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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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 and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (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

	Year ended 31 December		Year-on-year
	2018	2017	change
	RMB'000	*RMB'000*	*(%)*
Revenue	**5,948,172**	4,633,360	28.4
Operating profit[1]	**1,414,307**	959,979	47.3
Profit and total comprehensive income for the year	**1,081,653**	765,306	41.3
Core net profit attributable to owners of the Company[2]	**1,144,590**	702,045	63.0
Earnings per Share			
– Basic (RMB cents)	**80.51**	70.40	14.4
– Diluted (RMB cents)	**76.68**	N/A	N/A

(1) We define our operating profit as revenue net of operating costs, which consist of staff costs,advertising and promotion expenses, operating lease charges in respect of office premises,depreciation and amortisation expenses, loss allowance on financial assets measured at amortised cost, consultancy expenses, distribution expenses, and other operating costs.

(2) We define core net profit attributable to owners of the Company as (i) profit and total comprehensive income 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, Reorganisation and Corporate Structure – Our Corporate Reorganisation – Reorganisation 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.

The Board recommended payment of a final dividend of HK$22.67 cents per share for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**5,948,172**	4,633,360
Staff costs		**(2,993,818)**	(2,623,332)
Advertising and promotion expenses		**(310,360)**	(236,053)
Operating lease charges in respect of office premises		**(118,923)**	(105,571)
Depreciation and amortisation expenses		**(26,170)**	(27,870)
Loss allowance on financial assets measured at amortised cost		**(166,590)**	(119,866)
Consultancy expenses		**(217,748)**	(224,424)
Distribution expenses		**(331,516)**	(51,726)
Other operating costs		**(368,740)**	(284,539)
Other income		**106,519**	38,256
Other gains and losses		**18,828**	3,355
Other expenses		**(42,666)**	(8,831)
Share of result of associates		**1,144**	148
Finance costs	*5*	**(25,171)**	(21,650)
Profit before taxation		**1,472,961**	971,257
Income tax expense	*6*	**(391,308)**	(205,951)
Profit and total comprehensive income for the year	*7*	**1,081,653**	765,306
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**950,312**	352,020
Non-controlling interests		**131,341**	413,286
		1,081,653	765,306
Earnings per share			
– Basic (RMB cents)	*9*	**80.51**	70.40
– Diluted (RMB cents)		**76.68**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		As at 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property and equipment		**59,455**	62,249
Investment properties		**20,340**	18,688
Goodwill		**5,109**	5,109
Intangible assets		**2,238**	5,744
Interests in associates		**212,511**	11,015
Amounts due from related parties		**10,786**	–
Bond receivables		**129,291**	–
Deferred tax assets		**488,076**	504,234
Other non-current assets		**350,737**	31,669
		1,278,543	638,708
Current assets			
Accounts receivables and bills receivables	*10*	**4,164,244**	3,308,002
Other receivables		**1,794,139**	71,590
Amounts due from related parties		**1,565,196**	379,070
Financial assets at fair value through profit or loss ("**FVTPL**")		**271,940**	20,000
Restricted bank balances		**52,539**	131,264
Cash and cash equivalents		**2,692,001**	1,791,290
		10,540,059	5,701,216
Current liabilities			
Accounts payables	*11*	**325,700**	174,561
Advance from customers		**46,097**	83,468
Accrued payroll and welfare expenses		**909,864**	1,161,640
Other payables		**857,554**	1,571,273
Contract liabilities		**82,557**	33,113
Tax payables		**513,311**	405,733
Amounts due to related parties		**67,841**	297,294
Bank borrowings		**1,000,000**	450,000
		3,802,924	4,177,082
Net current assets		**6,737,135**	1,524,134
Total assets less current liabilities		**8,015,678**	2,162,842

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Non-current liability		
Deferred tax liabilities	**73**	219
Net assets	**8,015,605**	2,162,623
Capital and reserves		
Paid-in/share capital	**98**	330,076
Share premium	**5,098,146**	–
Reserves	**2,773,667**	695,034
Equity attributable to owners of the Company	**7,871,911**	1,025,110
Non-controlling interests	**143,694**	1,137,513
Total equity	**8,015,605**	2,162,623

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands on 22 February 2010 with limited liability, and the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 July 2018 (the "Listing Date"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB") and the functional currency of the Company is Renminbi.

