Loss allowance on financial assets subject to expected credit loss ("**ECL**"), net of reversal	*14*	**(33,126)**	(428,457)
Consultancy expenses		**(82,205)**	(96,597)
Distribution expenses		**(749,669)**	(654,900)
Other operating costs		**(182,024)**	(180,693)
Other income	*7*	**39,939**	77,079
Other gains and losses		**(153,478)**	(173,786)
Other expenses		**(4,565)**	(1,406)
Share of results of associates		**180**	(1,651)
Finance costs		**(234,306)**	(242,485)
Loss before taxation		**(892,218)**	(1,829,345)
Income tax credit/(expense)	*8*	**28,174**	(8,958)
Loss for the period	*9*	**(864,044)**	(1,838,303)
Other comprehensive income/(expense) for the period			
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on receivables measured at fair value through other comprehensive income ("**FVTOCI**")		**211**	(203,334)
Net changes in ECL of receivables measured at FVTOCI		**(211)**	203,334
Exchange differences arising on translation of foreign operations		**1,070**	5,910
Other comprehensive income for the period, net of income tax		**1,070**	5,910
Total comprehensive expense for the period		**(862,974)**	(1,832,393)

	Notes	For the six months ended 30 June **2023** ***RMB'000*** **(unaudited)**	 2022 *RMB'000* (unaudited)
Loss for the period attributable to:			
– Owners of the Company		**(725,885)**	(1,428,653)
– Non-controlling interests		**(138,159)**	(409,650)
		(864,044)	(1,838,303)
Total comprehensive expense for the period			
– Owners of the Company		**(725,134)**	(1,422,743)
– Non-controlling interests		**(137,840)**	(409,650)
		(862,974)	(1,832,393)
Loss per share	*11*		
– Basic (RMB cents)		**(41.50)**	(81.68)
– Diluted (RMB cents)		**(41.50)**	(81.68)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	Notes	**30 June 2023** *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Non-current assets			
Property and equipment		**999,161**	1,040,388
Right-of-use assets		**203,555**	299,622
Investment properties		**590,419**	607,904
Intangible assets		**498,180**	552,954
Interests in associates		**69,324**	69,144
Amounts due from related parties		**50**	422
Deferred tax assets		**393,193**	392,911
Other non-current assets		**67,684**	71,558
		2,821,566	3,034,903
Current assets			
Accounts receivables and bills receivables	*12*	**20,968**	23,589
Other receivables		**373,240**	512,143
Amounts due from related parties		**90,429**	28,845
Receivables at FVTOCI	*13*		
– accounts receivables and bills receivables		**310,691**	566,655
– amounts due from related parties – accounts receivables		**128,766**	129,713
Financial assets at fair value through profit or loss ("**FVTPL**")		**69,592**	79,833
Restricted bank balances		**158,092**	228,689
Cash and cash equivalents		**1,021,256**	1,246,583
		2,173,034	2,816,050
Current liabilities			
Accounts payables	*15*	**929,757**	994,120
Advance from customers		**425,703**	571,976
Accrued payroll and welfare expenses		**245,310**	284,001
Other payables		**1,181,977**	1,001,327
Contract liabilities		**182,688**	130,256
Tax payables		**1,311,872**	1,331,222
Amounts due to related parties		**299,428**	287,216
Bank borrowings		**328,592**	372,569
Other borrowings		**4,321,634**	4,156,665
Convertible note		**928,584**	870,833
Dividend payable		**21,841**	–
Lease liabilities		**45,103**	77,223
		10,222,489	10,077,408

	Notes	**30 June 2023** *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Net current liabilities		**(8,049,455)**	(7,261,358)
Total assets less current liabilities		**(5,227,889)**	(4,226,455)
Non-current liabilities			
Deferred tax liabilities		**122,461**	138,520
Bank borrowings		**445,642**	485,947
Lease liabilities		**111,557**	176,950
		679,660	801,417
NET LIABILITIES		**(5,907,549)**	(5,027,872)
EQUITY			
Share capital		**116**	116
Share premium		**6,148,273**	6,148,273
Reserves		**(12,092,703)**	(11,367,569)
Equity attributable to owners of the Company		**(5,944,314)**	(5,219,180)
Non-controlling interests		**36,765**	191,308
TOTAL EQUITY		**(5,907,549)**	(5,027,872)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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, Ugland 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 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 condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

Going concern basis

The Group incurred a loss of approximately RMB864,044,000 and net cash outflow from operating activities of approximately RMB82,313,000 for the six months ended 30 June 2023 and, as of that date, the Group had net current liabilities and net liabilities approximately RMB8,049,455,000 and approximately RMB5,907,549,000, 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 realise 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; and

(iii) The Group is implementing cost-saving measures to improve its operating cash flows and financial position.

