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 2020

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 and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 (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 RMB2,845.0 million in the six months ended 30 June 2020.
- The total sales of real estate agency services and real estate brokerage network services amounted to RMB190.8 billion in the six months ended 30 June 2020.
- Profit and total comprehensive income for the period amounted to RMB104.7 million in the six months ended 30 June 2020.
- EBITDA(1) amounted to RMB436.2 million in the six months ended 30 June 2020.

(1) We define EBITDA as (i) profit and total comprehensive income for the period, adjusted to add back (ii) finance cost (iii) depreciation and amortisation expenses and (iv) income tax expense.

CHAIRMAN'S STATEMENT

(I) Business review

In the beginning of 2020, the 2019 Novel Coronavirus ("**COVID-19**") outbreak spread across the globe, putting various industries under different forms of stress. Following the effective control measures implemented by the government of the People's Republic of China (the "**PRC**"), the outbreak has gradually come under control in mainland China. Under the leadership of the PRC government and in response to the government's call, the Company spared no effort in supporting pandemic prevention and control by promptly establishing an outbreak emergency response taskforce to help preventing a wider spread of the outbreak. However, at the same time, the COVID-19 outbreak brought certain impacts to the industry. Approximately 1,600 sales offices in mainland China were forced to shut down and ceased operations in the first quarter of 2020, which caused interruption in the business of the Group in the first quarter of 2020. In the second quarter of 2020, as impact of the COVID-19 outbreak gradually reduced, the Group's operations have improved and covered the operating loss in the first quarter of 2020 thanks to the efforts and commitment of our employees as a whole. Accordingly, the Group is still able to achieve profits during the Reporting Period. In addition, the Company has strengthened control over recoveries through improving projects' qualities and quantities. The operating cash flows for the first half of 2020 made a turnaround from negative to positive with net cash from operating activities reached RMB833.2 million as compared to the net cash used in operating activities of RMB244.7 million in the same period last year.

Real estate agency services in the primary market:

During the Reporting Period, the total sales areas of real estate agency services in the primary market achieved 13.1 million square meters, and the total sales amount was RMB147.5 billion. As of 30 June 2020, the amount of signed and unsold reserve projects was 288.3 million square meters, which ensured the resumption of normal growth of agency revenue in the second half of the year. Meanwhile, in relation to real estate agency services in the primary market, we gradually shifted to pursue high-quality growth by consolidating premium resources and projects, and realized significant increase in operating cash flows.

Real estate brokerage network services:

In 2020, the Company has maintained our industry leading position and rolled out several products such as You Fang Multiple Listing Service Platform (友房公盤資源分享平台) successively, striving to develop the distribution business and to empower small-to-medium brokerage firms and brokers. We recorded a total sales amount of RMB43.3 billion for the first half of 2020 and 32,122 units sold, realizing a profit of RMB37.5 million.

Real estate market data and consulting services:

Capitalizing on our real estate big data capabilities, the Company has maintained a steady growth in our business. Revenue recorded for this segment during the Reporting Period amounted to RMB475.7 million. During the Reporting Period, the Company launched CAIC Asset Management Cloud (CAIC資管雲), CAIC Investment Management Cloud (CAIC投管雲), etc. The Company expanded beyond residential data to non-residential data in six areas, namely, CRIC Real Estate (克而瑞地產), CRIC Asset Management (克而瑞資管), CRIC Securities (克而瑞證券), CRIC Property Management (克而瑞物管), CRIC Lease & Sale (克而瑞租售) and CRIC R&D (克而瑞產研), by which the Company generated industry demand and value.

(II) Strategic development and outlook

Going forward, the Company is determined to lead the emerging "technology-enabled and smart services-based" real estate industry, and strive to serve a number of developers, intermediaries and asset owners. In relation to real estate agency services in the primary market, the Company will shift from pursuing high-speed growth to high-quality growth by consolidating premium resources, services and projects, and by deploying 'smart services' to achieve better quality and efficiency. In relation to real estate brokerage network services, the Company will continue to enhance its technology-driven management so that innovative technologies and premium services can be employed to expand its market share. In relation to real estate market data and consulting services, we will continue to focus on real estate big data, not only to support property developers, but to empower and serve the wider real estate industry.

On 31 July 2020, the Company and Alibaba Group ("**Alibaba**") announced to form a strategic partnership whereby both parties will engage in in-depth cooperation in areas including offline-online real estate transactions, digital marketing and post-transaction related services to move the real estate service industry toward a soundly digitalized and smart future. The two parties will cooperate to create a real estate online marketing platform and digital transaction channels.

Taking this as an opportunity, the Company will drive its three core business segments through digital real estate and construct an omni-channel real estate transaction ecosystem. In the real estate transaction service business, the new housing business integrates online and offline resources to provide developers with all-round marketing services; the secondary housing business continues to empower intermediaries and build a secondary housing transaction platform. Leju's business continues to leverage on the advantages as China's leading real estate Internet platform to construct a highly influential real estate Internet media platform and a real estate online digital marketing and transaction platform to provide an advanced O2O marketing service system for the entire real estate industry. As the leading real estate big data application service platform in the domestic market, CRIC has opened up a new chapter for the real estate market by moving beyond the residential sector to the non-residential sector and by establishing service systems revolving the big data for asset management, lease and sale, and property management.