The Company is an investment holding company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the purpose of preparing and presenting the consolidated financial statements of the Group for the year ended 31 December 2018, the Group has consistently adopted the accounting policies which conform with IFRSs that are effective for the financial period beginning on 1 January 2018 throughout the years ended 31 December 2018 and 2017.

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[4]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[3]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IAS 1 and IAS 8	Definition of Material[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycles[1]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

4 Effective for annual periods beginning on or after 1 January 2021.

5 Effective for annual periods beginning on or after a date to be determined.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB283,616,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB17,821,000 as rights under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 "*Determining whether an Arrangement contains a Lease*" and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. In addition, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information. The management of the Group assessed that, if IFRS 16 had been initially adopted on 31 December 2018, such changes would increase the consolidated assets and consolidated liabilities of the Group, but would not result in a significant change to the consolidated net asset value of the Group in the future financial statements.

Except as described above, the management of the Group anticipates that the application of other new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. REVENUE

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Real estate agency services in the primary market, recognised at a point in time	**4,753,395**	3,926,722
Real estate data and consulting services		
– consulting services recognised at a point in time	**627,330**	496,984
– data services recognised over time	**145,997**	132,438
	773,327	629,422
Real estate brokerage network services, recognised at a point in time	**421,450**	77,216
	5,948,172	4,633,360

4. SEGMENT INFORMATION

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

The CODM considers the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

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

(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.

(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 China, 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 the Group cooperates with.

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 2018

	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*	Elimination *RMB'000*	Total *RMB'000*
REVENUE					
External sales	**4,753,395**	**773,327**	**421,450**	**–**	**5,948,172**
Inter-segment sales	**2,604**	**72,014**	**78,974**	**(153,592)**	**–**
Total	**4,755,999**	**845,341**	**500,424**	**(153,592)**	**5,948,172**
SEGMENT PROFIT (LOSS)	**1,518,816**	**214,960**	**(94,398)**	**–**	**1,639,378**
Unallocated expenses					**(9,596)**
Listing expenses					**(40,817)**
Unallocated net exchange gain					**10,039**
Fair value gain on financial liabilities at FVTPL					**23,864**
Share of result of associates					**1,144**
Interest income					**35,750**
Finance costs					**(25,171)**
Equity-settled share-based payment expenses					**(161,630)**
Profit before taxation					**1,472,961**

For the year ended 31 December 2017

	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*	Elimination *RMB'000*	Total *RMB'000*
REVENUE					
External sales	3,926,722	629,422	77,216	–	4,633,360
Inter-segment sales	776	4,601	2,659	(8,036)	–
Total	3,927,498	634,023	79,875	(8,036)	4,633,360
SEGMENT PROFIT (LOSS)	950,424	159,327	(125,101)	–	984,650
Unallocated expenses					(123)
Unallocated net exchange loss					(14,917)
Fair value gain on financial liabilities at FVTPL					17,027
Share of result of associates					148
Interest income					6,122
Finance costs					(21,650)
Profit before taxation					971,257

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

Segment assets and liabilities

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.

