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E-House (China) Enterprise Holdings Limited

易居（中國）企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2048)

US\$200 million 7.60% Senior Notes due 2023

(the “Notes”, Note Stock Code: 40507)

PUBLICATION OF OFFERING MEMORANDUM

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering memorandum dated 3 December 2020 (the “Offering Memorandum”) appended herein in relation to the issuance of the Notes.

Notice to Hong Kong investors: The Company confirms that the Notes are intended for purchase by professional investors only (as defined in Chapter 37 of the Listing Rules) and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Memorandum does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Memorandum.

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

Hong Kong, 11 December 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.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE PERSONS OUTSIDE THE UNITED STATES.

THE DISTRIBUTION OF THIS OFFERING MEMORANDUM IS LIMITED TO “PROFESSIONAL INVESTORS” ONLY AS DEFINED UNDER CHAPTER 37 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED; OR FOR A PERSON OUTSIDE HONG KONG, A PERSON TO WHOM SECURITIES MAY BE SOLD IN ACCORDANCE WITH A RELEVANT EXEMPTION FROM PUBLIC OFFER REGULATIONS IN THAT JURISDICTION.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS FORBIDDEN. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation and your representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be persons outside the United States (as defined under Regulation S under the Securities Act). By accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are persons outside the United States and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of such offering memorandum by electronic transmission.

Prohibition of Sales to EEA and UK Retail Investors — The securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); or (ii) a customer within the meaning of Directive (EU)2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”) for offering or selling the securities or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the SFA — the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The offering memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129.

The communication of the attached document and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investors and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”)), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the securities described in the attached document are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

You are reminded that this Offering Memorandum is confidential and has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction. This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of BOCI Asia Limited, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, Vision Capital International Holdings Limited, Admiralty Harbour Capital Limited, Merrill Lynch (Asia Pacific) Limited, Central Wealth Securities Investment Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, CRIC Securities Company Limited, DBS Bank Ltd., Haitong International Securities Company Limited, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and Valuable Capital Limited (together, the “Joint Lead Managers”) or any person who controls any of them nor any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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US\$200,000,000



E-House (China) Enterprise Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

7.60% SENIOR NOTES DUE 2023

Issue Price: 99.387%, plus accrued interest, if any

The 7.60% Senior Notes due 2023 (the “Notes”) will bear interest from December 10, 2020 at 7.60% per annum payable semiannually in arrears on June 10 and December 10 of each year, commencing June 10, 2021. The Notes will mature on June 10, 2023.

The Notes are senior obligations of the Company guaranteed (the “Subsidiary Guarantees”) by its existing subsidiaries (the “Subsidiary Guarantors”) other than those organized under the laws of the PRC. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee (a “JV Subsidiary Guarantee”). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

Before June 10, 2023, the Company may redeem up to 35% of the Notes, at a redemption price of 107.60% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, the Company may redeem the Notes, in whole but not in part, at any time prior to June 10, 2023, at a price equal to 100% of the principal amount of the applicable Notes plus a premium as set forth in this offering memorandum. Upon the occurrence of a Change of Control Triggering Event (as defined under “Description of the Notes”), the Company must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes will (1) rank at least pari passu in right of payment against the Company with the February 2019 Notes, the October 2019 Notes (as each defined below) and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights pursuant to applicable law), (2) rank senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (3) be effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (as defined under “Description of the Notes”) to the extent of the assets serving as security therefor, and (4) be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined under “Description of the Notes”). However, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (as defined under “Description of the Notes”). See “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees.”

For a more detailed description of the Notes, see “Description of the Notes” beginning on page 161.

Pursuant to the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “NDRC Circular”) issued by the National Development and Reform Commission of the PRC or its local counterparts (“NDRC”) on September 14, 2015 which came into effect on the same day, the Company has registered the issuance of the Notes with the NDRC and obtained a certificate from NDRC on October 16, 2020 evidencing such registration and undertakes to provide the requisite information on the issuance of the Notes to the NDRC within 10 business days after the issue date of the Notes.

Investing in the Notes involves risks. Furthermore, investors should be aware that the Notes are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarize themselves with before making an investment in the Notes. See the section entitled “Risk Factors” beginning on page 15 and particularly pages 46 for risks relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees.

Application will be made to the SEHK for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Professional Investors”) only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Company confirms that the Notes are intended for purchase by Professional Investors only and will be listed on The Hong Kong Stock Exchange Limited on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A confirmation of the eligibility of the listing of the Notes has been received from the SEHK.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold by the Initial Purchasers only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions” beginning on page 233.

The Notes will be evidenced by a global certificate (the “Global Certificate”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”).

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

BOC International Citigroup Credit Suisse Vision Capital

Joint Lead Managers and Joint Bookrunners

Admiralty Harbour BofA Securities Central Wealth Securities Investment Limited China International Capital Corporation

CMB International CRIC Securities DBS Bank Ltd. Haitong International

Nomura Orient Securities (Hong Kong) Valuable Capital Limited

The date of the offering memorandum is December 3, 2020

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THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTE OFFERED HEREBY TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY OR OUR SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

IN CONNECTION WITH THIS OFFERING, BOCI ASIA LIMITED, CITIGROUP GLOBAL MARKETS LIMITED, CREDIT SUISSE (HONG KONG) LIMITED, VISION CAPITAL INTERNATIONAL HOLDINGS LIMITED, ADMIRALTY HARBOUR CAPITAL LIMITED, MERRILL LYNCH (ASIA PACIFIC) LIMITED, CENTRAL WEALTH SECURITIES INVESTMENT LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CMB INTERNATIONAL CAPITAL LIMITED, CRIC SECURITIES COMPANY LIMITED, DBS BANK LTD., HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED, NOMURA INTERNATIONAL (HONG KONG) LIMITED, ORIENT SECURITIES (HONG KONG) LIMITED AND VALUABLE CAPITAL LIMITED AS STABILIZING MANAGER ON BEHALF OF THE INITIAL PURCHASERS, OR ANY PERSON ACTING FOR THE INITIAL PURCHASERS, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILIZING MANAGERS ON BEHALF OF THE INITIAL PURCHASERS, AND NOT FOR OR ON BEHALF OF THE COMPANY.

THIS OFFERING MEMORANDUM INCLUDES PARTICULARS GIVEN IN COMPLIANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY, THE SUBSIDIARY GUARANTORS AND THE JV SUBSIDIARY GUARANTORS (IF ANY). THE COMPANY, THE SUBSIDIARY GUARANTORS AND THE JV SUBSIDIARY GUARANTORS (IF ANY) ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM AND CONFIRMS, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING.

Prohibition of Sales to EEA and UK Retail Investors — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); or (ii) a customer within the meaning of Directive (EU)2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”) for offering or selling the securities or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the SFA — the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

You should rely only on the information contained in this offering memorandum. We have not authorized anyone to provide you with information that is different from that contained in this offering memorandum. We are offering to sell, and seeking offers to buy, the Notes only in jurisdictions where offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or any sale of the Notes. Our business, financial condition, results of operations and prospects may have changed since that date.

This offering memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Company, the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent or the Transfer Agent that any recipient of this offering memorandum should purchase the Notes. Each person receiving this offering memorandum acknowledges that such person has not relied on the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent, the Transfer Agent or on any person affiliated with the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent or the Transfer Agent in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Company, and the merits and risks involved in investing in the Notes. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Notes.

To the fullest extent permitted by law, none of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent, the Transfer Agent or any of their respective affiliates, directors or advisors accepts any responsibility for the contents of this offering memorandum. Each of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent and the Transfer Agent or any of their respective affiliates, directors or advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this offering memorandum or any such statement. None of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent, the Transfer Agent or any of their respective affiliates, directors or advisors undertakes to review the financial condition or affairs of the Company or the Group during the life of the arrangements contemplated by this offering memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent or the Transfer Agent.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed offering of the Notes. We reserve the right to withdraw the offering of the Notes at any time. We and the Joint Lead Managers also reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered hereby.

You are reminded that this offering memorandum is confidential and has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of this offering memorandum to any other person.

This offering memorandum is personal to the offeree to whom it has been delivered and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum by you to any person other than those persons, if any, retained to advise you with respect to this offering memorandum is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. By accepting delivery of this offering memorandum, each offeree agrees to the foregoing and to make no photocopies or other reproductions of this offering memorandum.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction. This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of BOCI Asia Limited, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, Vision Capital International Holdings Limited, Admiralty Harbour Capital Limited, Merrill Lynch (Asia Pacific) Limited, Central Wealth Securities Investment Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, CRIC Securities Company Limited, DBS Bank Ltd., Haitong International Securities Company Limited, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and Valuable Capital Limited (together, the “Joint Lead Managers”) or any person who controls any of them nor any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Each offeree acknowledges that (i) such person has been afforded an opportunity to request from us and to review, and have received, all additional information considered by such person to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (ii) such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with such person’s investigation of the accuracy of such information or such person’s investment decision, and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries, the Notes, the Subsidiary Guarantees on the JV Subsidiary Guarantees (if any) (other than as contained in this offering memorandum) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Joint Lead Managers.

Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Notes. Persons into whose possession this offering memorandum or any of the Notes are delivered must inform themselves about, and observe, any such restrictions. Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Joint Lead Managers shall have any responsibility therefor.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section headed “Plan of Distribution” below.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

The offering memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2019/1129.

The communication of the attached document and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investors and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF OUR BUSINESS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE U.S. SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM. YOU SHOULD BE AWARE THAT YOU MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. SEE "TRANSFER RESTRICTIONS."

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY THE JOINT LEAD MANAGERS, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (THE "TRUSTEE") AND THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (THE "PAYING AGENT", THE "NOTE REGISTRAR" AND THE "TRANSFER AGENT", AND TOGETHER, THE "AGENTS") OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISORS, AS TO THE ACCURACY, COMPLETENESS OR SUFFICIENCY OF THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM, AND NOTHING CONTAINED IN THIS OFFERING MEMORANDUM IS, OR SHOULD BE RELIED UPON AS, A PROMISE, REPRESENTATION OR WARRANTY BY THE JOINT LEAD MANAGERS, THE TRUSTEE OR THE AGENTS, WHETHER AS TO THE PAST OR THE FUTURE. THE JOINT LEAD MANAGERS ASSUME NO RESPONSIBILITY FOR ITS ACCURACY, COMPLETENESS OR SUFFICIENCY OR FOR ANY STATEMENT MADE OR PURPORTED TO BE MADE BY THE JOINT LEAD MANAGERS OR ON THEIR BEHALF IN CONNECTION WITH THE COMPANY, THE SUBSIDIARY GUARANTORS, THE SUBSIDIARY GUARANTORS (IF ANY) ON THE ISSUE AND OFFERING OF THE NOTES. NONE OF THE JOINT LEAD MANAGERS, THE TRUSTEE OR THE AGENTS ACCEPT ANY RESPONSIBILITY FOR THE CONTENTS OF THIS OFFERING MEMORANDUM. EACH OF THE JOINT LEAD MANAGERS, THE TRUSTEE AND THE AGENTS ACCORDINGLY DISCLAIMS ALL AND ANY LIABILITY WHETHER ARISING IN TORT OR CONTRACT OR OTHERWISE WHICH IT MIGHT OTHERWISE HAVE IN RESPECT OF THIS OFFERING MEMORANDUM OR ANY SUCH STATEMENT.

Neither we nor the Joint Lead Managers or any of our or their respective representatives are making any representation to you regarding the legality of an investment in the Notes by you under applicable legal investment or similar laws. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of the purchase of the Notes.

CERTAIN CONVENTIONS AND CURRENCY PRESENTATION

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Joint Lead Managers or our or their respective directors and advisors, and neither we, the Joint Lead Managers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This offering memorandum summarizes certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering and Notes, including the merits and risks involved.

The statistics set forth in this offering memorandum relating to the PRC and the financial services industry in the PRC were taken or derived from various government and private publications. Neither we nor the Joint Lead Managers make any representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly inconsistent collection methods and other problems, the statistics herein may be inaccurate and should not be unduly relied upon.

In this offering memorandum, references to “China” or the “PRC” are to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan except where the context requires otherwise; references to “US\$” or “U.S. dollars” are to the lawful currency of the United States; references to “RMB” or “Renminbi” are to the lawful currency of China; and references to “HK\$” or “Hong Kong dollars” are to the lawful currency of Hong Kong. We record and publish our financial statements in Renminbi. Solely for your convenience, certain Renminbi amounts in this offering memorandum have been converted into U.S. dollars and certain U.S. dollar amounts have been converted into Renminbi amounts, based on the exchange rate of RMB7.0651 = US\$1.00, which was the noon buying rate as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board for cable transfers for Renminbi on June 30, 2020; and certain Hong Kong dollar amounts in this offering memorandum have been converted into U.S. dollars and certain U.S. dollar amounts have been converted into Hong Kong dollar amounts, based on the exchange rate of HK\$7.7501 = US\$1.00, which was the noon buying rate as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board for cable transfers for Hong Kong dollars on June 30, 2020. No representation is made that Renminbi or the Hong Kong dollar amounts could have been, or could be, converted into U.S. dollars at that rate or at any other rate. See “Exchange Rate Information.”

Unless the context otherwise requires, references to “2017”, “2018” and “2019” in this offering memorandum are to our financial years ended December 31, 2017, 2018 and 2019, respectively.

In this offering memorandum, the terms “we,” “us,” “Group” and “our” refer to E-House (China) Enterprise Holdings Limited and its subsidiaries, the term “Company” refers to E-House (China) Enterprise Holdings Limited individually, in each case unless the context otherwise requires, “Initial Purchasers” refer to BOCI Asia Limited, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, Vision Capital International Holdings Limited, Admiralty Harbour Capital Limited, Merrill Lynch (Asia Pacific) Limited, Central Wealth Securities Investment Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, CRIC Securities Company Limited, DBS Bank Ltd., Haitong International Securities Company Limited, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and Valuable Capital Limited and “Joint Lead Managers” refer to the Initial Purchasers.

References to “ADSs” are to the American Depositary Shares.