In the future, the Company's development strategies will focus on the following four objectives:

1. pay close attention to the development trend of society and industry to ensure our continuous and steady operation;

2. leverage on the strategic cooperation with Alibaba to seize opportunities for resource integration;

3. focus on real estate transaction services to rapidly expand market share; and

4. continue to create more value for our customers and shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue decreased by 34.3% from RMB4,330.4 million in the six months ended 30 June 2019 to RMB2,845.0 million in the six months ended 30 June 2020. This decrease was primarily due to the outbreak of COVID-19 and the subsequent disease prevention measures by central and local governments.

Revenue derived from real estate agency services in the primary market decreased by 50.8% from RMB2,577.6 million in the six months ended 30 June 2019 to RMB1,267.0 million in the six months ended 30 June 2020, primarily due to the temporarily suspended operations of real-estate sales center in the first quarter of 2020.

Revenue derived from real estate brokerage network services decreased by 15.9% from RMB1,310.1 million in the six months ended 30 June 2019 to RMB1,102.2 million in the six months ended 30 June 2020. This decrease was primarily due to the suspension of the sales in the primary market by the real estate developer during the first quarter of 2020.

Revenue derived from real estate data and consulting services increased by 7.4% from RMB442.7 million in the six months ended 30 June 2019 to RMB475.7 million in the six months ended 30 June 2020, primarily due to an increase in revenue from our rating and ranking services and data services.

Staff costs

Our staff costs decreased by 35.1% from RMB1,824.9 million in the six months ended 30 June 2019 to RMB1,183.9 million in the six months ended 30 June 2020. Staff costs as a percentage of our revenue decreased from 42.1% in the six months ended 30 June 2019 to 41.6% in the six months ended 30 June 2020, primarily due to the increase in revenue share in real estate brokerage network services which has lower staff commission rate.

Advertising and promotion expenses

Our advertising and promotion expenses decreased by 26.9% from RMB140.4 million in the six months ended 30 June 2019 to RMB102.6 million in the six months ended 30 June 2020, primarily due to the decrease in revenue derived from real estate agency services.

Rental expenses for short-leases and low-value assets leases

We recorded rental expenses for short-term leases and low-value assets leases of RMB17.0 million in the six months ended 30 June 2020 compared to RMB28.0 million in the six months ended 30 June 2019. The decrease was primarily due to the reduction of the rental expense for the sales and marketing employees.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by 62.5% from RMB40.5 million in the six months ended 30 June 2019 to RMB65.8 million in the six months ended 30 June 2020, primarily due to the increase in long-term lease charges in respect of office premises.

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

Our loss allowance on financial assets subject to ECL, net of reversal decreased by 24.3% from RMB69.5 million in the six months ended 30 June 2019 to RMB52.6 million in the six months ended 30 June 2020, primarily due to the decrease in accounts receivables and bills receivables.

Loss on derecognition of financial assets measured at amortised cost

We recorded loss from derecognition of financial assets measured at amortised cost of nil in the six months ended 30 June 2020, and RMB7.5 million in the six months ended 30 June 2019.

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

We recorded loss on derecognition of receivables at FVTOCI of RMB7.6 million in the six months ended 30 June 2020, and nil in the six months ended 30 June 2019. The increase was primarily due to the cost incurred about the disposal of accounts receivables through certain factoring arrangement.

Consultancy expenses

Our consultancy expenses decreased by 15.3% from RMB93.7 million in the six months ended 30 June 2019 to RMB79.3 million in the six months ended 30 June 2020, primarily due to the decrease in project consultation with the decrease in revenue.

Distribution expenses

Our distribution expenses decreased by 16.6% from RMB1,160.5 million in the six months ended 30 June 2019 to RMB968.4 million in the six months ended 30 June 2020, primarily due to the decrease in revenue derived from real estate brokerage network services.

Other operating costs

Our other operating costs decreased by 46.0% from RMB181.5 million in the six months ended 30 June 2019 to RMB98.0 million in the six months ended 30 June 2020, primarily due to improved operational efficiency and cost control.

Other income

Our other income increased from RMB33.6 million in the six months ended 30 June 2019 to RMB62.2 million in the six months ended 30 June 2020, primarily due to the increase in subsidy income received from various PRC government authorities.

Other gains and losses

We recorded net other gains of RMB105.8 million in the six months ended 30 June 2019 compared to net other gains of RMB36.9 million in the six months ended 30 June 2020. Our net other gains in the six months ended 30 June 2020 were primarily attributable to the gain on disposal of shares of other listed companies on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Other expenses

Our other expenses increased from approximately RMB0.8 million in the six months ended 30 June 2019 to approximately RMB1.2 million in the six months ended 30 June 2020, primarily due to donations to charity.

Share of results of associates

We recorded share of profits of associates of RMB7.0 million in the six months ended 30 June 2019 compared to RMB2.8 million in the six months ended 30 June 2020. The share of profits in the six months ended 30 June 2020 was primarily attributable to a private equity fund.

Finance costs

Our finance costs increased by 118.7% from RMB95.6 million in the six months ended 30 June 2019 to RMB209.1 million in the six months ended 30 June 2020, primarily due to the finance costs in connection with the issuance of US$500 million senior notes by the Company in February and October 2019.

Income tax expense

Our income tax expense decreased by 68.5% from RMB180.0 million in the six months ended 30 June 2019 to RMB56.7 million in the six months ended 30 June 2020, primarily due to a decrease in our profit before taxation.

Profit and total comprehensive income for the period

As a result of the foregoing, our profit and total comprehensive income for the period decreased by 84.0% from RMB654.1 million in the six months ended 30 June 2019 to RMB104.7 million in the six months ended 30 June 2020.