Other segment information

For the year ended 31 December 2018

	Real estate agency services in the primary market	**Real estate data and consulting services**	**Real estate brokerage network services**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation	**9,206**	**10,984**	**5,856**	**124**	**26,170**
Loss allowance on financial assets measured at amortised cost	**141,781**	**4,882**	**19,927**	**–**	**166,590**
Net (gain) loss on disposal of property and equipment	**(195)**	**398**	**423**	**–**	**626**
Gain on disposal of investment properties	**(50)**	**–**	**–**	**–**	**(50)**

For the year ended 31 December 2017

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation	8,021	17,890	1,877	82	27,870
Loss allowance on financial assets measured at amortised cost	115,766	4,053	47	–	119,866
Net loss (gain) on disposal of property and equipment	102	(167)	–	–	(65)
Gain on disposal of investment properties	(1,787)	–	–	–	(1,787)
Impairment loss of investment properties	602	–	–	–	602

Geographical information

The Group's operations are located in the PRC and Vietnam (2017: the PRC).

Information about the Group's revenue from continuing operations 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)*	
	Year ended 31 December		**Year ended 31 December**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**5,942,366**	4,633,360	**649,766**	119,740
Vietnam	**5,806**	–	**6**	–
	5,948,172	4,633,360	**649,772**	119,740

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

Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Customer A *(note)*	**1,871,380**	1,626,497

Note: Revenue included such generated from real estate agency services in the primary market, and real estate data and consulting services and real estate brokerage network services. Upon completion of Group Reorganisation on 5 March 2018, the property developer customer become a related party to the Group.

5. FINANCE COSTS

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Interest on bank borrowings	**25,171**	21,650

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**379,631**	364,386
Overprovision in prior years	**(4,335)**	(4,233)
	375,296	360,153
Deferred tax expense (credit)	**16,012**	(154,202)
	391,308	205,951

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Depreciation of property and equipment	**21,994**	21,862
Depreciation of investment properties	**670**	305
Amortisation of intangible assets	**3,506**	5,703
Total depreciation and amortisation	**26,170**	27,870
Research costs recognised as an expense included in:		
– Staff costs	**34,715**	37,900
– Depreciation and amortisation expenses	**2,508**	1,507
– Other operating costs	**30,981**	1,221
	68,204	40,628
Minimum operating lease rental expenses in respect of rented premises	**118,923**	105,571

8. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of HK$22.67 cents (equivalent to RMB19.39 cents) (2017: nil) per ordinary share, in aggregate amount to HK$333,365,000 (equivalent to RMB285,093,600), has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

9. EARNINGS PER SHARE – BASIC AND DILUTED

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**950,312**	352,020
Effect of dilutive potential ordinary shares:		
Fair value gain on financial liabilities at FVTPL	**(23,864)**	–
Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share	**926,448**	352,020

	Year ended 31 December	
	2018	2017
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,180,347**	500,000
Effect of dilutive potential ordinary shares:		
Contingently issuable shares arising from the conditional investment fund received	**24,958**	–
Share options of the Company	**2,817**	–
	27,775	–
Weighted average number of ordinary share for the purpose of diluted earnings per share	**1,208,122**	500,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Group Reorganisation had been effective on 1 January 2017.

As at 31 December 2017, the Company had 144,600,000 shares of contingently issuable shares arising from the conditional investment fund received from the three prospective investors on 1 December 2017.

Upon the completion of Group Reorganisation completed on 5 March 2018, the conditional investment fund received had then become unconditional, and these 144,600,000 shares have become issued and outstanding, which was therefore are included in the calculation of basic earnings per share since that date for the year ended 31 December 2018.

On 20 July 2018, the Company is listed on the Main Board of the Stock Exchange and 322,836,000 shares offered from the Global Offering become issued and outstanding, which was therefore are included in the calculation of basic earnings per share since that date for the year ended 31 December 2018.

On 15 August 2018, the Company issued 2,801,700 shares resulting from the exercise of over-allotment option from the Global Offering and these shares are included in the calculation of basic earnings per share since date for the year ended 31 December 2018. However, in the computation of diluted earnings per share for the year ended 31 December 2018 does not assume the exercise of the over-allotment option from the Global Offering since the exercise price was higher than the average share price of the Company from the date of grant of over-allotment option to the exercise date.