The management of the Company are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the 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 liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. 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 condensed consolidated financial statements and amounts reported for the current period and prior periods.

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. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and further periods. The following is the management's latest estimation uncertainty in this interim period.

Loss allowance for ECL on accounts receivables, bills receivables and amounts due from related parties – accounts receivables (including those carried at amortised cost and FVTOCI) ("Trade Related Balances")

Trade Related Balances with good credit rating (strategic type customers), high credit risk (normal risk type customers – credit-impaired or high risk type customers) or debtors with significant outstanding balances are assessed for ECL individually, and the remaining (normal risk type customers – not credit-impaired) is estimated collectively using the provision matrix, based on historical settlement pattern, past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The assessment of the credit risk of the Trade Related Balances involves high degree of estimation and uncertainty. When the actual future cash flows are more than expected, a material reversal of loss allowance for ECL may arise. However, when the actual future cash flows are less than expected, a material impairment loss for ECL may arise, the credit risk of the customer might be assessed as credit-impaired, and it might further affect the revenue recognition and/or measurement, resulting in a material reduction to the amount of revenue.

During the current interim period, the Group identified a significant amount of Trade Related Balances due from certain property developer customer had become overdue. Based on the facts and circumstances currently available, the credit risk of certain property developer customer is assessed to be increased significantly at the end of reporting period.

Although the credit risk of certain property developer customer as at 30 June 2023 has been assessed as increased significantly and a significant amount of ECL has been recognised in the current interim period, in the near future, if any one or more events arisen from certain property developer customer that might have a detrimental impact on the estimated future cash flows of the Trade Related Balances will have occurred, its respective outstanding Trade Related Balances might then result in a significant amount of additional ECL to be recognised in profit or loss at that time. In addition, if the Group continues providing future services to certain property developer customer, a material uncertainty might arise in assessing the Group's probability to collect the consideration, it might also affect the revenue recognition and/or measurement.

The Group, with the engagement of a firm of independent professional valuers, performed ongoing assessment on the ECL at the end of each reporting period or upon a significant change in the circumstances affecting the credit quality of its customers.

As at 30 June 2023, based on the valuation result prepared by the firm of independent professional valuers, the fair value of the Group's receivables at FVTOCI amounted to RMB439,457,000, which included with ECL amounting to RMB6,283,257,000 (31 December 2022: RMB696,368,000, which included with ECL amounting to RMB6,283,466,000) as disclosed in note 15 and the carrying amount of the Group's accounts receivables, bill receivables and amounts due from related parties – accounts receivables carried at amortised cost amounted to RMB21,335,000, net of loss allowance for ECL amounted to RMB773,979,000 (31 December 2022: RMB25,387,000, net of loss allowance for ECL amounted to RMB744,043,000), to these condensed consolidated financial statements.

5. 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:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Real estate agency services in the primary market, recognised at a point in time	**128,741**	367,205
Real estate data and consulting services		
– consulting services, recognised at a point in time	**157,303**	205,600
– data services, recognised over time	**64,740**	90,697
	222,043	296,297
Real estate brokerage network services		
– distribution business in the primary market, recognised at a point in time	**792,382**	678,593
– other services, recognised at a point in time	**6,171**	10,366
	798,553	688,959
Digital marketing services		
– e-commerce, recognised at a point in time	**925,024**	845,681
– online advertising services, recognised over time on a gross basis	**225,130**	238,912
– online advertising services, recognised over time on a net basis	**–**	1,627
– listing services, recognised over time	**–**	74
	1,150,154	1,086,294
	2,299,491	2,438,755

6. SEGMENT INFORMATION

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

Six months ended 30 June 2023 (unaudited)