Non-IFRS Measures

To supplement our consolidated financial information which are presented in accordance with IFRS, we also use (i) operating profit and operating profit margin, (ii) EBITDA and (iii) 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 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, rental expenses for short-term leases and low-value assets leases, depreciation and amortization expenses, loss allowance on financial assets subject to ECL net of reversal, loss on derecognition of financial assets measured at amortised cost, loss on derecognition of receivables at FVTOCI, 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 decreased by 65.6% from RMB784.0 million for the six months ended 30 June 2019 to RMB269.8 million for the six months ended 30 June 2020. Our operating profit margin decreased from 18.1% for the six months ended 30 June 2019 to 9.5% for the six months ended 30 June 2020, primarily due to the increase of revenue share in real estate brokerage network services which has lower operating margin rate. The calculation of operating profit and operating profit 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 as (i) profit and total comprehensive income for the period, adjusted to add back (ii) finance costs (iii) depreciation and amortisation expenses and (iv) income tax expense. We use EBITDA to emphasize operating results and it more nearly approximates cash flows.

Our EBITDA decreased by 55.0% from RMB970.1 million for the six months ended 30 June 2019 to RMB436.2 million for the six months ended 30 June 2020. The calculation of EBITDA is not in accordance with IFRS and therefore may not be directly comparable with similarly named financial measures of other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

We define core net profit attributable to owners of the Company as (i) profit and total comprehensive income for the period 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, Reorganization and Corporate Structure - Our Corporate Reorganization - Reorganization 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 for the six months ended 30 June 2020 was RMB68.5 million, representing a decrease of 89.7% when compared with RMB667.0 million for the six months ended 30 June 2019.

Liquidity, Financial Resources and Gearing Ratio

During the six months ended 30 June 2020, we have funded our cash requirements principally from cash generated from our operations, external borrowings, and the issue of USD-denominated senior notes due 2021 and 2022. We had cash and cash equivalents of RMB2,294.4 million and RMB2,413.1 million as of 31 December 2019 and 30 June 2020, respectively. We generally deposit our excess cash in interest bearing bank accounts and current accounts.

During the six months ended 30 June 2020, our principal uses of cash have been for the funding of required working capital, other recurring expenses to support the expansion of our operations and to finance the purchases in March 2020 as particularised under the section headed "Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies" below. Going forward, we currently believe our liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, and the issue of United States dollar-denominated senior notes due 2021 and 2022 and other funds raised from the capital markets from time to time.

Capital Expenditure

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Purchase of and deposits placed for property and equipment	**18,332**	108,999
Purchase of tangible assets	**91**	23,585
Total	**18,423**	132,584

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 30 June 2020, we had not entered into any off-balance sheet transactions.

Gearing Ratio

As of 30 June 2020, 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 70.7%, representing an increase of 5.5 percentage points as compared with 65.2% as of 31 December 2019. The increase was primarily due to new bank borrowings and other borrowings.

Significant Investments Held

Save as disclosed in the section headed "Material Acquisition and/or Disposals of Subsidiaries and Affiliated Companies", as of 30 June 2020, we did not hold any other significant investments in the equity interests of any other companies.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed "Events After The Reporting Period" below, as of 30 June 2020, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

On 20 March 2020,

1. the Group entered into the following share transfer agreements (collectively, the "**Connected Acquisition Agreements**"), including:

    a. a share transfer agreement between Shanghai Fangjia Information Technique Co., Ltd ("**Shanghai Fangjia**") and Shanghai Jingshun Education Technology Co., Ltd. ("**Shanghai Jingshun**"), an indirect wholly-owned subsidiary of the Company, pursuant to which Shanghai Fangjia agreed to transfer the entire equity interest in Shanghai Fangjiao Information Technology Co., Ltd. to Shanghai Jingshun, for a total consideration of RMB51,000,000;

    b. a share transfer agreement between E-House (China) Enterprise Management Group Limited ("**E-House Management**") and Shanghai Jingshun, pursuant to which E-House Management agreed to transfer its 80% equity interest Shanghai Yijin Culture Development Co., Ltd. ("**Yijin Culture**") to Shanghai Jingshun, for nil consideration;

    c. share transfer agreements between Shanghai Jingshun and each of the three individual shareholders of Yijin Culture, all of whom are third parties independent of the Company, to acquire their respective 7%, 3% and 2% equity interest in Yijin Culture, all for nil consideration;

    d. a share transfer agreement between E-House Management and Shanghai Louyu Enterprise Management Co., Ltd. ("**Shanghai Louyu**"), an indirect wholly-owned subsidiary of the Company, pursuant to which E-House Management agreed to transfer the entire equity interest in Shanghai Shanglin Property Management Co., Ltd. ("**Shanglin Property Management**") to Shanghai Louyu, for a total consideration of RMB84,920,000; and

    e. a share transfer agreement between E-House Management and Shanghai Louyu, pursuant to which E-House Management agreed to transfer the entire equity interest in Shanghai Shangyou Property Management Co., Ltd. to Shanghai Louyu, for a total consideration of RMB199,260,000.

    For further details of the Connected Acquisition Agreements, please refer to the announcement of the Company published under the title "Connected Transactions in relation to the Acquisition Agreements" on 22 March 2020.

2. E-House Enterprise (China) Group Co., Ltd. (the "**PRC Holdco**"), an indirect wholly-owned subsidiary of the Company, Shanghai Fangjia (the "**Nominee**"), also an indirect wholly-owned subsidiary of the Company, Jiaxing Weitai Investment Management Co., Ltd. ("**Jiaxing Weitai**") and Suzhou Yuhang Investment Centre (Limited Partnership) ("**Suzhou Yuhang**") entered into a series of agreements (the "**Wanju Acquisition Agreements**"), pursuant to which the PRC Holdco and the Nominee have agreed to purchase and Jiaxing Weitai and Suzhou Yuhang have agreed to sell the entire partnership interest in Shanghai Wanju Investment Partnership Enterprise (Limited Partnership) for a total consideration of RMB660.0 million.