On 21 April 2018, the Company granted 91,563,600 share options to eligible directors, management and employees and it is taken into consideration in the calculation of diluted earnings per share since that date for the year ended 31 December 2018.

No diluted earnings per share for the year ended 31 December 2017 was presented as there were no potential ordinary shares in issue during the year ended 31 December 2017.

10. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Accounts receivables and bills receivables	**4,751,046**	3,774,357
Less: Loss allowance for accounts receivables and bills receivables	**(586,802)**	(466,355)
Total accounts receivables and bills receivables	**4,164,244**	3,308,002

The following is an aged analysis of accounts receivables, net of loss allowance, presented based on the dates of rendering the services and the date when the sales target for higher commission was achieved at the end of the reporting period, which approximated the respective revenue recognition dates:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**2,312,674**	2,325,803
1 – 2 years	**300,293**	220,797
Over 2 years	**24,420**	33,421
	2,637,387	2,580,021

As at 31 December 2018, included in the Group's accounts receivables balance are debtors with aggregate carrying amount of RMB2,044,841,000 (2017: RMB1,945,278,000) which are past due as at the reporting date. Out of the past due balances, RMB1,452,295,000 (2017: RMB1,310,535,000) has been past due over 90 days, which is not considered as in default because the management of the Group, according to the historical settlement pattern, industry practice and the Group's historical actual loss experience, had assessed that the probability of settlement from their customers was high in respect of those debtors which had been past due over 90 days. The management of the Group considered that the risk of default became high and defaulted when those debtors had been past due over 2 years. For the past due balances, the management of the Group considered that the credit risk would increase significantly when those debtors had been past due over 1 year.

Upon maturity of the accounts receivables, certain of the Group's customers would issue commercial bills to the Group to settle its accounts receivables. The Group's bills receivables represent bills receivables on hand which are not yet due at the end of the reporting period. During the year ended 31 December 2018, the Group did not endorse the bills received to any counterparties and did not discount the bills to any banks and/or financial institutions.

Included in the Group's bills receivables as at 31 December 2018 with carrying amounts of RMB1,522,082,000 (2017: RMB715,636,000) are commercial bills issued by a property developer. Upon completion of Group Reorganisation on 5 March 2018, the property developer became a shareholder which exercises significant influence on the Company.

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 180 days	**684,479**	722,644
181 – 365 days	**841,992**	5,337
Over 365 days	**386**	–
	1,526,857	727,981

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The Group has recognised ECL allowance of 100% on the outstanding balance of accounts receivables (except for those with real estate properties obtained as collateral) arising from (i) normal risk type customers of which were aged over 2 years since the revenue recognition date and (ii) higher risk type customers, because they were assessed by the management of the Group generally not recoverable based on their historical experience and settlement patterns.

Included in the Group's accounts receivables at 31 December 2018 with aggregate carrying amounts of RMB25,920,000 (2017: RMB56,420,000) the Group has obtained collateral of real estate properties over these balances.

When the Group's customer uses real estate property as collateral to settle the outstanding accounts receivables in partial or in full, the Group will assess the fair value of real estate property based on the recent market prices and agree with the Group's customer. During the year ended 31 December 2018, the Group received real estate properties with fair value of RMB2,645,000 (2017: RMB11,940,000) and recognised these real estate properties as investment properties, with the corresponding amount credited to accounts receivables.

11. ACCOUNTS PAYABLES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Accounts payables	**325,700**	174,561

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. 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:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**324,893**	173,242
1 – 2 years	**142**	513
Over 2 years	**665**	806
	325,700	174,561

REVIEW OF THE BUSINESS AND OUTLOOK

(I) The Review of Business

In 2018, the operating results of the Company grew substantially compared with that of last year. During the Reporting Period, revenue of the Company was RMB5.95 billion, representing a year-on-year increase of 28.4%, and the net profit was RMB1.08 billion, representing a year-on-year increase of 41.3%. The core net profit attributable to owners of the Company was RMB1.14 billion, representing a year-on-year increase of 63.0%.