References to “Beijing Jinyue” are to Beijing Yijieyou Enterprise Management Consultancy Co., Ltd. (北京易傑優企業管理諮詢有限公司) (formerly known as Beijing Jinyue Real Estate Brokerage Co., Ltd. (北京金岳房地產經紀有限公司)), a company incorporated in the PRC on January 3, 2003 and a wholly-owned subsidiary of E-House Management.

References to “Board” are to the board of Directors of the Company.

References to “BVI” are to the British Virgin Islands.

References to “Country Garden” are to Country Garden Holdings Company Limited (碧桂園控股有限公司), a company incorporated in the Cayman Islands with limited liability and listed on the SEHK with stock code 2007 and one of our shareholders.

References to “CRE BVI” are to E-House (China) Information Technology Co., Ltd. (易居(中國)信息技術有限公司) (formerly known as CRIC (China) Information Technology Co., Ltd. (克而瑞(中國)信息技術有限公司), a company incorporated in the British Virgin Islands with limited liability on April 25, 2006 and a wholly-owned subsidiary of CRE Corp, which is one of our shareholders.

References to “CRE Corp” are to China Real Estate Information Corporation (中國房產信息集團) (formerly known as CRIC Holdings Limited (CRIC控股有限公司)), a company incorporated in the Cayman Islands with limited liability on August 21, 2008 and one of our shareholders.

References to “CRIC Systems” are to a series of proprietary real estate databases and analysis systems developed and owned by us.

References to “CSRC” are to the China Securities Regulatory Commission.

References to “Director(s)” are to the director(s) of the Company.

References to “E-House (China) Holdings” are to E-House (China) Holdings Limited (易居(中國)控股有限公司), a company incorporated in the Cayman Islands with limited liability on August 27, 2004 and one of our shareholders.

References to “E-House Holdings” are to E-House Holdings Limited, a company incorporated in the Cayman Islands with limited liability on July 31, 2015 and one of our shareholders.

References to “E-House Management” are to E-House (China) Enterprise Management Group Limited (易居(中國)企業管理集團有限公司) (formerly known as Shanghai Real Estate Consultancy and Sales (Group) Co., Ltd. (上海房屋銷售(集團)有限公司)), a company established in the PRC on August 15, 2000, and a wholly-owned subsidiary of E-House (China) Holdings, which is one of our shareholders.

References to “E-House Management Holdco” are to E-House (China) Management Company Limited (易居(中國)管理有限公司) (formerly known as E-House Real Estate Ltd.), a company incorporated in the British Virgin Islands with limited liability on January 4, 2005 and automatically re-registered on January 1, 2007 under the BVI Business Companies Act, 2004, and an indirect wholly-owned subsidiary of E-House (China) Holdings, which is one of our shareholders.

References to “E-House Xiangyue” are to Shanghai E-House Xiangyue Real Estate Sales Co., Ltd. (上海易居祥悅房屋銷售有限公司), a company established in the PRC on January 18, 2010, and an indirect wholly-owned subsidiary of the Company.

References to “Evergrande” are to China Evergrande Group (中國恒大集團有限公司), (formerly known as Evergrande Real Estate Group Limited (恒大地產集團有限公司)), a company incorporated in the Cayman Islands with limited liability and listed on the SEHK with stock code 3333, and our substantial shareholder.

References to the “February 2019 Notes” are to the US\$200,000,000 7.75% senior notes due 2021 we issued on February 28, 2019 pursuant to an indenture dated February 28, 2019, and the additional US\$100,000,000 7.75% senior notes due 2021 we issued on May 16, 2019, which have been consolidated and form a single class with the US\$200,000,000 7.75% senior notes due 2021 issued on February 28, 2019. See “Description of Other Material Indebtedness — February 2019 Notes.”

References to the “October 2019 Notes” are to the US\$200,000,000 7.625% senior notes due 2022 we issued on October 18, 2019 pursuant to an indenture dated October 18, 2019, and the additional US\$100,000,000 7.625% senior notes due 2022 we issued on August 14, 2020, which have been consolidated and form a single class with the US\$200,000,000 7.625% senior notes due 2022 issued on October 18, 2019. See “Description of Other Material Indebtedness — October 2019 Notes.”

References to “GDP” are to gross domestic product.

References to “Jun Heng” are to Jun Heng Investment Limited, a company incorporated in the British Virgin Islands on June 13, 2002 and one of our shareholders.

References to “Jupai” are to Jupai Holdings Limited, a company incorporated in the Cayman Islands with limited liability on August 2012 and listed on NYSE with stock code JP and which is partially held by E-House (China) Holdings as at June 30, 2020.

References to “Kanrich” are to Kanrich Holdings Limited, a company incorporated in the British Virgin Islands on December 14, 2012 and one of our shareholders.

References to “Leju” are to Leju Holdings Limited, a company incorporated in the Cayman Islands with limited liability on November 20, 2013 which was listed on NYSE with stock code LEJU, and a subsidiary of the Company.

References to “Listing Rules” are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time.

References to “MIIT” are to the Ministry of Industry and Information Technology of China (中華人民共和國工業信息化部).

References to “MOFCOM” are to the Ministry of Commerce of China (中華人民共和國商務部).

References to “Mr. Zhou” are to Mr. Zhou Xin (周忻), our Executive Director.

References to “NASDAQ” are to National Association of Securities Dealers Automated Quotations.

References to “NDRC” are to National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會).

References to “NYSE” are to the New York Stock Exchange.

References to “On Chance” are to On Chance, Inc., a company incorporated in the British Virgin Islands on January 21, 2002 and one of our shareholders.

References to “PBOC” are to the People’s Bank of China.

References to “PRC Holdco” are to E-House Enterprise (China) Group Co., Ltd. (易居企業(中國)集團有限公司) (formerly known as 易居(中國)企業集團有限公司), a company established in the PRC with limited liability on July 3, 2006, and an indirect wholly-owned subsidiary of the Company.

References to “Regal Ace” are to Regal Ace Holdings Limited, a company incorporated in the British Virgin Islands on July 10, 2015 and one of our shareholders.

References to “SAFE” are to the State Administration of Foreign Exchange of China.

References to “SAIC” are to State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局).

References to “SASAC” are to the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會).

References to “SAT” are to the State Administration of Taxation (國家稅務總局). References to “SEHK” are to The Stock Exchange of Hong Kong Limited.

References to “SFO” are to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.

References to “Shanghai Lituo” are to Shanghai Lituo Real Estate Brokerage Co., Ltd. (上海勵拓房地產經紀有限公司), a company established in the PRC on November 11, 2014 and an indirect wholly-owned subsidiary of the Company.

References to “Shanghai Trading” are to Shanghai E-House Real Estate Trading Service Co., Ltd. (上海易居房地產交易服務有限公司), a company established in the PRC on October 30, 2015, and a wholly-owned subsidiary of Shanghai E-House Fangyou Real Estate Service Co., Ltd. (上海易居房友房地產服務有限公司).

References to “Shanghai Urban” are to Shanghai Urban Development (Group) Co., Ltd. (上海城開(集團)有限公司), a company established in the PRC on April 30, 1996, and a substantial shareholder of our subsidiary, Shanghai Urban Development Real Estate Brokerage Co., Ltd. (上海城開房地產經紀有限公司).

References to “TED” are to Shanghai TED Internet Technology Co., Ltd. (上海太德勵拓互聯網科技股份有限公司), a company established in the PRC on February 9, 2007 and listed on National Equities Exchange and Quotations with stock code 837383.

References to “Vanke” are to China Vanke Co., Ltd. (萬科企業股份有限公司), a limited liability company established in the PRC and listed on the SEHK and the Shenzhen Stock Exchange with stock codes 2202 and 000002, respectively, and our substantial shareholder.

In this offering memorandum, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Totals of columns or rows in tables may not equal the apparent total of the individual items and actual numbers may differ from those contained in this offering memorandum due to rounding.

The English names of PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this offering memorandum. These forward-looking statements include, but are not limited to, statements relating to:

- our future business development, financial condition and results of operations;
- our business strategies and plans to achieve these strategies;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- the actions and developments of our competitors; and
- all other risks and uncertainties described in the section headed “Risk Factors”.

In some cases we use words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” and other similar expressions to identify forward-looking statements. All statements other than statements of historical facts included in this offering memorandum, including statements regarding our strategy, projected costs and plans and objectives of management for future operations, are forward-looking statements. We can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements.

Furthermore, these forward-looking statements merely reflect our views with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, factors disclosed under the section headed “Risk Factors” of this offering memorandum and elsewhere in this offering memorandum and the following:

- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this offering memorandum, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this offering memorandum might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this offering memorandum are qualified by reference to this cautionary statement.

ENFORCEABILITY OF CIVIL LIABILITIES

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability and operate principally in the PRC. As substantially all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations. All or substantially all of our directors and officers and the experts named herein may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any), or to enforce against us, any of the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any), judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

Since 1979, the PRC Government has promulgated laws and regulations in relation to general economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view towards developing a comprehensive system of commercial law. In particular, legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. As a result of this activity to develop the legal system, the system of laws in China continues to evolve. However, even where adequate law exists, the enforcement of existing laws or contracts may be uncertain and sporadic. The PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited for reference but have limited weight as precedent. It may be difficult for investors to effect service of process upon us or our directors and officers. We have been advised by Grandall Law Firm (Shanghai), our PRC legal adviser, that it is uncertain whether the courts of the PRC would (i) enforce against us, or our directors and officers, judgments obtained in courts or arbitration tribunals outside the PRC which are predicated upon the laws of jurisdictions other than the PRC, including the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in the PRC against us, or our directors and officers, predicated upon U.S. federal or state securities laws.

We have been advised by our Hong Kong legal adviser, Skadden, Arps, Slate, Meagher & Flom, that Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the United States predicated upon U.S. federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court, and then seeking summary or default judgment on the strength of the foreign judgment, *provided* that the foreign court is a court of competent jurisdiction, the foreign judgment is for a debt or definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment: (a) was obtained by fraud; (b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time; (c) is contrary to public policy or natural justice; (d) is for penal damages; or (e) is based on foreign penal, revenue or other public law.

We have similarly been advised by Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands laws, that there is uncertainty as to whether the courts of the Cayman Islands would (1) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (2) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States. Maples and Calder (Hong Kong) LLP has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the liquidated sum for which such judgment has been given, *provided* such judgment (i) is final and conclusive, (ii) is not in respect of taxes, a fine or a penalty; and (iii) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However,

the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

We have been advised by our BVI legal adviser, Maples and Calder (Hong Kong) LLP, that any final and conclusive monetary judgment obtained against any Subsidiary Guarantor incorporated in the BVI in the courts of the United States, for a definite sum, may be treated by the courts of the BVI as a cause of action in itself so that no retrial of the issues would be necessary *provided* that in respect of the foreign judgment: (a) the foreign court issuing the judgment had jurisdiction in the matter and we either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (b) the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations; (c) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the foreign court; (d) recognition or enforcement of the judgment in the BVI would not be contrary to public policy; and (e) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements and related notes as of December 31, 2017, 2018 and 2019 and for the years ended December 31, 2017, 2018 and 2019, included elsewhere in the offering memorandum, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), which differ in certain respects from generally accepted accounting principles in certain other countries. The unaudited condensed consolidated financial statements and related notes as of June 30, 2019 and 2020, included elsewhere in the offering memorandum, have been prepared on the same basis as our audited consolidated financial statements. We also use certain non-IFRS financial measures to present our financial information in this offering memorandum.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this offering memorandum in connection with the Company and our business. These terms and their definitions may not correspond to standard industry definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as us.

“CAGR”	compound annual growth rate
“first-tier cities”	four cities in China, namely, Beijing, Shanghai, Guangzhou and Shenzhen, according to information from the National Bureau of Statistics
“GFA”	gross floor area
“primary real estate market”	the market for newly constructed residential and commercial properties where the sellers are generally real estate developers
“secondary real estate market”	the market for existing residential and commercial properties where the sellers are generally not real estate developers
“second-tier cities”	31 cities in China, namely, Shijiazhuang, Zhengzhou, Xi’ an, Taiyuan, Jinan, Lanzhou, Shenyang, Changchun, Harbin, Kunming, Guiyang, Fuzhou, Haikou, Chengdu, Wuhan, Changsha, Nanchang, Hefei, Hangzhou, Xining, Urumqi, Hohhot, Yinchuan, Nanning, Tianjin, Chongqing, Nanjing, Qingdao, Xiamen, Ningbo and Dalian, according to information from the National Bureau of Statistics
“third- and fourth-tier cities”	all cities in China other than first-tier cities and second-tier cities

SUMMARY

The following summary highlights information contained elsewhere in this offering memorandum.

Because this is only a summary, it does not contain all of the information that you should consider before deciding to invest in the Notes. You should read this entire offering memorandum carefully, including the “Risk Factors” section and our consolidated financial statements and related notes.

Overview

We mainly offer real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. We serve real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain. Following our initial public offering, our shares have been listed on the main board of the SEHK since July 20, 2018 under stock code 02048, and our market capitalization was approximately HK\$11,219.8 million (US\$1,447.7 million) as of November 11, 2020.

Since our inception in 2000, we have earned a respected reputation in China’s real estate industry, and established a leading position in each of our main businesses:

- We generated revenue of RMB1.3 billion from real estate agency services in the primary market in the six months ended June 30, 2020. We believe this makes us one of the largest real estate agency service providers in the primary market in China by revenue from real estate agency services. With our efficient operational management systems and flexible resource allocation, we are capable of selling megaprojects for China’s largest real estate developers.
- We believe that our “CRIC” brand is associated with broad geographic coverage, diverse service offerings, deep market insight and continuous innovation. Our research reports and rankings are highly cited and widely recognized for their authoritativeness, reliability and professional quality.
- We have pioneered an asset-light “S2B2C” business model, providing comprehensive services under our Fangyou brand to small and medium-sized brokerage firms and empowering them to better serve their individual customers. Our nationwide Fangyou network had over 13,000 Fangyou-branded stores as of June 30, 2020, competing against companies that primarily operate self-owned or franchised stores.

Our business benefits from our close relationships with many of China’s most prominent real estate developers, particularly in light of the continuing trend of market consolidation in the real estate development industry. We are committed to becoming a comprehensive service platform for giant-level transactions in China’s real estate industry, serving a number of developers, intermediaries and asset owners, with the full business coverage of direct sales. As of June 30, 2020, we served 100% of China’s top 100 developers. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of June 30, 2020, we had a contracted pipeline of 288.3 million square meters of total GFA for our real estate agency services in the primary market.