	Real estate agency services in the primary market *RMB'000*	**Real estate data and consulting services** *RMB'000*	**Real estate brokerage network services** *RMB'000*	**Digital marketing services** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Revenue						
External sales	**128,741**	**222,043**	**798,553**	**1,150,154**	**–**	**2,299,491**
Inter-segment sales	**95,191**	**7,237**	**1,222**	**7**	**(103,657)**	**–**
Total	**223,932**	**229,280**	**799,775**	**1,150,161**	**(103,657)**	**2,299,491**
SEGMENT LOSS	**(38,430)**	**(23,072)**	**(82,996)**	**(232,832)**	**–**	**(377,330)**
Unallocated expenses						**(118,869)**
Unallocated net exchange loss						**(151,064)**
Unallocated net fair value loss on financial assets at FVTPL						**(10,241)**
Share of results of associates						**180**
Bank interest income						**5,760**
Finance costs						**(234,306)**
Equity-settled share-based payment expenses						**(6,348)**
Loss before taxation						**(892,218)**

Six months ended 30 June 2022 (unaudited)

	Real estate agency services in the primary market *RMB'000*	Real estate data and consulting services *RMB'000*	Real estate brokerage network services *RMB'000*	Digital Marketing services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue						
External sales	367,205	296,297	688,959	1,086,294	–	2,438,755
Inter-segment sales	3,372	3,714	24,932	2,854	(34,872)	–
Total	370,577	300,011	713,891	1,089,148	(34,872)	2,438,755
SEGMENT LOSS	(183,023)	(68,262)	(253,486)	(686,081)	–	(1,190,852)
Unallocated expenses						(213,502)
Unallocated net exchange loss						(151,362)
Unallocated net fair value loss on financial assets at FVTPL						(42,555)
Share of results of associates						(1,651)
Bank interest income						19,049
Finance costs						(242,485)
Equity-settled share-based payment expenses						(5,987)
Loss before taxation						(1,829,345)

The accounting policies of the operating segments are the same as the Group's accounting policies as those presented in the Group's annual financial statements for the year ended 31 December 2022. Segment loss represents the loss incurred and profit earned by each segment without allocation of unallocated expenses, unallocated net exchange loss, unallocated net fair value loss on financial assets at FVTPL, share of results of associates, bank interest income, finance costs and equity-settled share-based payment expenses. This is the measure reported to the chief operating decision maker (the "CODM") for the purpose of resource allocation and performance assessment.

No segment assets and liabilities information is provided as no such information is regularly provided to the CODM of the Group on making decision for resources allocation and performance assessment.

Seasonality of operations

The Group experiences higher revenue from the real estate agency services in the primary market in the second half of the financial year due to property developers' marketing and promotion campaign are more focused in the second half of the year. As a result, revenue from real estate agency services in the primary market is usually lower during the first half of the financial year. The Group incorporates the effect of seasonality in its sales plan by fully cooperating with real estate developers to formulate corresponding marketing plans and preparing sufficient marketing resources in the second half of the financial year.

7. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank and other interest income	**5,760**	39,973
Government grants *(note)*	**14,058**	30,496
Rental income	**13,996**	5,843
Others	**6,125**	767
	39,939	77,079

Note:

The amount represents government grants received from various PRC government authorities in connection with the enterprise development support, fiscal subsidy and various tax incentives, which had no conditions imposed by the respective PRC government authorities.

8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax		
Current tax	**2,131**	21,258
Overprovision in prior years	**(13,964)**	(25,257)
	(11,833)	(3,999)
Deferred tax (credit)/expense	**(16,341)**	12,957
	(28,174)	8,958

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property and equipment	**44,152**	46,527
Depreciation of right-of-use assets	**27,530**	44,715
Depreciation of investment properties	**17,485**	17,576
Amortisation of intangible assets	**57,234**	165,751
Total depreciation and amortisation	**146,401**	274,569
Amounts included in other gains and losses		
Net fair value loss on financial assets at FVTPL	**10,241**	42,349
Fair value gain on other financial liabilities at FVTPL	**(1,601)**	(4,128)
Loss on disposal of subsidiaries	**2,317**	–
Gain on de-registration and disposal of interests in associates	**–**	(6,422)
Net exchange loss	**147,402**	146,958
Net loss on disposal of property and equipment	**462**	66
Net gain on disposal of investment properties	**–**	(2,245)
Net gain on termination of right-of-use assets and lease liabilities	**(5,343)**	(2,792)
	153,478	173,786

10. DIVIDENDS

The directors of the Company have determined that no dividend will be declared in respect of the six months ended 30 June 2023 and 2022.