The business of real estate agency services in the primary market grew rapidly, with further increase in market size and market share. The number of cities covered by us has been expanded to 204. and the total sales amounted to RMB531.55 billion, representing a year-on-year increase of 22.8%. While the real estate market in 2018 experienced a cooldown and a phase of adjustment, the rapid growth of the Company was attributed to (i) the deep cultivation of the Company in the industry and efficient project implementation and management capabilities, which have been highly recognized by real estate developers, and (ii) the benefit from its strong shareholder background and the strategy of key customers. As of 31 December 2018, the area of signed and unsold reserve projects reached 281.8 million square meters, representing a year-on-year increase of 36.9% which ensured the stability and predictability of future income from agency services.

For the real estate data and consulting services, professional level and influence were further promoted with continuous innovation and research and development of new products to provide customers with a large amount of data and consulting services. As of 31 December 2018, our CRIC system has recorded the data of over 96,809 residential projects, 21,549 commercial projects and 843,513 land parcels, covering 387 cities in China. During the Reporting Period, the revenue from real estate data and consulting services amounted to RMB773.3 million, representing a year-on-year increase of 22.9%. The business of the Company recorded a stable growth as a result of the continuous upgrade and update on the data system, and the continuous improvement for data analysis and research capabilities.

For the real estate brokerage network services, that is the E-house Fangyou business, with the rapid increase in the number of stores and comprehensive promotion in capacities, we have a network of over 10,000 Fangyou-branded stores around the country, covering 56 cities. The Company commenced to expand its distribution business in the primary market in 2018. As of 31 December 2018, there were 20,728 new property units sold by E-House Fangyou distribution business and the total sales of new houses for developers was RMB34.72 billion, representing a year-on-year increase of 890.3% and 470.1%, respectively.

(II) Strategic Development and Outlook

The growth in the business of the Company is attributed to its experience in the industry and the execution of its business strategies in an effective way. As an outstanding service provider in the real estate industry, in the future, the Company will continue to deepen its business chains in the real estate agency services in the primary market, the real estate market data and consulting services and the real estate brokerage network services to build an "grand" comprehensive platform for the transaction service in the PRC real estate industry. Adhering to our overall strategy of "Service for Business, Services only and open platform (服務B端、只做服務、平台開放)", the Company will provide business services for developers, intermediaries and asset owners, focusing on the transaction services rather than entering into the transaction itself, with a view to establish an open and connected service platform.

We will launch the "30,000+"strategy in the real estate brokerage network service business, aiming at 10,000+ stores, 10,000+ channels and 10,000+ communities, to further strengthen the distribution business in the primary market, and build a wide-ranging cooperation network, so that the resources from the housing side, the channel side, to the community and even the consumers in the whole circulation sector are complemented and seamlessly connected.

We will be dedicated to expanding business in property management in the asset market. The real estate data and consulting services will be extended from residential to leasing, properties and other real estate. The China Asset Information Circle (CAIC) will be officially launched in 2019, which will establish an application system covering the whole process of "fundraising, investment, management and exit of the fund" based on real-time data and the blockchain technology. CAIC will also employ the highest industry standards to offer a complete spectrum and integrated service, and provide full chain solutions for proprietors, brokers, investors, operators, third parties, financial institutions and other customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue increased by 28.4% from RMB4,633.4 million in 2017 to RMB5,948.2 million in 2018. This increase was primarily due to the growth of our real estate agency services in the primary market and real estate brokerage network services.

Revenue derived from real estate agency services in the primary market increased by 21.1% from RMB3,926.7 million in 2017 to RMB4,753.4 million in 2018, primarily due to an increase in the total value of new properties sold.