Our three major business lines complement each other, generating powerful business synergies and abundant cross-selling opportunities. We collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services. We leverage our data capabilities to provide real estate developers with various services at the early stages of real estate development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to serve real estate developers through our real estate agency services in the primary market and our real estate brokerage network services. In addition, we can help our developer customers expand their sales channels by sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerage firms we cooperate with. In the six months ended June 30, 2020, new property units with a total transaction

value of approximately RMB43.3 billion were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. We experienced significant growth in our three business segments and asset-light business model during the three years ended December 31, 2019. Our revenue increased from RMB4.6 billion in 2017 to RMB9.1 billion in 2019, representing a CAGR of 40.1%. Our profit and total comprehensive income for the year increased from RMB765.3 million in 2017 to RMB970.7 million in 2019, representing a CAGR of 12.6%. However, due to the outbreak of COVID-19 and the subsequent disease prevention measures adopted by central and local governments in the PRC, our revenue decreased from RMB4.3 billion in the six months ended June 30, 2019 to RMB2.8 billion (US\$0.4 billion) in the six months ended June 30, 2020. Our profit and total comprehensive income for the period decreased from RMB654.1 million in the six months ended June 30, 2019 to RMB104.7 million (US\$14.8 million) in the six months ended June 30, 2020.

Recent Developments

Acquisition of a Majority Equity Interest in Leju

On July 31, 2020, we entered into a series of equity transfer agreements with the parties below, pursuant to which we 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. Upon completion of the equity transfer agreements, Leju became one of our subsidiaries. We believe in building upon our core businesses while continuing to innovate, and intend to fully commit and follow through with our business plans. As such, the acquisition of a majority interest in Leju helps diversify our business lines and expand our ecosystem of real estate services to empower and serve the wider real estate industry.

We entered into an equity transfer agreement with SINA Corporation (NASDAQ Stock Ticker: SINA) and MemeStar Limited (collectively “SINA Parties”), pursuant to which we agreed to purchase 24,438,564 ordinary shares and 36,687 ADSs (each representing one ordinary share) of Leju from SINA Parties for a total consideration of US\$93,600,000. On November 4, 2020, the transaction completed and we allotted and issued 78,676,790 shares to a nominee of SINA Parties at the issue price of HK\$9.22 per share in satisfaction of the consideration.

We entered into an equity transfer agreement with Kanrich Holdings Limited, On Chance, Inc., Jun Heng Investment Limited, E-House (China) Holdings and Mr. Zhou, pursuant to which we agreed to purchase 49,686,192 ordinary shares and 2,239,804 ADSs (each representing one ordinary share) of Leju from the above parties for a total consideration of US\$198,579,099. On November 4, 2020, the transaction completed and we allotted and issued 166,918,440 shares to E-House (China) Holdings and On Chance, Inc. at the Issue Price of HK\$9.22 per share.

Reasons for and benefits of the acquisition of the majority of equity interest in Leju

We are a leading real estate transaction service provider in China, mainly offering real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services.

As part of our ongoing corporate strategy, we will continue to maintain our premier services in the real estate industry by maintaining steady growth while being innovative. As the property market transitions from large-scale development and construction towards management of existing real estate, we are determined to lead the emerging “technology-enabled and smart services-based” real estate industry. In terms of real estate agency services in the primary market, we will shift from pursuing high-speed growth to high-quality growth by concentrating its resources on premium projects and by deploying ‘smart services’ to achieve better quality and efficiency. In terms of real estate brokerage network services, we will continue to enhance our technology-driven management so that innovative technologies and premium services can be employed to expand its market share.

This strategy is supported by the proposed acquisition of the majority of equity interest in Leju, a leading online-to-offline real estate services provider in China, offering real estate e-commerce, online advertising, and online listing services through its online platform, which comprises local websites

covering more than 370 cities and various mobile applications. Leju's provision of online advertising, online listing services and operation of real estate focused websites complement our real estate agency services in the primary market and brokerage network services, particularly with the increasing adoption and incorporation of online services, innovative technologies, and smart digital services in the aftermath of the COVID-19 outbreak. In addition to synergies with the Group's existing business, we additionally expect that the acquisition of a majority interest in Leju will be complementary to its proposed cooperation with the Alibaba Group to, among others, build an online real estate transaction platform.

We believe in building upon our core businesses while continuing to innovate, and intend to fully commit and follow through with its business plans. The proposed acquisition of a majority interest in Leju continues the diversification of our business lines and expanding its ecosystem of real estate services to empower and serve the wider real estate industry.

In addition, upon the completion of the acquisition, Leju became our subsidiary and its revenue will account for a large proportion of our consolidated revenue and have significant impact on our results of operations and financial position. For details of the risk relating to the acquisition of Leju, please refer to "Risk Factors — Risks Relating to Our Business and Industry — We acquired Leju in November 2020 and may fail to achieve the desired benefits from such acquisition, which could have a material adverse effect on our results of operations and financial position."

Subscription of Shares by an Alibaba Subsidiary

On July 31, 2020, we entered into a share subscription agreement with Taobao China Holding Limited, an indirect wholly-owned subsidiary of Alibaba Group Holding Limited (NYSE Stock Symbol: BABA; SEHK Stock Code: 9988) ("Alibaba Group"), pursuant to which the Company has 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. On November 4, 2020, the transaction completed and we issued 118,300,000 shares to Taobao China Holding Limited, upon which Alibaba Group became one of our principal shareholders. We believe the subscription is an appropriate means to increase our capital base and provide additional funds to support ongoing business development. We also foresee future synergies and growth to be derived from the enhanced cooperation with the Alibaba Group and the cascading benefits to our businesses in the long run.

Issue of Convertible Note to an Alibaba Noteholder

On July 31, 2020, the Company entered into a note subscription agreement with Alibaba.com Hong Kong Limited ("Alibaba Noteholder"), an indirect wholly-owned subsidiary of Alibaba Group, pursuant to which the Alibaba Noteholder has 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. On November 4, 2020, the transaction completed and we issued the convertible note to the Alibaba Noteholder. We believe the issue of the convertible note provides us with immediate funding without immediate dilution of the shareholding of the existing shareholders and enlarge our capital base if the conversion rights are exercised. It further aligns the interests of the Alibaba Group directly to the shareholders in relation to the long term growth and performance of the businesses without further impacting the commitment or shareholding of existing shareholders. See "Principal Shareholders — Convertible Note to the Alibaba Noteholder" for more information on the shareholding structure of the company assuming the allotment and issue of the conversion shares in full as contemplated under the note subscription agreement.

Business Cooperation Agreement with an Alibaba Subsidiary

We have entered into a business cooperation agreement with Alibaba (China) Technology Co., Ltd., an indirect wholly-owned subsidiary of Alibaba Group Holding Limited, pursuant to which we agreed to cooperate to build an online real estate marking and transaction platform and jointly explore new business opportunities. Alibaba Group Holding Limited and its subsidiaries will provide us with technological empowerment for our respective businesses. We believe the cooperation is consistent with the purposes and benefits as mentioned above.

Share Repurchase

During the ten months ended October 31, 2020, we repurchased an aggregate of 3,657,000 of our shares through the SEHK at an aggregate consideration of approximately HK\$26.4 million (US\$3.4 million). 4,580,400 and 498,000 of the repurchased shares were cancelled on April 15, 2020 and September 29, 2020. The repurchases were effected to create value to our shareholders.

Outbreak of Novel Coronavirus

The coronavirus disease 2019 (“COVID-19”) pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Cities in the PRC where we have significant operations imposed travel restrictions in an effort to curb the spread of COVID-19 which is highly infectious. The outbreak of the COVID-19 pandemic and the subsequent measures taken to restrict its spread among the population, such as social distancing and lockdown, have constrained the lives of all and severely affected the business activities and economic outlook, with no exception for the real estate agency and brokerage sector in China. The various levels of interruption and suspension of normal daily activities for a significant part of the first half of 2020 increased the operational challenges of participants in the Chinese real estate agency and brokerage sector. Due to the outbreak of COVID-19 and the subsequent disease prevention measures adopted by central and local governments in the PRC, our revenue experienced decrease during the six months ended June 30, 2020. Approximately 1,600 of our sales offices in mainland China were forced to shut down and ceased operations in the first quarter of 2020, which caused interruption to our business in the first quarter of 2020. However, in the second quarter of 2020, as impact of the COVID-19 outbreak gradually reduced, our operations have improved and we recovered from the operating loss recorded in the first quarter of 2020. Accordingly, we were still able to record profits during the six months ended June 30, 2020.

The central and local governments in the PRC have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since June 2020, China and some other countries gradually lifted stay-at home orders and began to resume work and school at varying levels and scopes. However, since June 2020 more than 100 new cases have been reported in Beijing and several other provinces. Strict measures have been imposed again to curb this potential resurgence. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. For details of the effects of the COVID-19 outbreak, please refer to “Risk Factors — Risks Relating to Our Business and Industry — Any natural or other disasters, including outbreaks of health epidemics, and other extraordinary events could severely disrupt our business operations.”

Our Competitive Strengths

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- we are an industry leader with a successful operating track record;
- we have strong customer and shareholder bases, and have established strategic relationships with many leading real estate developers in China;
- we have strong brand recognition and synergies across business segments;
- we have pioneered an innovative asset-light business model to integrate and empower small and medium-sized real estate brokerage firms; and
- we have an experienced and stable management team and an effective staff training system.

Our Strategies

To achieve our mission, we plan to pursue the following business strategies:

- strengthen our leadership position in real estate agency services in the primary market;
- further expand our Fangyou network and the revenue source of our Fangyou brokerage network;
- further enhance our influence in the real estate industry;
- invest in research and innovation; and
- build an integrated platform for human resources services in the real estate industry.

Corporate Information

We are an exempted company incorporated with limited liability under the laws of the Cayman Islands. In July 2018, we listed our ordinary shares on the Main Board of the SEHK. Our headquarters is located at 11/F, Qiushi Building, 383 Guangyan Road, Jing'an District, Shanghai 200072, China and our principal place of business in Hong Kong is located at 40th Floor, Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong. Our telephone number is +86 021 60868011. Our website address is www.ehousechina.com. Information contained on our website does not form part of this offering memorandum.

OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete and it is subject to important limitations and exceptions. You should read the full text and more specific details contained elsewhere in this offering memorandum. For a more detailed description of the Notes and the Subsidiary Guarantees, see "Description of the Notes." Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes."

Company	E-House (China) Enterprise Holdings Limited
Notes Offered	US\$200,000,000 aggregate principal amount of 7.60% senior notes due 2023.
Issue Price	99.387% of the aggregate principal amount of the Notes.
Issue Date	December 10, 2020
Maturity Date.....	June 10, 2023
Interest.....	The Notes will bear interest from and including December 10, 2020 at the rate of 7.60% per annum, payable semi-annually in arrears.
Interest Payment Dates	June 10 and December 10 of each year, commencing June 10, 2021.
Ranking of the Notes.....	The Notes are: <ul style="list-style-type: none">• general obligations of the Company;• senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;• at least <i>pari passu</i> in right of payment with the February 2019 Notes, the October 2019 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law);• guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described below under "Description of the Notes — The Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees";• effectively subordinated to all existing and future secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to the extent of the value of the assets serving as security therefor; and• effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined herein).
Subsidiary Guarantees.....	Each of the Subsidiary Guarantors have agreed to, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of all of the Restricted Subsidiaries other than (i) those Restricted Subsidiaries organized under the laws of the PRC and (ii) certain other subsidiaries specified in “Description of the Notes.”

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC or Exempted Subsidiaries), as soon as practicable and in any event within 30 days after such Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such entity will guarantee the payment of the Notes as a Subsidiary Guarantor. Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary organized under laws outside the PRC not provide a Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary; *provided* that, after giving effect to the consolidated assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than the Exempted Subsidiaries) that are neither Subsidiary Guarantors nor JV Subsidiary Guarantors do not account for more than 15% of the Total Assets of the Company.

A Subsidiary Guarantee may be released in certain other circumstances. See “Description of the Notes — The Subsidiary Guarantees-Release of the Subsidiary Guarantees.”

Ranking of the Subsidiary
Guarantees.....

The Subsidiary Guarantee of each Subsidiary Guarantor is:

- a general obligation of such Subsidiary Guarantor;
- effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- at least *pari passu* in right of payment with the subsidiary guarantee of such Subsidiary Guarantor for the February 2019 Notes, the October 2019 Notes and all other unsecured and unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

<p>Ranking of JV Subsidiary Guarantees.....</p>	<p>A JV Subsidiary Guarantee instead of a Subsidiary Guarantee may be provided by a Subsidiary Guarantor following (i) a sale by the Company or any of its Restricted Subsidiaries of Capital Stock in such Subsidiary Guarantor, where such sale is for no less than 20% of the total outstanding issued Capital Stock of such Subsidiary Guarantor or (ii) a purchase by the Company or any of its Restricted Subsidiaries of Capital Stock in an Independent Third Party, such that the Independent Third Party will become a Restricted Subsidiary following such purchase. The JV Subsidiary Guarantee of each JV Subsidiary Guarantor:</p> <ul style="list-style-type: none"> • is a general obligation of such JV Subsidiary Guarantor; • is limited as to enforceability to the JV Entitlement Amount (as defined in the “Description of the Notes”); • is effectively subordinated to the secured obligations of such JV Subsidiary Guarantor to the extent of the value of the assets serving as security therefor; • subject to the limitation to the JV Entitlement Amount, is senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and <p>subject to the limitation to the JV Entitlement Amount, ranks at least pari passu with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).</p>
<p>Use of Proceeds.....</p>	<p>We intend to use the net proceeds primarily for refinancing existing indebtedness.</p>
<p>Optional Redemption</p>	<p>The Company may at its option redeem the Notes, in whole but not in part, at any time prior to June 10, 2023, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the Applicable Premium.</p>

At any time and from time to time prior to June 10, 2023, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 107.60% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Repurchase of Notes Upon a
Change of Control Triggering
Event.....

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding amount of each series of the Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See “Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event.”

Redemption for Taxation Reasons...