11. 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:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(725,885)**	(1,428,653)

	Six months ended 30 June	
	2023	2022
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,749,060**	1,749,060

For the six months ended 30 June 2023 and 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

12. ACCOUNTS RECEIVABLES AND BILLS RECEIVABLES

	At 30 June 2023 *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Accounts receivables and bills receivables measured at amortised cost	**573,819**	598,460
Less: Loss allowance for accounts receivables and bills receivables measured at amortised cost	**(552,851)**	(574,871)
Total accounts receivables and bills receivables measured at amortised cost	**20,968**	23,589

The Group allows all of its customers a credit period of 90 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 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:

	At 30 June 2023 *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Within 1 year	**6,870**	8,167
1 – 2 years	**2,443**	7,930
Over 2 years	**11,590**	7,297
	20,903	23,394

The following is a maturity analysis of bills receivables, net of loss allowance, presented based on the remaining dates to maturity of bills receivables at the end of the reporting period.

	At 30 June 2023 *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Within 180 days	**65**	195

13. RECEIVABLES AT FVTOCI

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Receivables at FVTOCI comprise:		
– Accounts receivables	**304,877**	558,131
– Bills receivables	**5,814**	8,524
– Amounts due from related parties – accounts receivables	**128,766**	129,713
	439,457	696,368

Note:

As at 30 June 2023, the gross contractual amount of account receivables, bills receivables and amounts due from related parties – accounts receivables amounted to RMB3,578,877,000, RMB1,309,194,000 and RMB1,834,643,000 (31 December 2022: RMB3,834,727,000, RMB1,309,653,000 and RMB1,835,454,000), 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 RMB3,274,000,000, RMB1,303,380,000 and RMB1,705,877,000 (31 December 2022: RMB3,276,596,000, RMB1,301,129,000 and RMB1,705,741,000), respectively.

The Group allows all of its customers a credit period of 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 or 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:

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Within 1 year	**202,817**	379,213
1 – 2 years	**116,620**	154,859
Over 2 years	**114,206**	153,772
	433,643	687,844

The following is a maturity analysis of the fair value of the Group's bills receivables at FVTOCI (including both independent third parties and related parties) presented based on the remaining dates to maturity of bills receivables at the end of the reporting period.

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Within 180 days	**5,814**	8,524

14. LOSS ALLOWANCE ON FINANCIAL ASSETS SUBJECT TO ECL

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Provision/(reversal) for loss allowance on:		
Receivables at FVTOCI	**(211)**	203,334
Accounts receivables and bills receivables	**(16,999)**	107,054
Amounts due from related parties of trade nature	**(3,892)**	723
Amounts due from related parties of non-trade nature	**(278)**	117
Contract assets	**–**	(530)
Other receivables and other non-current assets	**54,506**	117,759
Total loss allowance on financial assets subject to ECL, net of reversal	**33,126**	428,457

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

15. ACCOUNTS PAYABLES

	At 30 June	At 31 December
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Accounts payables	**929,757**	994,120

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:

	At 30 June	At 31 December
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 year	**456,387**	558,508
1 – 2 years	**473,370**	435,612
	929,757	994,120

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue decreased by 5.7% from RMB2,438.8 million for the six months ended 30 June 2022 to RMB2,299.5 million for the six months ended 30 June 2023. The decrease was primarily due to the decrease of revenue derived from real estate agency services in the primary market.

Revenue derived from real estate agency services in the primary market decreased by 64.9% from RMB367.2 million for the six months ended 30 June 2022 to RMB128.7 million for the six months ended 30 June 2023, primarily due to the decline of GTV caused by the disposal of a subsidiary in March 2022.

Revenue derived from real estate data and consulting services decreased by 25.1% from RMB296.3 million for the six months ended 30 June 2022 to RMB222.0 million for the six months ended 30 June 2023, primarily due to a decrease in revenue from our rating and ranking services and data services.