Revenue derived from real estate brokerage network services increased by 446.0% from RMB77.2 million in 2017 to RMB421.5 million in 2018. This increase was primarily due to an increase in commissions received from developers for sourcing buyers of new properties through Fangyou-branded stores and other cooperating brokerage firms, as more brokerage firms cooperated with us to sell new properties in 2018 and the great promotion of real estate brokerage network services by the Company.

Revenue derived from real estate data and consulting services increased by 22.9% from RMB629.4 million in 2017 to RMB773.3 million in 2018 primarily due to an increase in revenue from our rating and ranking services and consulting services.

Staff costs

Our staff costs increased by 14.1% from RMB2,623.3 million in 2017 to RMB2,993.8 million in 2018. Staff costs as a percentage of our revenue decreased from 56.6% in 2017 to 50.3% in 2018 primarily due to increasing economies of scale and improved operational efficiency.

Advertising and promotion expenses

Our advertising and promotion expenses showed an increase by 31.5% from RMB236.1 million in 2017 to RMB310.4 million in 2018 primarily due to an increase in revenue.

Operating lease charges in respect of office premises

Our operating lease charges in respect of office premises increased by 12.6% from RMB105.6 million in 2017 to RMB118.9 million in 2018, primarily due to an increase in office leasing expenses as a result of our business expansion.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses decreased by 6.1% from RMB27.9 million in 2017 to RMB26.2 million in 2018 primarily due to the decrease in amortization of intangible assets.

Loss allowance on financial assets measured at amortised cost

Our loss allowance on financial assets measured at amortised cost increased by 39.0% from RMB119.9 million in 2017 to RMB166.6 million in 2018, primarily due to the increase in loss allowance on accounts receivables and amounts due from related parties of trade nature, resulting from the growth in our business volume.

Consultancy expenses

Our consultancy expenses remained stable, decreased by 3.0% from RMB224.4 million in 2017 to RMB217.7 million in 2018.

Distribution expenses

Our distribution expenses increased by 541.2% from RMB51.7 million in 2017 to RMB331.5 million in 2018, primarily due to the significant growth of our real estate brokerage network services segment.

Other operating costs

Our other operating costs increased by 29.6% from RMB284.5 million in 2017 to RMB368.7 million in 2018, primarily due to the increases in travelling expenses, business entertainment expense as a result of our business growth and decoration expense of Fangyou-branded brokerage stores.

Other income

Our other income increased by 178.1% from RMB38.3 million in 2017 to RMB106.5 million in 2018, primarily due to the increase in government grants, which had no conditions imposed by the respective PRC government authorities and the increase in interest income.

Other gains and losses

We recorded net other gains of RMB3.4 million in 2017 and net other gains of RMB18.8 million in 2018. Our net other gains in the year ended 31 December 2018 were primarily attributable to a net exchange gain of RMB10.2 million, a fair value gain on financial liabilities at fair value through profit or loss ("**FVTPL**") of RMB23.9 million and offset by a fair value loss on financial assets at FVTPL of RMB15.1 million. The net exchange gain was primarily in connection with the effect of fluctuation of the exchange rate of our bank balances, denominated in foreign currencies. The fair value gain on financial liabilities at FVTPL was primarily due to a fair value change of the conditional investment fund received prior to the conversion to equity. The fair value loss on financial assets at FVTPL was primarily due to the decrease of the market price of the shares held by the company.

The investments in financial assets at fair value through profit or loss were made in line with our treasury and investment policies after taking into account, among others, the level of risk, return on investment, potential business synergies, liquidity and the term to maturity. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Company's business needs even after the investments in the financial assets. Each of such investments does not constitute a notifiable transaction or a connected transaction of the Company under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). No single investment that was designated as financial assets at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 31 December 2018.

Other expenses

Our other expenses increased from RMB8.8 million in 2017 to RMB42.7 million in 2018, primarily due to listing expenses we recorded in 2018 in connection with the Company's global offering in July 2018 (the "**Global Offering**").

Share of result of associates

Our share of profits of associates increased from RMB0.1 million in 2017 to RMB1.1 million in 2018.