Subject to certain exceptions and as more fully described herein, the Notes may be redeemed, at the option of the Company or a Surviving Person, as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders and the Trustee (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or a Surviving Person, as the case may be, for redemption, if the Company or a Surviving Person would become obliged to pay certain Additional Amounts as a result of changes in certain tax laws. See “Description of the Notes — Redemption for Taxation Reasons.”

Covenants

The Notes and the Indenture governing the Notes will limit the ability of the Company and its Restricted Subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness by Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;

- enter into transactions with shareholders or affiliates;
- engage in any business other than Permitted Businesses; and
- effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in “Description of the Notes — Certain Covenants.”

Transfer Restrictions The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions.”

Form, Denomination and Registration The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by one global note registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream.

Book-Entry Only..... The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see “Description of the Notes — Book-Entry; Delivery and Form.”

Delivery of the Notes The Company expects to make delivery of the Notes against payment in same-day funds on or about December 10, 2020, which will be the fifth business day following the date of this offering memorandum referred to as “T+5.” You should note that initial trading of the Notes may be affected by the T+5 settlement. See “Plan of Distribution.”

Trustee The Hongkong and Shanghai Banking Corporation Limited

Paying Agent, Registrar and Transfer Agent..... The Hongkong and Shanghai Banking Corporation Limited

Listing..... Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issue to Professional Investors only as described in this offering memorandum. A confirmation of the eligibility of the listing of the Notes has been received from the SEHK.

Ratings The Notes are expected to be rated “BB-” by S&P Global Ratings and “BB+” by Lianhe Ratings Global Limited.

The ratings do not constitute a recommendation to purchase, hold or sell the Notes and may be subject to suspension, reduction or withdrawal at any time by the rating agencies. See “Ratings.”

Governing Law The Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture are governed by and will be construed in accordance with the laws of the State of New York.

LEI Number..... 5493002HJ10W0BB7T830

ISIN/Common Code.....	ISIN	Common Code
	XS2260179762	226017976

Risk Factors..... For a discussion of certain factors that should be considered in evaluating an investment in each series of the Notes, see “Risk Factors.”

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following summary consolidated statement of profit or loss data for the years ended December 31, 2017, 2018 and 2019 and summary consolidated statement of financial position data as of December 31, 2017, 2018 and 2019 have been derived from our audited consolidated financial statements and related notes included elsewhere in this offering memorandum. The following summary consolidated statement of profit or loss data for the six months ended June 30, 2019 and 2020 and summary consolidated statement of financial position data as of June 30, 2020 have been derived from our reviewed but unaudited condensed consolidated interim financial statements and related notes included elsewhere in this offering memorandum. The unaudited condensed consolidated interim financial information as of and for the six-month period ended June 30, 2020 contains all adjustments that our management believes are necessary for the fair presentation of such information. Results for interim periods are not indicative of results for the full year. We have prepared our unaudited interim financial information on the same basis as our audited consolidated financial statements. You should read the summary consolidated financial data in conjunction with the audited consolidated financial statements and related notes, “Selected Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,			For the six months ended June 30,		
	2017	2018	2019	2019	2020	2020
	(in thousands of RMB)			(in thousands of RMB)		(in thousands of US\$)
				<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	4,633,360	5,948,172	9,094,682	4,330,433	2,844,954	402,677
Staff costs	(2,623,332)	(2,993,818)	(3,342,113)	(1,824,898)	(1,183,902)	(167,570)
Advertising and promotion expenses.....	(236,053)	(310,360)	(392,550)	(140,390)	(102,577)	(14,519)
Rental expenses for short-term leases and low-value assets leases	—	—	(52,646)	(27,983)	(17,006)	(2,407)
Operating lease charges in respect of office premises	(105,571)	(118,923)	—	—	—	—
Depreciation and amortisation expenses	(27,870)	(26,170)	(90,870)	(40,489)	(65,792)	(9,312)
Loss allowance on financial assets subject to expected credit loss (“ECL”), net of reversal	(119,866)	(166,590)	(222,748)	(69,475)	(52,596)	(7,444)
Loss on derecognition of financial assets measured at amortised cost	—	—	(14,484)	(7,534)	—	—
Loss on derecognition of receivables at fair value through other comprehensive income (“FVTOCI”).....	—	—	—	—	(7,643)	(1,082)
Consultancy expenses.....	(224,424)	(217,748)	(275,101)	(93,691)	(79,325)	(11,228)
Distribution expenses	(51,726)	(331,516)	(3,116,152)	(1,160,504)	(968,380)	(137,065)
Other operating costs	(284,539)	(368,740)	(324,902)	(181,471)	(97,974)	(13,867)
Other income.....	38,256	106,519	124,892	33,562	62,192	8,803
Other gains and losses	3,355	18,828	171,884	105,849	36,861	5,217
Other expenses	(8,831)	(42,666)	(2,127)	(769)	(1,239)	(175)
Share of result of associates	148	1,144	23,705	6,974	2,829	400
Finance costs.....	(21,650)	(25,171)	(272,153)	(95,597)	(209,054)	(29,590)
Profit before taxation	971,257	1,472,961	1,309,317	834,017	161,348	22,837
Income tax expense.....	(205,951)	(391,308)	(338,604)	(179,958)	(56,690)	(8,024)
Profit for the year/period	765,306	1,081,653	970,713	654,059	104,658	14,813

	For the year ended December 31,			For the six months ended June 30,		
	2017	2018	2019	2019	2020	2020
	(in thousands of RMB)			(in thousands of RMB)		(in thousands of US\$)
				(unaudited)	(unaudited)	(unaudited)
Other comprehensive (expense) income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Fair value changes on receivables measured at FVTOCI.....	—	—	—	—	(49,367)	(6,987)
Net changes in ECL of receivables measured at FVTOCI.....	—	—	—	—	49,367	6,987
Total comprehensive income for the year/period.....	765,306	1,081,653	970,713	654,059	104,658	14,813
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Company	352,020	950,312	860,872	577,868	29,934	4,237
Non-controlling interests.....	413,286	131,341	109,841	76,191	74,724	10,576
	<u>765,306</u>	<u>1,081,653</u>	<u>970,713</u>	<u>654,059</u>	<u>104,658</u>	<u>14,813</u>
Non-IFRS Measures⁽¹⁾:						
EBITDA ⁽²⁾	1,020,777	1,524,302	1,672,340	970,103	436,194	61,739
EBITDA margin ⁽³⁾	22.0%	25.6%	18.4%	22.4%	15.3%	15.3%
Core net profit attributable to owners of the Company ⁽⁴⁾	702,045	1,144,590	997,897	667,016	68,516	9,698

Notes:

- (1) The use of non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, profit and total comprehensive income for the year/period, profit and total comprehensive income for the year/period attributable to owners of the Company and other measures as reported in accordance with IFRS. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Measures” below.
- (2) We define EBITDA as (i) profit and total comprehensive income for the period, adjusted to add back (ii) finance cost (iii) depreciation and amortization expenses and (iv) income tax expense. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See the section entitled “Description of the Notes — Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.
- (3) We define EBITDA margin as EBITDA divided by revenue.
- (4) 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 21 investors of PRC Holdco, and (iii) share-based compensation expense related to the Company’s pre-IPO share option scheme. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Measures” below. The calculation of core net profit attributable to owners of the Company is not in accordance with IFRS.

Consolidated Statements of Financial Position

	As of December 31,			As of June 30,	
	2017	2018	2019	2020	2020
	(in thousands of RMB)			(in thousands of RMB)	(in thousands of US\$)
				(unaudited)	(unaudited)
Non-current assets					
Property and equipment	62,249	59,455	108,603	251,671	35,622
Right-of-use assets	—	—	134,835	400,230	56,649
Investment properties	18,688	20,340	35,211	697,529	98,729
Goodwill	5,109	5,109	5,109	5,109	723
Intangible assets	5,744	2,238	23,918	81,172	11,489
Interests in associates	11,015	212,511	281,406	284,235	40,231
Amounts due from related parties	—	10,786	201,141	13,928	1,971
Bond receivables	—	129,291	—	—	—
Deferred tax assets	504,234	488,076	534,603	563,868	79,810
Other non-current assets	31,669	350,737	764,855	528,297	74,776
	<u>638,708</u>	<u>1,278,543</u>	<u>2,089,681</u>	<u>2,826,039</u>	<u>400,000</u>
Current assets					
Accounts receivables and bills receivables	3,308,002	4,164,244	5,546,823	—	—
Other receivables	71,590	1,794,139	1,737,239	2,382,430	337,211
Amounts due from related parties	379,070	1,565,196	2,614,160	27,459	3,887
Receivables at FVTOCI					
accounts receivables and bills receivables	—	—	—	4,912,383	695,303
amounts due from related parties — accounts receivables	—	—	—	2,199,395	311,304
Financial assets at fair value through profit or loss (“FVTPL”)	20,000	271,940	1,708,599	1,364,160	193,084
Restricted bank balances	131,264	52,539	158,492	225,537	31,923
Pledged bank deposits	—	411,786	1,016,087	1,270,769	179,866
Bank balances and cash	1,791,290	2,280,215	2,294,435	2,413,099	341,552
Total current assets	<u>5,701,216</u>	<u>10,540,059</u>	<u>15,075,835</u>	<u>14,795,232</u>	<u>2,094,130</u>
Current liabilities					
Accounts payables	174,561	325,700	623,463	691,387	97,859
Advance from customers	83,468	46,097	98,902	129,692	18,357
Accrued payroll and welfare expenses	1,161,640	909,864	789,724	472,529	66,882
Other payables	1,571,273	857,554	1,194,830	1,196,364	169,334
Dividend payable	—	—	—	214,456	30,354
Contract liabilities	33,113	82,557	95,842	168,406	23,836
Tax payables	405,733	513,311	808,600	839,665	118,847
Amounts due to related parties	297,294	67,841	107,407	167,207	23,667
Bank borrowings	450,000	1,000,000	1,848,000	2,101,784	297,488
Other borrowings	—	—	—	2,102,612	297,605
Lease liabilities	—	—	86,451	108,733	15,390
Total current liabilities	<u>4,177,082</u>	<u>3,802,924</u>	<u>5,653,219</u>	<u>8,192,835</u>	<u>1,159,619</u>
Net current assets	<u>1,524,134</u>	<u>6,737,135</u>	<u>9,422,616</u>	<u>6,602,397</u>	<u>934,511</u>
Total assets less current liabilities	<u>2,162,842</u>	<u>8,015,678</u>	<u>11,512,297</u>	<u>9,428,436</u>	<u>1,334,511</u>
Non-current liabilities					
Deferred tax liabilities	219	73	—	48,728	6,897
Other borrowings	—	—	3,406,130	1,379,198	195,213
Lease liabilities	—	—	41,919	66,807	9,456
Financial liabilities at FVTPL	—	—	—	32,558	4,608
	<u>219</u>	<u>73</u>	<u>3,448,049</u>	<u>1,527,291</u>	<u>216,174</u>
Net assets	<u>2,162,623</u>	<u>8,015,605</u>	<u>8,064,248</u>	<u>7,901,145</u>	<u>1,118,337</u>
Capital and reserves					
Share capital	330,076	98	93	92	13
Share premium	—	5,098,146	4,104,603	3,866,476	547,264
Treasury stock	—	—	—	—	—
Reserves	695,034	2,773,667	3,770,702	3,765,367	532,953
Equity attributable to owners of the Company	1,025,110	7,871,911	7,875,398	7,631,935	1,080,230
Non-controlling interests	1,137,513	143,694	188,850	269,210	38,104
Total equity	<u>2,162,623</u>	<u>8,015,605</u>	<u>8,064,248</u>	<u>7,901,145</u>	<u>1,118,337</u>

* Amount is less than RMB1,000.

RISK FACTORS

An investment in the Notes involves significant risks. You should carefully consider the risks described below and the other information in this offering memorandum before you decide to invest in the Notes. If any of the possible events described below actually occurs, our business, prospects, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, the trading price of the Notes could decline and you may lose all or part of your investment.

We believe that there are certain risks and uncertainties involved in our operations, many of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to business operations in the PRC; (iii) risks relating to the Notes, and (iv) risks relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees.

Risks Relating to Our Business and Industry

We acquired Leju in November 2020 and may fail to achieve the desired benefits from such acquisition, which could have a material adverse effect on our results of operations and financial position.

In November 2020, we acquired a 56.19% equity interest in Leju from certain of its then existing shareholders for an aggregate consideration of US\$292,179,099. Upon completion of the acquisition in November 2020, Leju became our subsidiary. Leju is a leading online-to-offline real estate services provider in China, offering real estate e-commerce, online advertising, and online listing services through its online platform, which comprises local websites covering more than 370 cities and various mobile applications. Leju has been listed on the New York Stock Exchange (NYSE Stock Symbol: LEJU) since April 2014. See “Summary — Recent Development” for more information.

We believe the acquisition of a majority interest in Leju continues the diversification of our business lines and expanding our ecosystem of real estate services to empower and serve the wider real estate industry. However, we may face difficulties in integrating the acquired operations with our existing business, particularly when integrating their existing workforce with ours, and fail to create the expected synergies with our existing business. Our ability to integrate the acquired business may be affected by a variety of factors. These factors include, but are not limited to, the complexity and size of the acquired business, the risks of operating in new markets, unfamiliarity with new regulatory regimes, unfamiliarity with different listing venues, differences in corporate cultures, the inability to retain the acquired business’s personnel, as well as additional hidden costs associated with the acquisition. As a result, we cannot assure you that our acquisition of Leju would achieve our desired strategic objectives or the expected return on investment. Our acquisition of Leju could also disrupt our ongoing business, distract our management and employees or increase our expenses, any of which could materially and adversely affect our business, results of operations and financial position. Moreover, pursuant to Leju’s published financial statements for the years ended December 31, 2017 and 2018, Leju incurred losses in both fiscal years. Its net profit margin for the year ended December 31, 2019 was also lower than ours. Therefore, the acquisition of Leju could have an adverse impact on our profitability.