Revenue derived from real estate brokerage network services increased by 15.9% from RMB689.0 million for the six months ended 30 June 2022 to RMB798.6 million for the six months ended 30 June 2023. This increase was primarily due to both the increase of GTV and commission rate.

Revenue derived from digital marketing services increased by 5.9% from RMB1,086.3 million for the six months ended 30 June 2022 to RMB1,150.2 million for the six months ended 30 June 2023, primarily due to the increase of revenue from the information service platform of Tmall Haofang.

Staff costs

Our staff costs decreased by 43.9% from RMB1,109.1 million for the six months ended 30 June 2022 to RMB622.2 million for the six months ended 30 June 2023. Staff costs as a percentage of our revenue decreased from 45.5% for the six months ended 30 June 2022 to 27.1% for the six months ended 30 June 2023, primarily due to improved operational efficiency.

Advertising and promotion expenses

Our advertising and promotion expenses decreased by 10.5% from RMB1,121.1 million for the six months ended 30 June 2022 to RMB1,003.3 million for the six months ended 30 June 2023. 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 was primarily due to company's reduction of cost.

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 RMB20.5 million for the six months ended 30 June 2023 compared to RMB60.4 million for the six months ended 30 June 2022. The decrease was primarily due to the decrease of rental area relating to short-term leases.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses decreased by 46.7% from RMB274.6 million for the six months ended 30 June 2022 to RMB146.4 million for the six months ended 30 June 2023, primarily due to decrease in amortization of intangible assets arising from acquisition.

Loss allowance on financial assets subject to ECL, net of reversal

Our loss allowance on financial assets subject to ECL, net of reversal decreased by 92.3% from RMB428.5 million for the six months ended 30 June 2022 to RMB33.1 million for the six months ended 30 June 2023, primarily due to the decrease in accounts receivables and bills receivables.

Consultancy expenses

Our consultancy expenses decreased by 14.9% from RMB96.6 million for the six months ended 30 June 2022 to RMB82.2 million for the six months ended 30 June 2023, primarily due to the decrease in project consultation in line with the decrease in our revenue.

Distribution expenses

Our distribution expenses increased by 14.5% from RMB654.9 million for the six months ended 30 June 2022 to RMB749.7 million for the six months ended 30 June 2023, primarily due to the increase in revenue derived from real estate brokerage network services.

Other operating costs

Our other operating costs increased by 0.7% from RMB180.7 million for the six months ended 30 June 2022 to RMB182.0 million for the six months ended 30 June 2023, primarily due to the increase of travel expense.

Other income

Our other income decreased from RMB77.1 million for the six months ended 30 June 2022 to RMB39.9 million for the six months ended 30 June 2023, primarily due to the decrease in bank and other interest income.

Other gains and losses

We recorded net other losses of RMB173.8 million for the six months ended 30 June 2022 and net other losses of RMB153.5 million for the six months ended 30 June 2023. Our net other losses for the six months ended 30 June 2022 and 2023 were primarily attributable to the foreign exchange losses.

Other expenses

Our other expenses increased from RMB1.4 million for the six months ended 30 June 2022 to RMB4.6 million for the six months ended 30 June 2023 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 RMB1.7 million for the six months ended 30 June 2022 and share of profits of associates of RMB0.2 million for the six months ended 30 June 2023. The share of profits for the six months ended 30 June 2023 was primarily attributable to a company provided boutique financial service.

Finance costs

Our finance costs decreased by 3.4% from RMB242.5 million for the six months ended 30 June 2022 to RMB234.3 million for the six months ended 30 June 2023, primarily due to the decrease in the weighted average balances of interest bearing loans.

Income tax credit/(expense)

Our income tax credit was RMB28.2 million for the six months ended 30 June 2023 compared to income tax expense RMB9.0 million for the six months ended 30 June 2022, primarily due to the loss before taxation.

Loss for the period

As a result of the foregoing, our loss for the period amounted to RMB864.0 million for the six months ended 30 June 2023, compared to loss for the period of RMB1,838.3 million for the six months ended 30 June 2022.