For further details of the Wanju Acquisition Agreements, please refer to the announcement of the Company published under the title "Discloseable Transaction – Acquisition of Shanghai Wanju" on 22 March 2020.

3. The PRC Holdco, Jiaxing Hengzhen Investment Partnership Enterprise (Limited Partnership) ("**Jiaxing Hengzhen**"), Shanghai Junwei Commercial Consulting Co., Ltd. ("**Shanghai Junwei**") and Shanghai Juanpeng Enterprise Co., Ltd. (the "**Target Company**") entered into a series of agreements (the "**Juanpeng Acquisition Agreements**"), pursuant to which the PRC Holdco has conditionally agreed to purchase and Jiaxing Hengzhen and Shanghai Junwei have conditionally agreed to sell the entire equity interest in the Target Company for a total consideration of RMB600.00 million.

   For further details of the Juanpeng Acquisition Agreements, please refer to the announcement of the Company published under the title "Discloseable Transaction – Acquisition of Shanghai Juanpeng" on 22 March 2020.

Save as disclosed in this announcement, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2020.

Employee and Remuneration Policy

As of 30 June 2020, we had 17,193 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 2020 were RMB1,183.9 million, representing a year-on-year decrease of 35.1%.

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 of 30 June 2020, the Group's bank borrowings of RMB1,100 million was secured by the deposit in bank amounted to USD179.5 million equivalent to approximately RMB1,270.8 million.

Contingent Liabilities

As at 30 June 2020, we did not have any material contingent liabilities (as at 30 June 2019: RMB103.9 million).

EVENTS AFTER THE REPORTING PERIOD

1. On 31 July 2020,

   a. the Company entered into the following equity transfer agreements (the "**Equity Transfer Agreements**") pursuant to which it has agreed to acquire an aggregate 56.19% interest in the issued share capital of Leju Holdings Limited ("**Leju**") (or 51.40% on a fully diluted basis assuming all outstanding options and awards under Leju's employee equity schemes are issued and/or vest, as the case may be).

      Equity transfer agreement I was entered into by and among, SINA Corporation, MemeStar Limited (together, the "**SINA Parties**") and the Company, pursuant to which the Company conditionally agreed to purchase 24,438,564 ordinary shares and 36,687 American Depositary Shares ("**ADSs**") (each representing one ordinary share) of Leju from the SINA Parties for a total consideration of US$93,600,000 (approximately HK$725,400,000) which will be satisfied by the Company allotting and issuing 78,676,790 consideration shares to the SINA Parties at the issue price of HK$9.22 per consideration share.

      Equity transfer agreement II was entered into by and among, Kanrich Holdings Limited, On Chance, Inc., Jun Heng Investment Limited, E-House (China) Holdings Limited, Mr. Zhou Xin (together, the "**Zhou Parties**") and the Company, pursuant to which the Company conditionally agreed to purchase 49,686,192 ordinary shares and 2,239,804 ADSs (each representing one ordinary share) of Leju from the Zhou Parties for a total consideration of US$198,579,099 (approximately HK$1,538,988,015) which will be satisfied by the Company allotting and issuing 166,918,440 consideration shares to the Zhou Parties at the issue price of HK$9.22 per consideration share.

      Upon completion of the Equity Transfer Agreements, Leju will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

   b. the Company entered into a share subscription agreement with Taobao China Holding Limited (the "**Alibaba Subsidiary**") pursuant to which the Alibaba Subsidiary has conditionally agreed to subscribe for, and the Company has 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.

   c. the Company entered into a note subscription agreement with Alibaba.com Hong Kong Limited (the "**Alibaba Noteholder**") pursuant to which the Alibaba Noteholder has conditionally agreed to subscribe for the convertible note in the principal amount of HK$1,031,900,000. The convertible note matures on the third anniversary of the date of issue, carries an interest rate of 2% per annum, and is convertible into the conversion shares at the initial conversion price of HK$10.37, subject to customary adjustments.

   d. the Company entered into a business cooperation agreement with Alibaba (China) Technology Co., Ltd., pursuant to which the parties agreed to cooperate to build an online real estate marketing and transaction platform as well as to jointly explore new business opportunities. The Alibaba Group will provide the Company and Leju with technological empowerment for their respective businesses.

For further details of the above agreements, please refer to the announcement of the Company dated 31 July 2020 (as supplemented by the clarification announcement of the Company dated 21 August 2020).

2. On 7 August 2020, the Company and non-PRC subsidiaries of the Company entered into a purchase agreement with BOCI Asia Limited, Citigroup Global Markets Limited, CRIC Securities Company Limited, Valuable Capital Limited, AMTD Global Markets Limited, Central Wealth Securities Investment Limited, CMBC Securities Company Limited, CMB International Capital Limited, Haitong International Securities Company Limited, Orient Securities (Hong Kong) Limited, Soochow Securities International Brokerage Limited and Vision Capital International Holdings Limited, as the initial purchasers, in connection with the issuance of the additional US$100 million 7.625% senior notes due 2022 (to be consolidated and form a single series with the US$200 million 7.625% senior notes due 2022 issued on 18 October 2019) to be listed on the Stock Exchange (the "**Additional Notes Issue**").