In addition, upon the completion of our acquisition of Leju, we expect to record a goodwill in our consolidated balance sheet as of December 31, 2020, reflecting the difference between the total acquisition consideration and Leju’s total identifiable net assets as of November 1, 2020. In the future, impairment assessments will be undertaken annually or more frequently with respect to the goodwill if events or changes in circumstances indicate a potential impairment. In making such assessment, if the assumptions with respect to the expected cash flow from the acquired assets or the discount rate change, the then assessed fair value can be lower than the then carrying amount of the goodwill. If we fail to achieve our desired objectives or if any unforeseen circumstance arises that decreases the expected cash flows from acquired assets, the fair value can be lower than the carrying amount on our financial statements. Under such circumstance, we may need to record impairments against our goodwill in our financial statements, which may materially and adversely reduce our assets and impact our profitability.

Our business is susceptible to fluctuations in the real estate market of China, which may materially and adversely affect our revenues and results of operations.

We conduct our real estate services business primarily in China. Our business depends substantially on the condition of the PRC real estate market. Demand for private residential real estate in China has grown rapidly in the recent decade but such growth is often coupled with volatility in market conditions and fluctuations in real estate prices. Fluctuations of supply and demand in China's real estate market are affected by economic, social, political and other factors. Over the years, governments at both national and local levels have announced and implemented various policies and measures aimed to regulate the real estate market, in some cases to stimulate further development and more purchases of residential real estate units and in other cases to restrict these activities from growing too rapidly. These measures can affect real estate buyers' eligibility to purchase multiple real estate units, their down-payment requirements and financing, as well as availability of land to developers and their ability to obtain financing. These measures have affected and may continue to affect the condition of China's real estate market and cause fluctuations in real estate prices and transaction volumes. See the subsection headed "Risks Related to Our Business and Industry — Our business may be materially and adversely affected by government measures aimed at China's real estate industry." Furthermore, there may be situations in which China's real estate industry is so active that real estate developers see a reduced need for marketing initiatives and reduce their spending on such initiatives and the commissions they are prepared to pay, which could potentially adversely affect our results of operations. To the extent fluctuations in the real estate market adversely affect real estate transaction volumes or prices, our financial condition and results of operations may be materially and adversely affected.

Our business may be materially and adversely affected by government measures aimed at China's real estate industry.

The real estate industry in China is subject to government regulation. In recent years, PRC government agencies have issued a number of restrictive rules on the real estate market. For example, in January 2011, the State Council issued the "New Eight Policies," pursuant to which all direct-controlled municipalities, all provincial capitals and certain other cities where the local housing prices were deemed to be too high or to have risen too fast, were required to temporarily suspend the sale of housing units to families with registered local permanent residency that already own two or more housing units, families without registered local permanent residency that already own one or more housing units, and families without registered local permanent residency that cannot provide evidence of their local payment of taxes or social insurance premiums for a required period. In early 2013, the State Council issued the "New Five Policies" for the administration of the housing market and detailed implementation rules, which reflected the PRC government's strong determination to curb the increase of housing prices by requiring more stringent implementation of housing price control measures. For example, in the cities where housing unit sales have already been subject to restrictions, if the local housing supply is not sufficient so that the housing prices are rising too fast, local governments are required to take more stringent measures to restrict housing units from being sold to those families who own one or more housing units. Following the request of the central government, Beijing, Shanghai and other major cities in China announced detailed regulations for the New Five Policies in March 2013 to further restrict local real estate markets.

Although certain local governments loosened some of the restrictive measures in 2015 and early 2016 to moderately stimulate the real estate market, such as lowering the minimum percentage of down-payment for housing purchases and relaxing real property related tax policies, those local governments subsequently retightened certain policies and issued new restrictive policies in late 2016 and 2017. For example, the minimum percentages of down-payment and mortgage loan interest rates were raised again. These regulatory measures and policies by the government have caused a reduction in transactions in the real estate market. While these measures and policies remain in effect, they may continue to depress the real estate market, dissuade potential purchasers from making purchases, reduce transaction volume, cause a decline in average selling prices, and prevent developers from raising the capital they need and increase developers' costs to start new projects. The general trend of tightening government regulation over real estate industry may result in lower growth rates in the real estate industry. Frequent changes in government policies may also create uncertainties that could discourage investments in real estate and developers from initiating new projects. Our business and results of operations may be materially and adversely affected as a result of decreased transaction volumes or real estate prices that may result from government policies.

We generate a substantial portion of revenue from a concentrated number of real estate developers.

In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, we derived 44.1%, 43.7%, 41.9%, 42.4% and 49.2%, respectively, of our total revenue from services rendered to our top five customers, all of which are real estate developers in China. In particular, in these periods, we generated 35.1%, 31.5%, 18.0%, 24.5% and 23.9%, respectively, of our revenue from Evergrande, our single largest customer. In the future, these real estate developers may not continue to engage our services at the same level, or at all, or they may experience financial or other difficulties that prevent them from making timely delivery of their properties under development. Should these real estate developers terminate their contracts with us or substantially reduce their business with us and we fail to find alternative real estate developers to provide us with revenue-generating business, or if any of them fails to make timely delivery of its properties under development, our financial condition and results of operations may be materially and adversely affected. Even if we can maintain our relationships with these real estate developers, should one or more of them encounter any issue in their business or liquidity, we may not be able to grow our business with them or collect payments from them on time or at all, which will affect our own business and/or liquidity.

Our real estate brokerage network services have a limited operating history and are provided under a new business model.

Although we have operated in the PRC real estate service market since 2000, we only started to offer real estate brokerage network services in January 2016. Revenue generated from our real estate brokerage network services increased from RMB77.2 million in 2017 to RMB421.5 million in 2018 and further to RMB3,550.8 million in 2019 and decreased from RMB1,310.1 million in the six months ended June 30, 2019 to RMB1,102.2 million (US\$156.0 million) in the six months ended June 30, 2020, and as a percentage of our total revenue increased from 1.7% in 2017 to 7.1% in 2018 and further to 39.0% in 2019, and from 30.3% in the six months ended June 30, 2019 to 38.7% in the six months ended June 30, 2020. Segment profit from our real estate brokerage network services increased from loss of RMB125.1 million in 2017 to loss of RMB94.4 million in 2018 and further to profit of RMB57.9 million in 2019 and from RMB5.7 million in the six months ended June 30, 2019 to RMB37.5 million in the six months ended June 30, 2020. We expect this business segment to grow rapidly in the coming years, but its short operating history makes it difficult to assess its future prospects.

Furthermore, operation of a new business segment may expose us to new risks and uncertainties. Our real estate brokerage network services are offered under an innovative “S2B2C” business model. We provide comprehensive services to Fangyou-branded stores to empower them to better serve customers in the secondary real estate market. See the section headed “Business — Our Services — Real Estate Brokerage Network Services” for further details. We cannot assure you that our new business model will be successful. If our services are not favourably received by Fangyou-branded stores and their customers, our real estate brokerage network services business may not grow as fast as we expect, or at all. In addition, we cannot assure you that our new business model will continue to be profitable. We do not charge Fangyou-branded stores for our services. Instead, through our real estate brokerage network services, we currently derive revenue primarily by sourcing buyers of new properties through our Fangyou-branded stores and other cooperating real estate brokerage firms for our developer customers. We do not control or interfere with the business operations of Fangyou-branded stores and other cooperating real estate brokerage firms, nor do we set minimum sales targets for them. If our new business model is successful, our competitors may imitate our services, which could reduce our business volumes or increase our costs.

Failure to maintain or enhance our brands or image could have a material adverse effect on our business and results of operations.

We operate our three major business lines under the “E-House” series of brands, which we believe are associated with a leading integrated real estate services company with consistent high-quality services among both real estate developers and individual real estate buyers in China. Our “CRIC” brand is associated with a leading real estate information and consulting service provider. Our brands are integral

to our sales and marketing efforts. Our continued success in maintaining and enhancing our brands and image depends to a large extent on our ability to satisfy customer needs by further developing and maintaining quality of services across our operations, as well as our ability to respond to competitive pressures. If we are unable to satisfy customer needs or if our public image or reputation were otherwise diminished or damaged including by matters outside of our control, our business transactions with our customers may decline, which could in turn adversely affect our results of operations.

If we are unable to compete successfully, our financial condition and results of operations may be harmed.

We encounter intense competition in each of our business segments on a national, regional and local level. Competition in the industry is primarily based on quality of services, brand name recognition, geographic coverage, commission rates or service fees, and range of services. Compared to real estate development, providing real estate services does not require significant capital commitments. New and existing competitors may offer competitive rates, greater convenience or superior services, which could attract customers away from us, resulting in lower revenues for our operations. Our commission rates are based on individually negotiated contracts with our developer clients, which are affected by the competitive landscape of the relevant local real estate market. Increased competition among real estate service companies in the primary market could result in decreases in the average commission rates in the industry or in a particular local market. In addition, the real estate development market in China has been experiencing significant consolidation in recent years. As a result of such consolidation, the market share of large and sophisticated developers has gradually increased. These developers generally have higher requirements on real estate transaction service providers, such as the ability to provide integrated solutions covering various stages of real estate development and sufficient nationwide resources to execute such solutions. The new competitive landscape has placed additional demands on us to increase the amount of resources we provide to our customers and improve the quality of our services in order to retain our customers. As a result, we may not be able to continue to compete effectively and to maintain our current commission rates or profit margin levels. Furthermore, competition among real estate service companies may also increase our costs to attract or retain talented employees.

Although we are one of the largest real estate service companies in China, our relative competitive position varies significantly by service type and geographic area. We may not be able to continue to compete effectively, maintain our current fee arrangements or margin levels or ensure that we will not encounter increased competition. Some of our competitors may have smaller aggregate businesses than us, but may be more established and have greater market presence and brand name recognition on a local or regional basis. If we fail to compete effectively, our business operations and financial condition will suffer.

If we fail to successfully execute the business plans for our strategic cooperation, our results of operations and prospects may be materially and adversely affected.

We have entered into strategic cooperation with a number of leading real estate developers in China. The success of these strategic cooperation depends on, among others, our successful sales and marketing of the projects and properties, the developers' ability to make timely delivery of properties in satisfactory quality and quantity and purchasers' ability to obtain financing and complete their purchase obligations. If we fail to successfully market and sell these new properties, or if purchasers fail to complete their purchase obligations for any reason, we may not be able to continue the existing strategic cooperation or enter into new strategic relationships with leading real estate developers and our results of operations and prospects may be materially and adversely affected.

If we cannot manage our growth effectively and efficiently, our results of operations or profitability could be adversely affected.

Our revenue increased from RMB4.6 billion in 2017 to RMB9.1 billion in 2019, representing a CAGR of 40.1%. However, our revenue decreased by 34.3% from RMB4,330.4 million in the six months ended June 30, 2019 to RMB2,845.0 million (US\$402.7 million) in the six months ended June 30, 2020. This decrease was primarily due to the outbreak of COVID-19 and the subsequent disease prevention

measures adopted by central and local governments in the PRC. We intend to continue to expand our services and operations. See the sections headed “Business — Our Strategies”. This expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. Our planned expansion will also place significant demands on us to maintain the quality of our services to ensure that our brands do not suffer as a result of any deviations, whether actual or perceived, in the quality of our services. In order to manage and support our growth, we must continue to improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified real estate service professionals as well as other administrative and sales and marketing personnel, particularly as we expand into new markets and launch new business initiatives. In particular, our expansion plans are based upon our forward-looking assessment of market prospects and industry trends. However, market conditions and/or industry trends may change in a way that we are unable to predict. Customer demands may also change unpredictably as new technologies develop. Our expansion plans may also be affected by a number of factors beyond our control. Such factors include changes in China’s economic condition in general and its real estate market in particular, government regulation, changes in demands for our services, as well as our ability to obtain sufficient financing for our expansion efforts. We cannot assure you that our expansion plans will be implemented successfully, or we will be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel and integrate any new expansion into our existing operations. As a result, our quality of service may deteriorate and our results of operations or profitability could be adversely affected.

Our upgrades and improvements to our real estate data systems may not be successful or may fall short of expected results.

As our real estate data and consulting services continue to develop and expand, we may need to upgrade and improve our real estate data systems to provide new features and functionalities based on the demand of our customers, such as a wider coverage on geographical market and industry subsectors, as well as smarter presentation of relevant information to facilitate our customers’ decision-making. However, we cannot assure you that we will be successful in executing these system upgrades and improvement strategies. In particular, our systems may experience interruptions or longer response times during upgrades and new technologies or infrastructures may also not be fully integrated or functional with the existing systems on a timely basis or at all, all of which could have an adverse impact on customer experience. The actual useful life of the relevant software and other intangible assets may be shorter than expected due to reasons such as faster than expected technological advances resulting in necessary upgrades before the end of expected useful life. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We may lose our competitive advantage if we fail to obtain and maintain accurate, comprehensive and reliable data in our CRIC Systems or prevent disruptions or failure in the performance of our CRIC Systems.

We have devoted substantial resources to developing, maintaining and updating our CRIC Systems, which are a series of proprietary real estate information databases and analysis systems. Our ability to provide consistent high-quality services and maintain our competitive advantage relies in large part on the accuracy, comprehensiveness and reliability of the data contained in our CRIC Systems and the outputs and reports based on these data. The task of establishing and maintaining accurate and reliable data is challenging. We rely on third-party data providers for a significant amount of the information in our CRIC Systems, and some of these data may be inaccurate. If our data, including the data we obtain from third parties, are not current, accurate, comprehensive or reliable, we could experience reduced demand for our services or be subject to legal claims by our customers, which could adversely affect our business and financial performance.

Any frequent or recurring disruption or failure in the performance of our CRIC Systems could also adversely affect the quality of our services and damage our reputation. Our system is vulnerable to damage or interruption as a result of power loss, telecommunications failures, computer viruses, hacking or other attempts to disrupt our system, and similar events. Our servers may also be vulnerable to break-ins,

sabotage and vandalism. Our disaster recovery planning does not account for all possible scenarios. If we experience frequent or persistent system failures, the quality of our services and our reputation could be harmed. The steps we need to take to increase the reliability of our CRIC Systems and to maintain complete backups may be costly, which could reduce our operating margin, and such steps may not reduce the frequency or duration of system failures and service interruptions.

Our ability to protect the personal information of prospective and actual property buyers could be compromised and subject us to liabilities.