Finance costs

Our finance costs increased by 16.1% from RMB21.7 million in 2017 to RMB25.2 million in 2018, primarily due to an increase in our average borrowing balance.

Income tax expense

Our income tax expense increased by 90.0% from RMB206.0 million in 2017 to RMB391.3 million in 2018, primarily due to an increase in our profit before taxation. Income tax expense represents our total current tax and deferred tax credit for the year ended 31 December 2018.

Profit and total comprehensive income for the year

As a result of the foregoing, our profit and total comprehensive income for the year increased by 41.3% from RMB765.3 million in 2017 to RMB1,081.7 million in 2018.

Operating Profit and Core Net Profit Attributable to Owners of the Company

To supplement our condensed consolidated financial information which are presented in accordance with IFRS, we also use (i) operating profit and operating profit margin, (ii) core net profit attributable to owners of the Company as additional measures for illustrative purposes only. We also 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 profit as revenue net of operating costs, which consist of staff costs, advertising and promotion expenses, operating lease charges in respect of office premises, depreciation and amortisation expenses, loss allowance on financial assets measured at amortised cost, consultancy expenses, distribution expenses, and other operating costs. We define operating profit margin as operating profit divided by revenue for the period. Our operating profit increased by 47.3% from RMB960.0 million in 2017 to RMB1,414.3 million in 2018.

Our operating profit margin increased from 20.7% for the year ended 31 December 2017 to 23.8% for the year ended 31 December 2018 primarily due to our improved operational efficiency and increasing economies of scale.

We define core net profit attributable to owners of the Company as (i) profit and total comprehensive income for the year attributable to owners of the Company, adjusted to add back (ii) profit and total comprehensive income attributable to the 21 investors of the PRC Holdco, details and background of the 21 Investors are set out in the section headed "History, Reorganisation and Corporate Structure – Our Corporate Reorganisation – Reorganisation of Interests in PRC Holdco" of the Prospectus, and (iii) share-based compensation expense related to the Company's pre-IPO share option scheme. The core net profit attributable to owners of the Company in 2018 was RMB1,144.6 million, representing an increase of 63.0% when compared with RMB702.0 million in 2017.

Liquidity, Financial Resources and Gearing

During the year ended 31 December 2018 and as at the date of this announcement, we have funded our cash requirements principally from cash generated from our operations, investments from shareholders of the Company and external borrowings. We had cash and cash equivalents of RMB1,791.3 million and RMB2,692.0 million as of 31 December 2017 and 31 December 2018, respectively. We generally deposit our excess cash in interest bearing bank accounts and current accounts.

During the year ended 31 December 2018 and as at the date of this announcement, 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, proceeds from the Global Offering and other funds raised from the capital markets from time to time.

Capital Expenditure

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Purchase of and deposits placed for property and equipment	**354,928**	18,462
Purchase of intangible assets	**–**	241
Total	**354,928**	18,703

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 2018, we had not entered into any off-balance sheet transactions.

Gearing Ratio

As of 31 December 2018, the gearing ratio of the Group, which is calculated by dividing total debt (all interest-bearing bank loans) by total equity as of the end of the period, was 12.5%, representing a decrease of 8.3 percentage points as compared with 20.8% as of 31 December 2017. The decrease was primarily due to the increase of total equity results from Global Offering.

Significant Investments Held

The Group did not make any material investments during the year ended 31 December 2018.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus and this annual results announcement, the Company has no other plans for material investments and capital assets. However, the Group will continue to identify new opportunities for business development.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2018, we did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies.

Employee and Remuneration Policy

As of 31 December 2018, we had 24,218 full-time employees, most of whom were based in China. Our employees are mainly 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. As of 31 December 2018, over 326 employees held share-based awards. The total remuneration expenses, including share-based compensation expense, for the year ended 31 December 2018 were RMB2,993.8 million, representing a year-on-year increase of 14.1%.