   For further details of the Additional Notes Issue, please refer to the announcements of the Company dated 7 August 2020 and 14 August 2020.

Save as disclosed in this announcement and as at the date of this announcement, there were no other significant events that might affect the Group since the end of the six months ended 30 June 2020.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	For the six months period ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	3	**2,844,954**	4,330,433
Staff costs		**(1,183,902)**	(1,824,898)
Advertising and promotion expenses		**(102,577)**	(140,390)
Rental expenses for short-term leases and low-value assets leases		**(17,006)**	(27,983)
Depreciation and amortisation expenses		**(65,792)**	(40,489)
Loss allowance on financial assets subject to expected credit loss ("ECL"), net of reversal		**(52,596)**	(69,475)
Loss on derecognition of financial assets measured at amortised cost		**–**	(7,534)
Loss on derecognition of receivables at fair value through other comprehensive income ("FVTOCI")		**(7,643)**	–
Consultancy expenses		**(79,325)**	(93,691)
Distribution expenses		**(968,380)**	(1,160,504)
Other operating costs		**(97,974)**	(181,471)
Other income	5	**62,192**	33,562
Other gains and losses		**36,861**	105,849
Other expenses		**(1,239)**	(769)
Share of results of associates		**2,829**	6,974
Finance costs		**(209,054)**	(95,597)
Profit before taxation		**161,348**	834,017
Income tax expense	6	**(56,690)**	(179,958)
Profit for the period	7	**104,658**	654,059
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on receivables measured at FVTOCI		**(49,367)**	–
Net changes in ECL of receivables measured at FVTOCI		**49,367**	–
Total comprehensive income for the period		**104,658**	654,059
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**29,934**	577,868
Non-controlling interests		**74,724**	76,191
		104,658	654,059
Earnings per share	9		
– Basic (RMB cents)		**2.17**	39.70
– Diluted (RMB cents)		**2.17**	39.62

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

	Notes	**30 June 2020** **RMB'000** **(unaudited)**	31 December 2019 *RMB'000* (audited)
Non-current assets			
Property and equipment		**251,671**	108,603
Right-of-use assets		**400,230**	134,835
Investment properties		**697,529**	35,211
Goodwill		**5,109**	5,109
Intangible assets		**81,172**	23,918
Interests in associates		**284,235**	281,406
Amounts due from related parties	*11*	**13,928**	201,141
Deferred tax assets		**563,868**	534,603
Other non-current assets		**528,297**	764,855
		2,826,039	2,089,681
Current assets			
Accounts receivables and bills receivables	*10*	**–**	5,546,823
Other receivables		**2,382,430**	1,737,239
Amounts due from related parties	*11*	**27,459**	2,614,160
Receivables at FVTOCI	*12*		
– accounts receivables and bills receivables		**4,912,383**	–
– amounts due from related parties – accounts receivables		**2,199,395**	–
Financial assets at fair value through profit or loss ("FVTPL")		**1,364,160**	1,708,599
Restricted bank balances		**225,537**	158,492
Pledged bank deposits		**1,270,769**	1,016,087
Bank balances and cash		**2,413,099**	2,294,435
		14,795,232	15,075,835
Current liabilities			
Accounts payables	*13*	**691,387**	623,463
Advance from customers		**129,692**	98,902
Accrued payroll and welfare expenses		**472,529**	789,724
Other payables		**1,196,364**	1,194,830
Dividend payable		**214,456**	–
Contract liabilities		**168,406**	95,842
Tax payables		**839,665**	808,600
Amounts due to related parties	*11*	**167,207**	107,407
Bank borrowings	*14*	**2,101,784**	1,848,000
Other borrowings	*14*	**2,102,612**	–
Lease liabilities		**108,733**	86,451
		8,192,835	5,653,219

	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Net current assets		**6,602,397**	9,422,616
Total assets less current liabilities		**9,428,436**	11,512,297
Non-current liabilities			
Deferred tax liabilities		**48,728**	–
Other borrowings	*14*	**1,379,198**	3,406,130
Lease liabilities		**66,807**	41,919
Financial liabilities at FVTPL		**32,558**	–
		1,527,291	3,448,049
Net assets		**7,901,145**	8,064,248
Capital and reserves			
Share capital		**92**	93
Share premium		**3,866,476**	4,104,603
Treasury stock		**–***	–*
Reserves		**3,765,367**	3,770,702
Equity attributable to owners of the Company		**7,631,935**	7,875,398
Non-controlling interests		**269,210**	188,850
Total equity		**7,901,145**	8,064,248

* amount less than RMB1,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1a. 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, Qiushi Building, 383 Guangyan Road, Jing'an District, Shanghai, the People's Republic of China (the "PRC"), respectively.

The Company and its subsidiaries (collectively referred to as the "Group") offers a wide range of services to the real estate industry, including real estate agency services in the primary market, real estate data and consulting services, and real estate brokerage network services in the PRC.

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

1b. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "*Interim Financial Reporting*" issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

1c. Significant events and transactions in the current interim period

The outbreak of the Coronavirus Disease 2019 ("Covid-19") and the subsequent quarantine measures as well as the travel restrictions imposed by the PRC government have had negative impacts to the economy, business environment and directly and indirectly affect the operations of the Group. The Group stopped its services from February 2020 to March 2020 due to mandatory government quarantine measures in an effort to contain the spread of the pandemic. Since February 2020, the Company made use of online communications to keep in touch with the customers, and track sales details and feedback. At the same time, the Group has introduced a new electronic platform, which allows the Group to collect data with respect to sales center management, sanitation patrol management, security patrol management, and health data aggregation and monitoring of visitors to relevant management departments to ensure sanitation and safety of venues. On the other hand, certain local governments have announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the financial positions and performance of the Group were adversely affected including, reduction in revenue and net profit, while recognition of certain unconditional government grants received in respect of Covid-19-related subsidies as disclosed in the note 5.