Although we do not collect or store personal information of individuals in our CRIC Systems, in the ordinary course of our real estate agency services business, we collect certain personal information voluntarily provided by prospective and actual property buyers which is stored in our internal databases. The use of personally identifiable and other confidential information is increasingly subject to laws and regulations in China. On December 28, 2012, the Standing Committee of the National People's Congress promulgated the Decision on Strengthening Network Information Protection to enhance the legal protection of information security and privacy on the internet. Under relevant laws and regulations, personal information can be collected only if it is directly related to the provision of products and services. In addition, we are required to establish internal rules for employees who are authorized to access personal information in our databases, as well as internal rules relating to the handling of data security emergencies. It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our practices. To ensure our compliance with evolving laws and regulations on the protection of personal information, we may need to incur additional costs to regularly monitor the relevant legal developments, refine our internal procedures in response to new legal requirements and make technology investments to further improve our data security. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws and regulations, could result in additional cost and liability to us, damage our reputation and harm our business.

The personal information we have collected and stored in our internal databases are potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins, or similar disruptions. While we have taken steps to protect such information, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our technology system could cause confidential personal information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity, which could adversely affect our business and results of operations.

If we fail to obtain or keep licenses, permits or approvals applicable to the various real estate services provided by or to us, we may incur significant financial penalties and other government sanctions.

Due to the broad geographic scope of our operations and the wide variety of real estate services we provide, we are subject to numerous national, regional and local laws and regulations specific to the services we perform. Foreign ownership of the real estate agency and brokerage business in China used to be subject to government approval. Since 2015, the real estate agency and brokerage business in China is no longer a restricted category for foreign investment under the Foreign Investment Industrial Guidance Catalogue.

Accordingly, our PRC subsidiaries only need to make a filing with, but no longer need to obtain the approval of MOFCOM or its relevant local counterparts for the establishment of, or investment in, any new PRC subsidiary with a registered business scope of real estate agency and brokerage services. Pursuant to the relevant regulations regarding real estate agency and brokerage businesses, however, a company engaging in real estate brokerage business is still required to make a filing with the real estate administrative authority within 30 days after issuance of its business license.

As of the date of this offering memorandum, one of our PRC subsidiaries has not obtained the filing certificate after submitting the application for the filing certificate, even though such application has been approved by the authorities. If we fail to properly complete filings or to obtain or maintain the licenses

and permits for conducting our businesses, the relevant branch office or subsidiary may be ordered to cease conducting the relevant real estate services and be subject to administrative penalties such as warning, fines and revocation of its licenses. Given the large size and scope of real estate sale transactions, both the difficulty of ensuring compliance with the multiple levels of licensing regimes and the possible loss resulting from non-compliance are significant.

In addition to the licenses for our operations, each of our employees who provides real estate brokerage services must have the requisite professional qualification certificate, which has an effective period of three years. We are not certain that our relevant employees can obtain or renew these certificates in a timely manner, if at all. As relevant real estate administrative authorities will only issue a license to us to set up and operate a real estate brokerage company in certain cities when the company has a certain minimum number of licensed real estate brokers, our business could suffer if our relevant employees are unable to obtain or renew these certificates in those cities.

As a licensed real estate broker, we and our licensed employees are subject to statutory obligations not to sell properties that fail to meet the statutory sales conditions or provide false statements on the conditions of any property in any advertisement. We must present clients with relevant title certificates or sales permits of the properties and the related letter of authorization. Failure to fulfil these obligations could subject us to litigation from parties who purchased or sold properties we brokered. We may become subject to claims by other participants in real estate transactions claiming that we did not fulfil our statutory obligations as brokers. We may also lose the licenses and permits that are necessary for conducting our business and/or be subject to other government sanctions.

If we fail to properly obtain or maintain the licenses and permits or complete the filings and registrations required to conduct our business, our affected subsidiaries or branch offices in China may be warned, fined, have their licenses or permits revoked, or ordered to suspend or cease providing certain services, or subjected to other penalties, including confiscation of revenues, sanctions or liabilities, which in turn could materially and adversely affect our business, financial condition and results of operations.

Furthermore, we may be subject to fines due to the lack of registration of our leases. Pursuant to the Administrative Measures for Commodity Housing Leasing (商品房屋租賃管理辦法), the parties to a real estate lease shall apply for lease registration with the competent construction (real estate) departments of the municipalities, cities and counties where the housing is located within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on enterprises when fail to make corrections within the specified time limit. Failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement, which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

Our results of operations and cash flows may fluctuate due to seasonal variations in the real estate market and the non-recurring nature of our services provided to real estate developers.

Our operating income and earnings have historically been substantially lower during the first quarter than other quarters. This results from the relatively low level of real estate activities during the winter and the Chinese New Year holiday period, which falls within the first quarter each year.

We generated a majority of our total revenues during the three years ended December 31, 2019 and the six months ended June 30, 2020 from services provided to real estate developers, and expect to continue to rely on real estate developers to generate a significant portion of our revenues for the foreseeable future. Revenues from our services to real estate developers are typically generated on a project-by-project basis. The timing of obtaining sales permits varies from project to project and is subject to uncertain and potentially lengthy delays as developers need to obtain a series of permits and approvals related to the development before obtaining the sales permit. It is therefore difficult to predict the interval between the time we sign an agency agreement and the time we launch the sales for the relevant project. We recognize commission revenue from our real estate agency services in the primary market upon achieving the successful sale of a property unit. “Successful sale” is defined in individual contracts with

our developer clients, and depends on, among other things, the delivery of the down payment. Some purchasers may not deliver the down payments on time, which makes it difficult for us to forecast revenues and increases period-to-period fluctuations.

In addition, we have in the past entered into, and expect to continue to enter into, contracts from time to time with developers requiring us to pay deposits, which has from time to time resulted in our operating with negative cash flows or, if we fail to recover such deposits, could have a material adverse effect on our liquidity, financial condition and results of operations.

We had net operating cash outflows in 2017, 2018 and 2019 and cannot guarantee that we will always generate positive operating cash flows in the future.

In 2017, 2018, 2019, we had net cash used in operating activities of RMB207.4 million, RMB2,164.7 million, RMB607.6 million, respectively. The principal reason for our net operating cash outflows in 2017 was that we paid incomes taxes of RMB522.3 million in 2017, compared with RMB92.7 million in 2016. We had a significant one-off increase in income tax payments because we changed our tax filing policy in 2017. See the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Key Components of Our Results of Operations — Taxation.” The primary reason for our net operating cash outflows in 2018 was primarily due to income tax paid of RMB267.7 million and a net increase in working capital of RMB3,778.4 million, partially offset by operating cash flows before movements in working capital of RMB1,770.3 million. The primary reason for our net operating cash outflows in 2019 was primarily due to income tax paid of RMB94.9 million and a net increase in working capital of RMB2,336.4 million, partially offset by operating cash flows before movements in working capital of RMB1,788.3 million and interest received of RMB36.6 million. We cannot guarantee we will always be able to generate positive cash flows from operating activities in the future. If we have negative cash flows from operating activities in the future, our business, results of operations and liquidity may be adversely affected. See the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Cash Flows”.

If we fail to develop and innovate our services, our business and operating results may be materially and adversely affected.

The success of our business has been contributed by our ability to innovate. For example, we have continuously expanded our real estate data and consulting services and launched our real estate brokerage network services in January 2016. To remain competitive, we must continue to develop and expand our service offerings, and to further improve our data analytical capabilities. Developing new services could be expensive and time-consuming. Furthermore, any new services we develop may not achieve market acceptance, and there may not be sufficient business synergies between our existing services and new services. If we fail to develop and market new services effectively and on a timely basis, our business, results of operations and growth prospects could be adversely affected.

Our substantial shareholder may take actions that are not in, or may conflict with, our or our creditors’ (including the holders of the Notes) best interests.

Our substantial shareholder, Mr. Zhou Xin, in aggregate directly hold approximately 22.2% of our outstanding shares as of the date of this offering memorandum. The interests of our substantial shareholder may differ from our interests or the interests of our creditors, including the holders of the Notes. Our substantial shareholders could have and will continue to have the ability to exercise a controlling influence over our business, and may cause us to take actions that are not in, or may conflict with our best interest and the best interest of our creditors, including the holders of the Notes, with respect to matters relating to our management and policies and the election of our directors and senior management. Our substantial shareholders will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses and amending our articles of association. For more information, see “Management” and “Principal Shareholders.”

We have significant balances of trade receivables and customer deposits, which increase our credit risks and could materially and adversely affect our results of operations.

In line with the industry practice in China, our working capital levels are affected by the time lag between the time when we make sales and bill our customers and the time when we are able to collect the funds owed to us. This also results in large balances of trade receivables, consisting of accounts receivables and bills receivables and amounts due from related parties of a trade nature — accounts receivables. Bills receivables and amounts due from related parties of a trade nature — account receivables represent service fees due from our customers that are also our substantial shareholders, other shareholders or related companies. Some of our developer customers require us to pay an upfront deposit as demonstration of our financial strength and commitment to provide high quality service, which is refundable to us subject to certain pre-determined criteria at a date specified in the agency contracts. If any of our customers with significant outstanding trade receivable balances were to become insolvent or otherwise unable to make payments in a timely manner, if at all, we would have to make further provisions against such trade receivable and deposits, or write off the relevant amounts, either of which could adversely affect our profitability and liquidity position.

We sometimes allow certain real estate developers to settle a limited percentage of the total amount payable by transferring to us certain properties they develop. We then resell such properties for cash. The resale prices are subject to market conditions and could fall short of the amounts owed to us against which these properties or rights to properties under construction are used as collateral, in which case we would need to write off a portion of our trade receivables or deposits, which could materially and adversely affect our results of operations.

If we fail to hire, train and retain qualified managerial and other employees, our business and results of operations could be materially and adversely affected.

We place substantial reliance on the real estate industry experience and knowledge of our senior management team as well as their relationships with other industry participants. Mr. Zhou Xin, our Chairman and Executive Director, is particularly important to our future success due to his substantial experience and reputation in the real estate industry. We do not carry, and do not intend to procure, key person insurance on any of our senior management team. The loss of the services of one or more members of our senior management team could hinder our ability to effectively manage our business and implement our growth strategies. Finding suitable replacements for our current senior management could be difficult, and competition for such personnel of similar experience is intense. If we fail to retain our senior management, our business and results of operations could be materially and adversely affected.

Service professionals of our real estate agency services in the primary market interact with our customers on a daily basis. They are critical to maintaining the quality and consistency of our services and our brand and reputation. It is important for us to attract qualified managerial and other employees who have experience in real estate related services and are committed to our service approach. There may be a limited supply of qualified individuals in some of the cities in China where we have operations and other cities into which we intend to expand. We must hire and train qualified managerial and other employees on a timely basis to keep pace with our rapid growth while maintaining consistent quality of services across our operations in various geographic locations. We must also provide continuous training to our managerial and other employees so that they are equipped with up-to-date knowledge of various aspects of our operations and can meet our demand for high-quality services. If we fail to do so, the quality of our services may decrease in one or more of the markets where we operate, which in turn, may cause a negative perception of our brand and adversely affect our business.

Increases in labor costs in the PRC may adversely affect our business and our profitability.

China's economy has experienced increases in labor costs in recent years. China's overall economy and the average wage in China are expected to continue to grow. The average wage level for our employees has also increased in recent years. In 2017, 2018, 2019 and the six months ended June 30, 2020, our staff costs were RMB2,623.3 million, RMB2,993.8 million, RMB3,342.1 million and RMB1,183.9 million (US\$167.6 million), respectively, representing approximately 56.6%, 50.3%, 36.7% and 41.6%,

respectively, of the total revenue in each corresponding period. We expect that our staff costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our customers by increasing prices for our products or services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Compared with its predecessors, the current Labor Contract Law of the PRC (the “Labor Contract Law”) imposes stricter requirements on employers in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees’ probation and unilaterally terminating labor contracts, further increasing our labor-related costs such as by limiting our ability to terminate some of our employees or otherwise change our employment or labor practices in a cost-effective manner.

Failure to fully comply with PRC labor-related laws may expose us to potential penalties.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practice does not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities.

For our real estate agency services in the primary market, we rely on our sales and marketing employees to promote and facilitate the sales of property units. We cannot fully control the interactions our employees have with prospective property buyers and other relevant parties. While we have adopted internal policies and have entered into relevant contracts to regulate behaviour of our employees, we cannot assure you that all the actions by our employees will meet our internal policies, the standards set out in the relevant contractual terms, applicable legal requirements and customer expectations. For example, our employees may try to increase sales volumes through illegal or inappropriate means. If our employees engage in improper conduct, our reputation could be harmed. Furthermore, we could be held liable for actions taken by our employees, which could expose us to regulatory investigations and penalties. In addition, as our employees directly interact with prospective home buyers who may mistake our employees as a developer’s employees, any improper conduct by our employees may also affect the reputation of our developer customers, which may adversely affect their business relationships with us or subject us to liabilities.

We are also exposed to risks related to actions taken by third-party brokers that use our real estate brokerage network services. Although these third-party brokers operate their brokerage businesses independently and serve their own customers, and we do not have any contractual relationship with customers of Fangyou-branded stores (other than as a provider of transaction services at an E-House Real Estate Transaction Centre if required by any such customer), they use the “E-House Fangyou” brand to market and provide their services. We have limited control over their day-to-day operations. If they engage in inappropriate conduct, our brand image and reputation could be damaged, and we may be subject to litigation and regulatory investigations, even if the claims against us were unfounded.

In addition, we may also be exposed to risks related to information given or actions taken by other third-parties, such as developers and advertising agencies. We carry out our real estate agency services in the primary market based on the information given by developers. Such information may not be accurate and our reliance on those information may expose us to certain risks. We also engage advertising agencies to promote real estate projects we sell. Any improper or illegal actions taken by advertising agencies may also harm our reputation.

Furthermore, since we may not have control over the business and operations of our business or cooperative partners, we cannot assure that they will be in strict compliance with all applicable PRC laws

and regulations. Our cooperation with our business partners may also subject us to the risk of non-performance by our counterparty or lead to monetary losses that may materially and adversely affect our business. In addition, the operational, financial or other conditions of our business partners may deteriorate, which may adversely affect their ability to continue to perform their obligations under the cooperative agreements or other contracts, which in turn could have an adverse impact on our business or expose us to extra liabilities or claims. In particular, we may be subject to potential lawsuits raised by our sub-contractors in the case that our business partners fail to pay the agency fee timely. In the event that any of the above events occurs, our financial condition and results of operations may be adversely affected.