Total comprehensive expense for the period

As a result of the foregoing, our total comprehensive expense for the period amounted to RMB863.0 million for the six months ended 30 June 2023, compared to total comprehensive expense for the period of RMB1,832.4 million for the six months ended 30 June 2022.

Non-IFRS Measures

To supplement our condensed consolidated financial information which are 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 condensed 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 amortisation expenses, loss allowance on financial assets subject to ECL, net of reversal, loss on derecognition of financial assets measured at amortised cost (RMB0 for the Reporting Period), loss on derecognition of receivables at FVTOCI (RMB0 for the Reporting Period), consultancy expenses, distribution expenses, and other operating costs. We define operating loss margin as operating loss divided by revenue for the period.

Our operating loss amounted to RMB540.0 million for the six months ended 30 June 2023 compared to an operating loss of RMB1,487.1 million for the six months ended 30 June 2022. Our operating loss margin was 23.5% for the six months ended 30 June 2023, as compared to our operating loss margin of 61.0% for the six months ended 30 June 2022, primarily due to the decrease of operating loss. 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 six months ended 30 June 2023 was RMB511.5 million, as compared with EBITDA loss of RMB1,312.3 million for the six months ended 30 June 2022. 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.

Liquidity and Financial Resources

During the six months ended 30 June 2023, we have funded our cash requirements principally from cash generated from our operations and external borrowings. We had cash and cash equivalents of RMB1,246.6 million and RMB1,021.3 million as of 31 December 2022 and 30 June 2023, respectively. We generally deposit our excess cash in interest bearing bank accounts and current accounts.

During the six months ended 30 June 2023, 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 and other funds raised from the capital markets from time to time.

Capital Expenditure

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Purchase of and deposits placed for property and equipment	**9,837**	15,384
Total	**9,837**	15,384

Our capital expenditures are 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 30 June 2023, we had not entered into any off-balance sheet transactions.

Gearing Ratio

As at 30 June 2023, 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 Reporting Period, was 120.6% as compared with 100.6% as of 31 December 2022. The increase was primarily due to the decrease of total assets.

Significant Investments Held

As at 30 June 2023, 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 30 June 2023).

Future Plans for Material Investments and Capital Assets

As of 30 June 2023, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

Save as disclosed in this announcement, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period.

Employee and Remuneration Policy

As at 30 June 2023, we had 3,902 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 six months ended 30 June 2023 were RMB622.2 million, representing a year-on-year decrease of 43.9%.

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 30 June 2023, the Group's bank borrowings of RMB774.2 million was secured by Wanju Property (carrying amount of RMB561.8 million), Tangchao Grand Hotel (carrying amount of RMB503.1 million) and 2 units in Hangzhou PingLan business center (carrying amount of RMB16.9 million).

Contingent Liabilities

As at 30 June 2023, we did not have any material contingent liabilities (as at 30 June 2022: nil).

Updates on the Restructuring and Events after the Reporting Period

In order to restructure the Company's debt obligations (the "**Restructuring**"), including the senior notes due 2022 and 2023 (the "**Old Notes**") and the HK$1,031,900,000 2.0% convertible note due 4 November 2023 (the "**Convertible Note**") issued by the Company on 4 November 2020 to Alibaba.com Hong Kong Limited (the "**CB Holder**"), the Company (i) entered into a restructuring support agreement with the CB Holder (the "**CB RSA**") and (ii) entered into and launched an invitation to holders of the Old Notes accede to a separate restructuring support agreement (the "**RSA**", and together with the CB RSA, the "**Restructuring Support Agreements**"), in each case, setting forth the terms of the Restructuring. Under each of the Restructuring Support Agreements, the parties agree to vote in favour of (i) a scheme of arrangement to be effected pursuant to section 86 of the Cayman Companies Law (the "**Cayman Scheme**") and (ii) a scheme of arrangement to be effected pursuant to sections 673 and 674 of the Companies Ordinance (the "**Hong Kong Scheme**", and together with the Cayman Scheme, the "**New Schemes**"). As at 31 July 2023, the New Schemes received the support from approximately 82.04% of the scheme creditors. On 31 July 2023, the Company filed a petition with the Cayman Court to commence the Cayman Scheme and a summons for directions with High Court of Hong Kong to commence the Hong Kong Scheme.