During the current interim period, pursuant to the notice released by the relevant PRC authority, certain domestic subsidiaries of the Company have been fully or partially waived to undertake a number of social securities including endowment insurance, unemployment insurance and employment injury insurance, totalling approximately RMB73,123,000 during the period from February to June 2020.

In addition, the Group also completed a number of acquisitions during the current interim period.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at the fair values at the end of each reporting period.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and these amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

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

	Six months ended	
	30 June 2020 ***RMB'000*** **(unaudited)**	30 June 2019 *RMB'000* (unaudited)
Real estate agency services in the primary market, recognised at a point in time	**1,267,049**	2,577,554
Real estate data and consulting services		
– consulting services recognised at a point in time	**382,328**	357,713
– data services recognised over time	**93,335**	85,031
	475,663	442,744
Real estate brokerage network services		
– distribution business in the primary market recognised at a point in time	**1,095,254**	1,299,212
– other services recognised at a point in time	**6,988**	10,923
	1,102,242	1,310,135
	2,844,954	4,330,433

4. SEGMENT INFORMATION

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

Six months ended 30 June 2020 (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*	**Elimination** *RMB'000*	**Total** *RMB'000*
REVENUE					
External sales	**1,267,049**	**475,663**	**1,102,242**	**–**	**2,844,954**
Inter-segment sales	**3,312**	**82**	**29,501**	**(32,895)**	**–**
Total	**1,270,361**	**475,745**	**1,131,743**	**(32,895)**	**2,844,954**
SEGMENT PROFIT	**248,184**	**94,343**	**37,509**	**–**	**380,036**
Unallocated expenses					**(20,683)**
Unallocated net exchange loss					**(360)**
Unallocated net fair value gain on financial assets at FVTPL					**23,001**
Unallocated fair value gain on financial liabilities at FVTPL					**2**
Share of results of associates					**2,829**
Interest income					**24,157**
Finance costs					**(209,054)**
Equity-settled share-based payment expenses					**(38,580)**
Profit before taxation					**161,348**

Six months ended 30 June 2019 (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	Elimination RMB'000	Total RMB'000
REVENUE					
External sales	2,577,554	442,744	1,310,135	–	4,330,433
Inter-segment sales	185	1,987	15,816	(17,988)	–
Total	2,577,739	444,731	1,325,951	(17,988)	4,330,433
SEGMENT PROFIT	806,174	82,844	5,650	–	894,668
Unallocated expenses					(4,315)
Unallocated net exchange loss					(12,285)
Unallocated net fair value gain on financial assets at FVTPL					112,810
Share of results of associates					6,974
Interest income					20,910
Finance costs					(95,597)
Equity-settled share-based payment expenses					(89,148)
Profit before taxation					834,017

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 2019. Segment profit represents the profit earned by each segment without allocation of unallocated expenses, unallocated net exchange loss, unallocated net fair value gain on financial assets at FVTPL, unallocated fair value gain an financial liabilities at FVTPL, share of results of associates, interest income, finance costs and equity-settled share-based payment expenses. This is the measure reported to the chief operating decision maker ("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.

5. OTHER INCOME

	Six months ended	
	30 June 2020	30 June 2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank and other interest income	**24,157**	17,852
Government grants *(note)*	**36,746**	15,230
Others	**1,289**	480
	62,192	33,562

Note:

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

During the current interim period, the Group recognised government grants of RMB2,266,000 in respect of Covid-19-related subsidies.

6. INCOME TAX EXPENSE

	Six months ended	
	30 June 2020	30 June 2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT")		
Current tax	**97,368**	244,611
Overprovision in prior years	**(9,189)**	(5,363)
	88,179	239,248
Deferred tax credit	**(31,489)**	(59,290)
	56,690	179,958

7. PROFIT FOR THE PERIOD

Profit and total comprehensive income for the period has been arrived at after charging (crediting):

	Six months ended	
	30 June 2020	30 June 2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property and equipment	**9,948**	9,359
Depreciation of right-of-use assets	**52,231**	30,244
Depreciation of investment properties	**577**	355
Amortisation of intangible assets	**3,036**	531
Total depreciation and amortisation	**65,792**	40,489
ECL on:		
Accounts receivables and bills receivables	**–**	60,455
Amounts due from related parties of trade nature	**173**	9,352
Receivables at FVTOCI	**49,367**	–
Other receivables and other non-current assets	**3,056**	(332)
Total ECL, net of reversal	**52,596**	69,475
Amounts included in other gains and losses		
Net fair value gain on financial assets at FVTPL	**(36,255)**	(118,096)
Fair value gain on financial liabilities at FVTPL	**(2)**	–
Net exchange (gain) loss	**(471)**	12,285
Net gain on disposal of property and equipment	**(73)**	(38)
Net loss on disposal of investment properties	**29**	–
Net gain on termination of right-of-use assets and lease liabilities	**(89)**	–
	(36,861)	(105,849)

During the current interim period, pursuant to the notice released by the relevant PRC authority, certain domestic subsidiaries of the Company have been fully or partially waived to undertake a number of social securities including endowment insurance, unemployment insurance and employment injury insurance, totaling approximately RMB73,123,000 during the period from February to June 2020.