We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.

We may be involved in disputes with various parties involved in the operations of our business, including developers, contractors, suppliers, customers and business partners. See “Business — Legal Proceedings and Compliance”. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management’s attention. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities and cause delays to our business development. We may also be subject to claims, legal proceedings and other disputes with our business partners in respect of their performance under certain agreements with us or third parties. See “Risk Factors — Risks Relating to Our Business — If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities” above for details. From time to time, our officers and management may be parties to litigation or other legal proceedings. Even though our company may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

The discontinuation of any of the preferential tax treatments currently available to us in the PRC or imposition of any additional PRC taxes on us could adversely affect our financial condition and results of operations.

Some of our PRC subsidiaries enjoyed preferential income tax rates during the three years ended December 31, 2019 and the six months ended June 30, 2020. The total tax concession granted by PRC governments to our subsidiaries amounted to RMB37.6 million, RMB30.5 million, RMB44.4 million and RMB30.0 million (US\$4.2 million) in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

Pursuant to a Circular on Enterprise Income Tax Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry issued by the State Administration of Taxation and the Ministry of Finance effective as of January 1, 2011, a qualified software enterprise is eligible to be exempted from income tax for its first two profitable years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years. Shanghai Zhuxiang Information Technology Co., Ltd. was recognized as a qualified software enterprise and enjoyed a 50% reduction in income tax from 2017 through 2019. Shanghai Zhuxiang accounted for an insignificant percentage of our revenue during the three years ended December 31, 2019 and the six months ended June 30, 2020.

In addition, six of our subsidiaries are eligible to enjoy a 15% preferential income tax rate because they are located in the western regions of China. These six subsidiaries accounted for less than 10% of our revenue during the three years ended December 31, 2019 and the six months ended June 30, 2020.

Furthermore, the PRC Enterprise Income Tax Law and its implementation rules permit certain “high and new technology enterprises” that hold independent ownership of core intellectual property and simultaneously meet a list of other criteria, financial or non-financial, as stipulated in the implementation rules, to enjoy a reduced 15% enterprise income tax rate. The State Administration of Taxation, the Ministry of Science and Technology and the Ministry of Finance jointly issued the Administrative Rules

for the Certification of High and New Technology Enterprises delineating the specific criteria and procedures for the “high and new technology enterprises” certification in April 2008. However, the “high and new technology enterprise” status is subject to review every three years. Shanghai Zhuxiang Information Technology Co., Ltd and Beijing China Real Estate Research Association Technical Services Co., Ltd. were recognized as qualified “high and new technology enterprises” during the three years ended December 31, 2019 and the six months ended June 30, 2020. Beijing China Real Estate Research Association Technical Services Co., Ltd. operates our rating and ranking services and accounted for a majority of our profit before taxation from the real estate data and consulting services segment during the three years ended December 31, 2019 and the six months ended June 30, 2020. PRC Holdco was also recognized as a qualified “high and new technology enterprise” in 2016, but did not renew such status for 2017 and was therefore subject to a 25% income tax rate for 2017. PRC Holdco accounted for less than 10% of our revenue and profit before taxation in 2017. PRC Holdco was recognized as a qualified “high and new technology enterprise” at the end of 2019 and the six months ended June 30, 2020. Furthermore, if either Shanghai Zhuxiang Information Technology Co., Ltd or Beijing China Real Estate Research Association Technical Services Co., Ltd. fails to maintain its qualified software enterprise status or high and new enterprise status, or if the 15% preferential income tax rate is no longer available to companies located in the western regions of China, the enterprise income tax rate applicable to the relevant company may increase to up to 25%, which could have an adverse effect on our financial condition and results of operations.

Our deferred tax assets may not be fully realizable.

As of December 31, 2017, 2018, 2019 and June 30, 2020, we had deferred tax assets of RMB504.2 million, RMB488.1 million, RMB534.6 million and RMB563.9 million (US\$79.8 million), respectively. The realization of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. We cannot assure you that we will be able to fully utilize the deferred tax assets if our future taxable income and related income tax liability is insufficient to permit their use. In addition, in the future, we may be required to record a valuation allowance against our deferred tax assets if we believe that we are unable to fully utilize them, which would have an adverse effect on our results of operations.

Certain of our investments are recorded at fair value and quoted prices or observable inputs may not be readily available to determine such value, resulting in the use of unobservable inputs to determine value, and the fair value of our investments may be materially different from the value that we ultimately realize upon their disposal.

Our investment in a convertible note of principal amount of RMB20 million was accounted for as financial assets measured at fair value through profit or loss as of December 31, 2017, 2018, 2019 and June 30, 2020. The values of our investments may not be readily determinable or ultimately realizable. Valuations of certain investments may be difficult to obtain or unreliable. Depending on the complexity and illiquidity of a security, valuations of the same security can vary substantially from one dealer or pricing service to another. Therefore, our results of operations for a given period could be adversely affected if our determinations regarding the fair market value of these investments are materially different from the values that we ultimately realize upon their disposal.

Our business benefits from government incentives and discretionary policies. Expiration of, or changes to, these incentives or policies could have an adverse effect on our results of operations.

Our PRC subsidiaries have historically received grants from local governments. These government grants represent incentives from various PRC government authorities in connection with the enterprise development support and fiscal subsidy, which are discretionary and vary from year to year. In 2017, 2018, 2019 and the six months ended June 30, 2020, the government grants we received amounted to RMB31.2 million, RMB70.1 million, RMB78.9 million and RMB36.7 million (US\$5.2 million), respectively. Local governments may decide to reduce or eliminate such grants at any time. In addition, we cannot assure you of the continued availability of the government grants currently enjoyed by some of our PRC subsidiaries.

Our investments and acquisitions may not be successful and may result in material adverse impact to our financial condition and results of operations.

Acquisitions and investments remain a potential source of our future growth and we may actively pursue them should suitable opportunities arise. The success of our acquisitions or investments will depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms and the availability of financing to complete acquisitions, as well as our ability to obtain any required shareholder or government approvals. Our acquisitions and investments could subject us to uncertainties and risks, including:

- high acquisition and financing costs;
- potential ongoing financial obligations and unforeseen or hidden liabilities;
- potential loss of key business relationships and the reputations of the businesses we acquire;
- failure to achieve our intended objectives, benefits or revenue-enhancing opportunities;
- uncertainty of entering into markets in which we have limited or no experience and in which competitors have stronger market positions;
- costs associated with, and difficulties in, integrating acquired businesses and managing a larger business;
- potentially significant goodwill impairment charges; and
- diversion of our resources and management attention.

Our failure to address these uncertainties and risks may have a material adverse effect on our liquidity, financial condition and results of operations.

Certain equity interests of the Company are charged as security interests pursuant to a facility agreement. A default under such facility agreement could result in enforcement of the security interests, which could materially and adversely affect Mr. Zhou's ownership in our Group.

On September 6, 2018, CRE Corp, a company wholly-owned by Mr. Zhou, the single largest shareholder of the Company, through several intermediate companies controlled by him, pledged its equity interests in the Company in favor of Shanghai Pudong Development Bank Co., Ltd. ("SPDB"), an authorized institution as defined in the Banking Ordinance, as security for the bona fide commercial loan borrowed by E-House (China) Holdings Limited (易居(中國)控股有限公司) (a company holding 100% equity interest in CRE Corp) from SPDB (the "SPDB Loan Facility"). If events of default under the SPDB Loan Facility agreement occur, SPDB can enforce its rights against CRE Corp, including enforcing its rights against the pledged shares of the Company under the SPDB Loan Facility agreement. Events of default under the SPDB Loan Facility agreement include, among others, non-repayment, misrepresentation and breach of certain covenants. In such event, we may no longer be affiliated with Mr. Zhou, which could adversely affect our reputation and our relationships with other companies controlled by Mr. Zhou.

Any failure to protect our trademarks and other intellectual property rights could have a negative impact on our business.

We believe our trademarks and other intellectual property rights are critical to our success. Any unauthorized use of our trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as more developed jurisdictions, such as Hong Kong and the United States, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights

may not be adequate. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

Any competitive advantage that we may derive from our CRIC Systems depends in large part on our ability to protect our proprietary rights in it. We have imposed contractual obligations on employees and consultants and have taken other precautionary measures to maintain the confidentiality of our proprietary information and restricted the use of the proprietary information other than for our benefit. If our employees and consultants do not honour their contractual obligations and misappropriate our database and other proprietary information, our business would suffer as a result.

As internet domain name rights are not rigorously regulated or enforced in China, other companies have incorporated in their domain names elements similar in writing or pronunciation to our registered trademarks. This may result in confusion between those companies and us and may lead to the dilution of our brand value, which could adversely affect our business.

We may be subject to infringement claims or other claims involving intellectual property, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights, trademarks, trade names or other intellectual property rights held by third parties. As a result, we may be subject to claims for breach of contract, defamation, negligence, unfair competition, copyright or trademark infringement, or claims based on other theories. We have been, and from time to time in the future may be, subject to legal proceedings and claims involving intellectual property rights. For instance, as part of our business, we collect information and data from various sources and distribute such information and data to others. In particular, we have collected and compiled in our CRIC Systems real estate-related news, articles, reports, floor plans, architectural drawings, maps and other documents and information prepared by third parties. Although we do not use the information we obtain from clients during the course of providing real estate consulting services, the same information derived from other sources may be found in our database. In such cases, we could be subject to breach of confidentiality or similar claims, whether or not having merit, by those clients. We could also be subject to claims based upon the content that is displayed on our websites or accessible from our websites through links to other websites or information on our websites supplied by third parties. Any lawsuits or threatened lawsuits in which we are involved, either as a plaintiff or as a defendant, could cost us a significant amount of time and money and distract management's attention from operating our business. Any judgements against us in such suits, or related settlements, could have a material impact on our ability to offer or market our services, harm our reputation and have a material adverse effect on our results of operations. If a lawsuit against us is successful, we may be required to pay damages or enter into royalty or license agreements that may not be based upon commercially reasonable terms, or we may be unable to enter into such agreements at all. As a result, the scope of information and data we offer to our clients could be reduced, or our methodologies or services could change, which may adversely affect the usefulness of our services and database, and our ability to attract and retain clients.

Any natural or other disasters, including outbreaks of health epidemics, and other extraordinary events could severely disrupt our business operations.

Our operations are vulnerable to interruption and damage from natural and other types of disasters, including earthquakes, fire, floods, environmental accidents, power loss, communication failures and similar events. If any natural disaster or other extraordinary events were to occur in the area where we operate, our ability to operate our business could be seriously impaired. Our business could be materially and adversely affected by the outbreak of H7N9 bird flu, H1N1 swine influenza, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, COVID-19 or another epidemic. Any such occurrence in China could severely disrupt our business operations and adversely affect our results of operations.

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Cities in the PRC where we have significant operations imposed travel restrictions in an effort to curb the spread of COVID-19 which is

highly infectious. The outbreak of the COVID-19 pandemic and the subsequent measures taken to restrict its spread among the population, such as social distancing and lockdown, have constrained the lives of all and severely affected the business activities and economic outlook, with no exception for the real estate agency and brokerage sector in China. The various levels of interruption and suspension of normal daily activities for a significant part of the first half of 2020 increased the operational challenges of participants in the Chinese real estate agency and brokerage sector. Due to the outbreak of COVID-19 and the subsequent disease prevention measures adopted by central and local governments in the PRC, our revenue experienced decrease during the six months ended June 30, 2020. Approximately 1,600 of our sales offices in mainland China were forced to shut down and ceased operations in the first quarter of 2020, which caused interruption to our business in the first quarter of 2020. However, in the second quarter of 2020, as impact of the COVID-19 outbreak gradually reduced, our operations have improved and we recovered from the operating loss recorded in the first quarter of 2020. Accordingly, we were still able to record profits during the six months ended June 30, 2020.

The central and local governments in the PRC have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since June 2020, China and some other countries gradually lifted stay-at home orders and began to resume work and school at varying levels and scopes. However, since June 2020 more than 100 new cases have been reported in Beijing and several other provinces. Strict measures have been imposed again to curb this potential resurgence. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected.

Our results of operations could be adversely affected to the extent that the COVID-19 or any other epidemic harms the Chinese economy in general. We may also experience impacts to certain of our customers and/or suppliers as a result of a health epidemic or other outbreak occurring in one or more of these locations, which may materially and adversely affect our business, financial condition and results of operations. In particular, any future outbreak of SARS, COVID-19, swine flu, avian flu or other similar adverse public developments may, among other things, significantly disrupt our business, including limiting our ability to travel or provide our services within China. An outbreak may also severely restrict the level of economic activity in affected areas, which may in turn have a material adverse effect on our results of operations, financial condition and business. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of swine flu, avian flu, SARS or any other epidemic. Our operations may experience disruptions, such as temporary closure of our offices and/or those of our customers or suppliers and suspension of services, which may materially and adversely affect our business, financial condition and results of operations.

Risks Relating to Business Operations in the PRC

Changes in PRC government policies could have a material adverse effect on the overall economic growth in China, which could adversely affect our business.

We conduct substantially all of our business operations in China. As the real estate industry is highly sensitive to business spending, credit conditions and personal discretionary spending levels, it tends to decline during general economic downturns. Accordingly, our results of operations, financial condition and prospects are subject, to a significant degree, to economic developments in China. While China's economy has experienced significant growth in the past three decades, growth has been uneven across different periods, regions and among various economic sectors of China. The PRC government may implement measures that are intended to benefit the overall economy even if they would be expected to have a negative effect on the real estate industry. The real estate industry is also sensitive to credit policies. In recent years, the PRC government adjusted the People's Bank of China's statutory deposit reserve ratio and benchmark interest rates several times in response to various economic situations. Any future monetary tightening may reduce the overall liquidity in the economy and reduce the amount of credit available for real estate purchase. Higher interest rates may increase the borrowing cost for buyers who rely on mortgage loans to finance their real estate purchase. These could negatively affect the total demand for real estate purchase and adversely affect our operating and financial results. We cannot assure you that China will continue to have rapid or stable economic growth in the future or that changes in credit or other government policies that are intended to create stable economic growth will not adversely impact the real estate industry.

Uncertainties with respect to the Chinese legal system could adversely affect us.