In order to fund the cash consideration under the Restructuring, the Company proposes to issue 2,098,871,436 rights Shares by way of a rights issue, on the basis of twelve (12) rights Shares for every ten (10) Shares held by the qualifying Shareholders on the record date at the subscription price of HK$0.23 per rights Share to raise approximately HK$483 million before expenses (assuming no new issue or repurchase of Shares on or before the record date).

In addition, in relation to the Restructuring, (i) the Company, Alibaba Investment Limited and TM Home Limited ("**TM Home**") entered into a share subscription agreement dated 2 April 2023 pursuant to which the Company agreed to subscribe for certain shares of TM Home (the "**TM Home Share Issuance**"), (ii) TM Home, Shanghai TM Home E-Commence Limited (上海天貓好房電子商務有限公司) and Zhejiang Tmall Network Co., Ltd. (浙江天貓網絡有限公司) entered into the new business transition agreement dated 2 April 2023, in relation to the business operation of TM Home. Such transactions were approved by the independent Shareholders at the extraordinary general meeting of the Company on 27 July 2023. Since all the conditions to the first TM Home Share issuance were satisfied, the first TM Home Share Issuance took place on 15 August 2023, as a result of which TM Home is currently owned by the Company and Alibaba Investment Limited as to approximately 89.207% and 10.793%.

For further details regarding the Restructuring and transactions entered into by the Company in relation thereto and the Listing Rules and Takeovers Code implications thereof, please refer to the announcements/circulars 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, 3 February 2023, 3 April 2023, 1 May 2023, 22 May 2023, 31 May 2023, 11 June 2023, 18 June 2023, 19 June 2023, 2 July 2023, 6 July 2023, 10 July 2023, 18 July 2023, 26 July 2023 and 17 August 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 had adopted and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to 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 had strictly complied with the required standards set out in the Model Code throughout the Reporting Period.

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 unaudited interim results of the Group for the six months ended 30 June 2023 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

Save as disclosed in the section headed "Updates on the Restructuring and Events after 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 during the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2023.

USE OF PROCEEDS BROUGHT FORWARD FROM PREVIOUS FINANCIAL YEARS

1. Use of Proceeds from Subscription

On 31 July 2020, the Company entered into a 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. During the Reporting Period, the Group had used the remaining HK$51,100,000 for general corporate purposes and as at 30 June 2023, the gross proceeds from the subscription had been fully utilized.

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. During the Reporting Period, the Group had used the remaining HK$26,300,000 for general corporate purposes and as at 30 June 2023, the gross proceeds from the subscription had been fully utilized.

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

EXTRACT FROM THE AUDITOR'S INDEPENDENT REVIEW REPORT

The following is an extract of the independent review report of the Company's auditor, Zhonghui Anda CPA Limited, on the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023.

"BASIS FOR DISCLAIMER OF CONCLUSION

As discussed in note 2 to the interim financial information concerning the adoption of the going concern basis on which the interim financial information have been prepared, the Group incurred a loss of approximately RMB864,044,000 and net cash outflow from operating activities of approximately RMB82,313,000 for the six months ended 30 June 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB8,049,455,000 and approximately RMB5,907,549,000, respectively.

These conditions indicate the existence of multiple uncertainties that cast a significant doubt on the Group's ability to continue as a going concern. The directors of the Company are undertaking certain measures to improve the Group's liquidity and financial position which are set out in note 2 to the interim financial information. The interim financial information 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 that certain measures to improve its financial position, to provide liquidity and cash flows. We were unable to obtain sufficient appropriate evidence as to the likelihood, or otherwise, of these measures being successful. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effects thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate and the related disclosures are sufficient. If the Group had prepared the interim financial information on an alternative basis, significant adjustments to the amounts and presentation of financial statement items may have been required.

DISCLAIMER OF CONCLUSION

We do not express a conclusion on the interim financial information of the Group. Because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on the interim financial information."

The aforesaid note 2 to the interim financial information in the extract from the independent review report is disclosed as note 2 to the notes to the interim financial information in this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ehousechina.com. The interim report of the Group for the six months ended 30 June 2023 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 August 2023

As at the date of this announcement, the Board 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 and Mr. Song Jiajun as non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin as independent non-executive Directors.