8. DIVIDENDS

During the current interim period, a final dividend of RMB15.48 cents (2019: HK$22.67 cents (equivalent to RMB19.39 cents) in respect of the year ended 31 December 2018) per ordinary share in respect of the year ended 31 December 2019 was declared to the owners of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to RMB214,456,000 (2019: HK$315,529,000 (equivalent to RMB277,571,000)).

The directors of the Company have determined that no dividend will be declared in respect of the six months ended 30 June 2020 and 2019.

9. EARNINGS PER SHARE

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

	Six months ended	
	30 June 2020	30 June 2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**29,934**	577,868

	Six months ended	
	30 June 2020	30 June 2019
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,385,439**	1,455,667
Effect of dilutive potential ordinary shares:		
Share options of the Company	**–**	2,994
Weighted average number of ordinary share for the purpose of diluted earnings per share	**1,385,439**	1,458,661

For the six months ended 30 June 2019 and 2020, the weighted average number of shares have been arrived at after eliminating the treasury shares held by the Company.

For the six months ended 30 June 2020, the computation of diluted earnings per share did not assume the exercise of all (2019: some) of the Company's outstanding share options since the intrinsic value of these options (being the unrecognised share-based payment expenses of the share option on date of grant plus the exercise price per share) was higher than the average market prices of shares for the periods ended 30 June 2020 and 2019.

10. ACCOUNTS RECEIVABLES AND BILLS RECEIVABLES

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Accounts receivables and bill receivables *(note)*	–	6,341,843
Less: Loss allowance for accounts receivables and bills receivables	–	(795,020)
Total accounts receivables and bills receivables	–	5,546,823

Note:

Since the second half of 2019, as part of the Group's cash flow management, part of the Group's accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables were managed within a business model whose objective was both to sell and collect the contractual cash flows of these receivables by selling some of them without recourse to independent third parties and derecognising these receivables on the basis that the Group had transferred substantially all the risks and rewards to the relevant counterparties ("Factoring Arrangement"). Resulting from the change in the business model of both selling and collecting contractual cash flows on the Group's accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables, in accordance with IFRS 9, the Group reclassified these receivables from financial assets measured at amortised cost to financial assets measured at FVTOCI set out in note 12 on 1 January 2020, being the reclassification date defined as the first day of the first reporting period following the change in business model.

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 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:

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 year	–	3,315,830
1 – 2 years	–	706,465
Over 2 years	–	13,221
	–	4,035,516

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 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 180 days	**–**	811,735
181 – 365 days	**–**	699,572
	–	1,511,307

11. AMOUNTS DUE FROM (TO) RELATED PARTIES

The Group's amounts due from (to) related parties are set out below.

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Assets		
Amounts due from related parties, analysed as:		
– Trade nature balance *(note 10)*	**25,202**	2,673,600
Less: Loss allowance	**(223)**	(72,043)
	24,979	2,601,557
Non-trade nature balance	**16,408**	213,744
	41,387	2,815,301
Disclosed in the condensed consolidated statement of financial statement as:		
– Current assets	**27,459**	2,614,160
– Non-current assets	**13,928**	201,141
	41,387	2,815,301
Liabilities		
Amounts due to related parties, analysed as:		
– Trade nature	**116,348**	102,284
– Non-trade nature	**50,859**	5,123
	167,207	107,407
Disclosed in the condensed consolidated statement of financial statement as:		
– Current liabilities	**167,207**	107,407

The following is an aged analysis of the amounts due from related parties of trade nature – accounts receivables, net of loss allowance and excluding other receivables and other non-current assets of trade nature, presented based on the date of rendering the services and the dates when the sales target for higher commission was achieved at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 year	**–**	2,425,002
1 – 2 years	**–**	153,482
Over 2 years	**–**	19,615
	–	2,598,099

The following is an aged analysis of amounts due to related parties of trade nature – accounts payables mainly represent consulting fee payables to related parties of the Group's real estate agency services in the primary market whereby no general credit terms are granted and repayable on demand and excluding advance from related parties for trade nature purpose. The following is an aged analysis of amounts due to related parties of trade nature accounts payables presented based on the receipts of services by the Group at the end of each reporting period:

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 year	**1,474**	25,697
1 – 2 years	**20,686**	–
	22,160	25,697

12. RECEIVABLES AT FVTOCI

	At 30 June 2020 *RMB'000* (unaudited)
Receivables at FVTOCI comprise:	
Accounts receivables	**3,166,024**
Bills receivables (note)	**1,746,359**
Amounts due from related parties – accounts receivables	**2,199,395**
	7,111,778

Note:

As at 30 June 2020, included in the Group's bills receivables with carrying amounts of RMB1,623,220,000 are commercial bills issued by related parties.

As at 30 June 2020, included in the fair values of the account receivables, bills receivables and amounts due from related parties – accounts receivables with ECL amounted to RMB833,915,000, RMB4,183,000 and RMB78,281,000, respectively.

The following is an aged analysis of accounts receivables (including both amounts due from independent third parties and related parties), presented based on the dates of rendering the services and the dates when the sales target for higher commission was achieved at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 30 June 2020 *RMB'000* (unaudited)
Within 1 year	**4,285,215**
1- 2 years	**1,034,726**
Over 2 years	**45,478**
	5,365,419

The following is a maturity analysis of bills receivables (including both independent third parties and related parties), 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 2020
	RMB'000
	(unaudited)
Within 180 days	**683,444**
181 – 365 days	**1,062,915**
	1,746,359

13. ACCOUNTS PAYABLES

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Accounts payables	**691,387**	623,463

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 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 year	**686,272**	610,062
1 – 2 years	**5,115**	13,401
	691,387	623,463

14. BANK AND OTHER BORROWINGS

(i) Bank borrowings

During the current interim period, the Group obtained total new bank loans of RMB1,101,784,000 (2019: RMB891,000,000) and repaid RMB848,000,000 (2019: RMB586,000,000). The proceeds of the new bank loans obtained were used for the Group's general working capital purpose.