Foreign Exchange Risk

Our functional currency is Renminbi, but certain of our cash and cash equivalent, amounts due from (to) related parties, 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 as our Directors consider that our foreign exchange risk exposure is minimal. We will consider hedging significant foreign currency exposure if such need arises.

Pledge of Assets

As of 31 December 2018, the Group's bank borrowings of RMB400.0 million was secured by the deposit in bank amounted to USD60.0 million equivalent to approximately RMB411.8 million.

Contingent Liabilities

As of 31 December 2018, we did not have any material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

On 21 February 2019, the Company issued US$200 million 7.75% senior notes due 2021 (the "**Notes Issue**"). Such notes were secured by certain overseas subsidiaries of the Company. Credit Suisse (Hong Kong) Limited and BOCI Asia Limited are the joint global coordinators, and Credit Suisse (Hong Kong) Limited, BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Limited, CRIC Securities Company Limited, Founder Securities (Hong Kong) Capital Company Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Orient Securities (Hong Kong) Limited, UBS AG Hong Kong Branch and Zhongtai International Securities Limited are the joint lead managers and joint bookrunners in connection with the Notes Issue. For further details, please refer to the announcements of the Company dated 15 February 2019 and 22 February 2019.

On 5 March 2019, PRC Holdco entered into a capital contribution agreement with Shanghai Vanke Company Limited (上海萬科企業有限公司) ("**Shanghai Vanke**"), an indirect holding company of our substantial shareholder Capital Valley (Cayman) Limited, and Shanghai Weijia Real Estate Consulting Co., Ltd.# (上海唯家房地產諮詢有限公司) ("**Shanghai Weijia**"), a direct wholly-owned subsidiary of Shanghai Vanke, in relation to the increase in registered capital of Shanghai Weijia from RMB10 million to an aggregate amount of RMB50 million, of which, RMB15 million was contributed by Shanghai Vanke and RMB25 million was contributed by PRC Holdco ("**Capital increase**").

Upon completion of the Capital Increase, each of Shanghai Vanke and PRC Holdco held 50% of the equity interests in Shanghai Weijia. For details, please refer to the announcements of the Company dated 5 March 2019 and 11 March 2019.

Save as disclosed in this announcement, there was no other significant events that might affect the Group from 31 December 2018 to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company was incorporated in the Cayman Islands on 22 February 2010 with limited liability, and the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 July 2018 (the "**Listing Date**").

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. Throughout the period from the Listing Date up to 31 December 2018, the Company has complied with all the applicable code provisions as set out 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 period from the Listing Date up to 31 December 2018.

Scope of Work of the Company's Auditors

The figures contained in this announcement of the Group's consolidated results for the year ended 31 December 2018 have been agreed by the Company's auditor, Deloitte Touche Tohmastu (the "**Auditor**"), to the figures set out in the audited consolidated financial statements of the Group for the year ended 31 December 2018. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary 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 CG 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 2018 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

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 period from the Listing Date up to 31 December 2018, 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 of 31 December 2018, 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 recommended the payment of a final dividend of HK$22.67 cents per share for the year ended 31 December 2018. The final dividend is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on 21 June 2019 (the "**AGM**") and the final dividend is expected to be payable on 12 August 2019 to the Shareholders whose names appear on the register of members of the Company on 12 July 2019.

CLOSURE OF REGISTER OF MEMBERS

The Company's annual general meeting will be held on 21 June 2019. The register of members of the Company will be closed from 18 June 2019 to 21 June 2019, 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 17 June 2019.

The register of members of the Company will also be closed from 10 July 2019 to 12 July 2019, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no share transfers will be registered. To qualify for the final dividend (if recommended), 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 9 July 2019.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 2018 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, 27 March 2019

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, Dr. Xia Hai Jun, Mr. Mo Bin, Dr. Zhu Jiusheng and Ms. Xie Mei as Non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin as Independent Non-executive Directors.