The Group's bank borrowings are denominated in RMB, United States dollar ("US$") and Euro and repayable within one year based on the scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	As at 30 June 2020 ***RMB'000*** **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Effective interest rate:		
Fixed-rate borrowings	**1.1%~5.22%**	3.915% – 5.5%
Variable-rate borrowings	**1.79%**	–

(ii) Other borrowings

Senior notes

On 21 February 2019, the Company issued US$200 million (equivalent to RMB1,374,940,000) 7.75% senior notes ("Original Notes") to independent third parties which are listed on the Stock Exchange due on 28 February 2021. On 9 May 2019, the Company further issued US$100 million (equivalent to RMB687,470,000) senior notes ("Additional Notes") which were also listed on the Stock Exchange to independent third parties due on 28 February 2021 and was therefore reclassified from non-current liabilities to current liabilities during the current interim period. In all respects, except for the issue date and issue price, the Additional Notes were consolidated and formed a single series with the Original Notes issued on 21 February 2019. The consolidated 2021 US$300 million (equivalent to RMB2,062,410,000) senior notes borne coupon at 7.75% per annum. The effective interest rates on the Original Notes and Additional Notes were 9.4% and 9.3% per annum, respectively. The fair value of this senior note was determined based on the quoted bid price in the Stock Exchange as at 30 June 2020 is RMB2,123,850,000 (31 December 2019: RMB2,095,992,000) (Level 1 fair value hierarchy).

Further to the abovementioned senior notes, on 18 October 2019, the Company issued US$200 million (equivalent to RMB1,395,106,000) 7.625% senior notes ("Original Notes II") to independent third parties which were also listed on the Stock Exchange due on 18 April 2022. The effective interest rate on the Original Notes II is 9.2% per annum. The fair value of the Original Notes II was determined based on the quoted bid price in the Stock Exchange as at 30 June 2020 was RMB1,415,900,000 (31 December 2019: RMB1,356,169,000) (Level 1 fair value hierarchy).

There was no issue of additional senior notes during the current interim period, while subsequent to the end of the reporting period, on 14 August 2020, the Company issued additional USD100 million 7.625% senior notes due 2022 (to be consolidated and form a single series with Original Notes II).

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 has complied with all the 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 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 of Directors. 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 2020 and this announcement and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and Deloitte Touche Tohmatsu, the auditor of the Company (the "**Auditor**").

The Auditor has reviewed this announcement and the unaudited consolidated interim results of the Company for the six months ended 30 June 2020 in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

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 six months ended 30 June 2020, the Company repurchased an aggregate of 3,657,000 shares of its own issued ordinary share capital through the Stock Exchange at an aggregate consideration of approximately HK$26.4 million (equivalent to RMB23.7 million).

4,580,400 shares repurchased were cancelled on 15 April 2020.

The repurchases were effected by the Directors for the benefit of the Company and to create value to its shareholders.

Save for the aforesaid, 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.

Subsequent to the period end date and up to the date of this announcement, the Company did not repurchase any shares of its own issued ordinary share capital through the Stock Exchange.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2020.

USE OF PROCEEDS

1. Use of Proceeds from issue of the 2021 Notes

On 21 February 2019 and 9 May 2019, the Company entered into purchase agreements with various financial institutions in connection with the issue of the USD-denominated notes due 2021 in the principal amount of $200 million and $100 million, respectively.

As at 30 June 2020, the Group had used around RMB860.9 million for developing its business operations in the PRC.

The utilised proceeds as described above were in accordance with the purposes set out in the announcements dated 22 February 2019 and 10 May 2019 (the "**2021 Notes Announcements**"). There was no change in the intended use of net proceeds as previously disclosed in the 2021 Notes Announcements. The remaining balance of the net proceeds (approximately USD176.6 million, equivalent to RMB1,231.9 million) was placed with banks. The Group will gradually apply the remaining net proceeds in the manner set out in the 2021 Notes Announcements. The Company may adjust its development plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

For further details, please refer to the announcements of the Company dated 15 February 2019, 22 February 2019, 10 May 2019 and 16 May 2019.

2. Use of Proceeds from Issue of the 2022 Notes

On 10 October 2019, the Company entered into purchase agreements with various financial institutions in connection with the issue of USD-denominated senior notes due 2022 in the principal amount of $200 million.

As at 30 June 2020, the Group had used around RMB266.8 million for general corporate purposes.

There was no change in the intended use of net proceeds as previously disclosed in the announcements of the Company dated 8 October 2019 and 10 October 2019. The remaining balance of the net proceeds (approximately USD161.8 million, equivalent to RMB1,128.5 million) was placed with banks. The Group will gradually apply the remaining net proceeds for general corporate purposes and refinancing existing indebtedness. The Company may adjust its development plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

For further details, please refer to the announcements of the Company dated 8 October 2019 and 10 October 2019.

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 2020 interim report of the Group for the six months ended 30 June 2020 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 2020

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, Mr. Li Silong, Mr. Zhang Hai, Ms. Xie Mei and Mr. Huang Haojun as Non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin as Independent Non-executive Directors.