We conduct our business primarily through our subsidiaries in China. Our operations in China are governed by PRC laws and regulations. Our subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to foreign-invested enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC laws and regulations have significantly enhanced the protection afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, their interpretation and enforcement involve uncertainties. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to effect service of process upon us or our Directors or officers named in this offering memorandum who reside in China or to enforce non-PRC court judgements against them in China.

Substantially all of our assets are situated in China and most of our Directors and officers named in this offering memorandum reside in, and most of their respective assets are located in, China. As a result, it may be difficult to effect service of process outside China upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom and many other countries. Consequently, it may be difficult for you to enforce against us or our Directors or officers in China any judgements obtained from non-PRC courts.

On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “Arrangement”) and promulgated on July 3, 2008, pursuant to which a party with a final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in the PRC. Similarly, a party with a final judgement rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgement rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the revised Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Restrictions on currency exchanges between the Renminbi and other currencies may limit our ability to utilize our revenues and funds, in particular in relation to capital account transactions such as investments and loans. We receive substantially all of our revenues in the Renminbi. Under our current structure, our income will be primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under current PRC regulations, the Renminbi is convertible for “current account transactions,” which include among other things dividend payments and payments for the import of goods and services, subject to compliance with certain procedural requirements. Although the Renminbi has been fully convertible for current account transactions since 1996, we cannot assure you that the relevant PRC government authorities will not limit or eliminate our ability to purchase and retain foreign currencies for current account transactions in the future.

Conversion of the Renminbi into foreign currencies and of foreign currencies into the Renminbi, for payments relating to “capital account transactions,” which principally include investments and loans, generally requires the approval of filing with SAFE and other relevant PRC governmental authorities. Restrictions on the convertibility of the Renminbi for capital account transactions could affect the ability of our PRC subsidiaries and affiliated PRC operating companies to make investments overseas or to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from us.

We may be subject to risks presented by fluctuations in exchange rates between Renminbi and other currencies, particular U.S. dollars.

The Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, RMB-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On June 20, 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar or other foreign currency. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 28.8% from July 21, 2005 to December 31, 2011, according to rates published by Bloomberg. These changes in currency policy resulted in Renminbi appreciating against the U.S. dollar and the H.K. dollar from 2005 to 2013. In August 2015, the Renminbi experienced a substantial devaluation as a result of adjustments made by the People’s Bank of China to the reference Renminbi to U.S. dollar exchange rate. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future, PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market.

The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar-denominated indebtedness and other obligations. Such a devaluation could also adversely affect the value, translated or converted to U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. The SAFE promulgated the

Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions.

We have requested our beneficial owners who are PRC residents to make the necessary applications, filings and amendments required by SAFE. However, we cannot provide any assurances that all of our beneficial owners who are PRC residents will continue to make, obtain or amend any applicable registrations or approvals required by these SAFE regulations. The failure or inability of our PRC resident beneficial owners to comply with the registration procedures set forth therein may subject us to fines and legal sanctions, restrict our cross-border investment activities, or limit our ability to contribute additional capital into our PRC subsidiaries, or limit our PRC subsidiaries' ability to pay dividends or make other distributions to us or otherwise adversely affect our business. Moreover, failure to comply with the SAFE registration requirements could result in liability under PRC laws for evasion of foreign exchange restrictions.

As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, including the remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under the applicable regulations and SAFE rules, PRC citizens who participate in an employee stock ownership plan or a stock option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. In February 2012, SAFE promulgated the Notices on Issues concerning the Foreign Exchange Administration for Stock Incentive Plan of Overseas Publicly-Listed Company (the "Stock Option Rules"), which terminated the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plan of Overseas Publicly-Listed Company issued by the SAFE in March 2007. Pursuant to the Stock Option Rules, if a PRC resident participates in any stock incentive plan of an overseas publicly-listed company, a qualified PRC domestic agent must, among other things, file on behalf of such participant an application with the SAFE to conduct the SAFE registration with respect to such stock incentive plan and

obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the exercise or sale of stock options or stock such participant holds. Such participating PRC residents' foreign exchange income received from the sale of stock and dividends distributed by the overseas publicly-listed company must be fully remitted into a PRC collective foreign currency account opened and managed by the PRC agent before distribution to such participants. We and our PRC employees who have been granted stock options are subject to this rule. We cannot assure you that the local branch of the SAFE will accept the application of our PRC optionees' registration with regard to our existing employee stock ownership plan or stock option plan. If there is any change to our existing employee stock ownership plan or stock option plan, we cannot assure you that our PRC optionees will be able to amend such registration in a timely manner, or at all. If our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the "M&A Rules"), adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval or filing processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Our holding company relies principally on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements it may have, and any limitation on the ability of our PRC subsidiaries to make payments to our holding company could have a material adverse effect on its ability to fund our operations, make investments or acquisitions, or pay dividends.

The Company is a holding company, and relies principally on dividends from our PRC subsidiaries to fund any cash and financing requirements it may have, including the funds necessary to pay dividends and other cash distributions to the shareholders and service any debt it may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside a certain amount of its after-tax profits each year, if any, to fund certain statutory reserves. These reserves are not distributable as cash dividends. In particular, a few of our PRC subsidiaries are parties to bank loan agreements that restrict their ability to pay dividends. See "Description of Other Material Indebtedness". Furthermore, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to the Company. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to the Company could materially and adversely limit its ability to fund our business operations, make investments or acquisitions that could be beneficial to our businesses or pay dividends.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Notes offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System (the “FICMIS”), and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our WFOE is required to be registered with the SAFE or its local branches, and (ii) our WFOE may not procure loans that exceed the difference between its registered capital and its total investment amount as recorded in the FICMIS. Any medium-or long-term loan to be provided by us to our PRC subsidiaries must be recorded and registered by the National Development and Reform Committee and the SAFE or its local branches. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of the Notes offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Even if we complete such recording or registration in a timely manner, our ability to use the proceeds is still subject to certain limitations under relevant PRC laws and regulations. On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, which came into effect and superseded SAFE Circular 142 from June 1, 2015. On June 9, 2016, SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《關於改革和規範資本項目結匯管理政策的通知》), or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 stipulate that the settlement of foreign exchange shall only be used for its own operation purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. It is unclear how SAFE Circular 19 and SAFE Circular 16 will be implemented, and there exists high uncertainties with respect to its interpretation and implementation by authorities. For example, under SAFE Circular 19 and SAFE Circular 16, we may still not be allowed to convert foreign currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into RMB capital for securities investments or other finance and investment except for principal-guaranteed bank products. Further, SAFE Circular 19 and SAFE Circular 16 restrict a foreign-invested enterprise from using RMB converted from its registered capital to provide loans to a non-affiliated company. Violations of SAFE Circular 19 or SAFE Circular 16 could result in severe monetary or other penalties.

We face uncertainty with respect to indirect transfer of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non-PRC company, or immovable properties located in China owned by their non-PRC holding companies.

We face uncertainties on the reporting and consequences on private equity financing transactions, share exchange or other transactions involving the transfer of shares in us by investors who are non-PRC resident enterprises.

In February 2015, the State Administration of Taxation (the “SAT”) issued the Notice on Several Issues Concerning Enterprise Income Tax for Indirect Share Transfer by Non-PRC Resident Enterprises, or SAT Bulletin 7. Pursuant to SAT Bulletin 7, an “indirect transfer” of assets of a PRC resident enterprise, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such transaction arrangement lacks a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to SAT Bulletin 7, “PRC taxable assets” include assets attributed to an

establishment in China, immovable properties located in China, and equity interests in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. In respect of an indirect transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. If the underlying transfer relates to immovable properties located in China or to equity interests in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to preferential tax treatment under applicable tax treaties or similar arrangements, if any, and the party who is obligated to make payments for the transfer has a withholding obligation. Although SAT Bulletin 7 does not apply to share transfers of publicly traded companies, there is uncertainty as to the application of SAT Bulletin 7. We and our non-PRC resident investors may be at risk of being subject to tax filing or withholding obligations under SAT Bulletin 7 and we may be required to expend valuable resources to comply with SAT Bulletin 7 or to establish that we should not be taxed under SAT Bulletin 7.

We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing and withholding or tax payment obligations on the transferors and transferees, while our PRC subsidiaries may be requested to assist in the filing. Any PRC tax imposed on a transfer of the Notes or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

Risks Relating to the Notes

The Notes are subject to optional redemption by the Company.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Company may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Company may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Trustee may request the holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Company and taking enforcement steps pursuant to terms of the Notes, the Trustee may, at its sole discretion, request the holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the holders of the Notes. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the trust deed or the terms of the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

We are a holding company with no material operations. We conduct our operations through our PRC subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and certain Non-Guarantor Subsidiaries (if any) incorporated

outside China. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest on the intercompany loans and distributions of dividends from our PRC subsidiaries.

Creditors, including our lenders and funding partners of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of the holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (including their obligations under guarantees issued in connection with our business), and all claims of creditors of the Non-Guarantor Subsidiaries, will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. The Notes and the Indenture permit us, the Subsidiary Guarantors and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors of those of any Subsidiary Guarantors or JV Subsidiary Guarantors (if any) would have priority as to our assets securing or the assets of such Subsidiary Guarantor or such JV Subsidiary Guarantors (if any) the related obligations over claims of holders of the Notes.

We may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

As of June 30, 2020, we had bank loans and senior notes of RMB5,583.6 million (US\$790.3 million), of which, RMB4,204.4 million (US\$595.1 million), or 75.3%, was due within one year. We may from time to time incur substantial additional indebtedness and contingent liabilities. Although the indenture governing the Notes and other financing agreements restrict us and our Restricted Subsidiaries from incurring additional debt and contingent liabilities, these restrictions are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

A substantial amount of indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under the Notes and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our or our subsidiaries' ability to distribute dividends;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due. However, we may not generate sufficient cash flow for these purposes.

If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, the terms of the Indenture, the indenture governing the February 2019 Notes, the October 2019 Notes and other financing agreements prohibit us from incurring additional indebtedness unless (i) we are able to satisfy certain financial ratios or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratios requirements, and meet any other applicable restrictions. Our ability to meet our financial ratios may be affected by events beyond our control. We cannot assure you that we will be able to meet these ratios. Certain of our financing arrangements also impose operating and financial restrictions on our business. This in turn may impact our ability to raise funds through equity financing. Such restrictions in the Notes and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in our business or the general economy. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Notes and our other debt.

We may in the future designate certain subsidiaries as Unrestricted Subsidiaries under the Indenture, which will not be subject to various covenants under the Indenture; and we and our Restricted Subsidiaries may be able to make dividend payment in shares of our Unrestricted Subsidiaries under the Indenture.

We have the flexibility under the terms of the Notes to designate any subsidiary as Unrestricted Subsidiaries, subject to certain conditions. The effects of designation of an entity as an Unrestricted Subsidiary include, but are not limited to:

- the business, assets and liabilities of such entity will no longer be part of the credit underlying the Notes;
- such entity will not be subject to the restrictive covenants applicable to Restricted Subsidiaries under the Indenture;
- as applicable, the Subsidiary Guarantees of such entity may be released, and the shares of such entity previously pledged to the collateral agent or the trustee for the benefit of the holders of the Notes may be released; and
- interest expenses on Indebtedness (as defined in the Indenture) of such entity will not be included in the calculation of our Consolidated Interest Expense (as defined under “Description of the Notes — Definitions”), other than such interest expenses on indebtedness that is guaranteed and is actually paid by the Company or a Restricted Subsidiary.

As a result of any such designation, the value of assets subject to the restrictive covenants under the Indenture may decrease and the market pricing and trading of the Notes may be materially affected. In addition, we will be able to pay dividends or make distributions on or with respect to our or our Restricted Subsidiaries’ capital stock in shares of capital stock of any Unrestricted Subsidiary, as long as there is no default at the time of, and after giving effect to, such dividend payment or distribution under the Indenture. Accordingly, you are cautioned as to our ability to designate further Unrestricted Subsidiaries subject to the conditions set forth in the Indenture.

The Notes are unsecured obligations.

As the Notes are unsecured obligations, their repayment may be compromised if:

- we enter into bankruptcy, liquidation, reorganization or other winding-up proceedings;

- there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of our indebtedness.

If any of these events occur, our assets may not be sufficient to pay, or support the payment of, amounts due on the Notes.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend, and will depend in the future, on the receipt of dividends and the interest or principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, restrictions contained in the debt instruments of such subsidiaries and applicable laws. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the ability of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees, as the case may be.

Pursuant to the loan agreements with certain PRC banks, certain of our PRC subsidiaries are subject to certain dividend distribution limitations. Such restrictions may adversely affect the calculation of our Consolidated EBITDA and in turn our ability to undertake additional financing, investment or other transactions under the terms of the Notes. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserve funds that are not distributable as cash dividends by the board of directors. In practice, our PRC subsidiaries may pay dividends once a year. Our PRC subsidiaries are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. As a result of such limitations, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Notes or obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be, and there could be restrictions on payments required to pay off the Notes at maturity or as required for any early redemption.

Furthermore, in practice, the market interest rate that our PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholders' loans paid by our subsidiaries, therefore, are likely to be lower than the interest rate for the Notes. Our PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on our behalf on the interest paid under any shareholders' loans. PRC regulations require any of our non-PRC subsidiaries making shareholder loans in foreign currencies to our PRC subsidiaries to be registered with SAFE. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries must present evidence of payment of the 10% withholding tax on the interest payable in any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Notes or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

We may be subject to risks presented by fluctuations in exchange rates between Renminbi and other currencies, particularly U.S. dollars.

The Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, RMB-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On June 20, 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar or other foreign currency. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 28.8% from July 21, 2005 to December 31, 2011, according to rates published by Bloomberg. These changes in currency policy resulted in Renminbi appreciating against the U.S. dollar and the H.K. dollar from 2005 to 2013. In August 2015, the Renminbi experienced a substantial devaluation as a result of adjustments made by the People's Bank of China to the reference Renminbi to U.S. dollar exchange rate. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future, PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market.

The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar-denominated indebtedness and other obligations. Such a devaluation could also adversely affect the value, translated or converted to U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions to reduce our exposure to such risks. Following the offering of the Notes, we may enter into foreign exchange or interest rate hedging agreements in respect of our U.S. dollar denominated liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under such agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. Each of the Initial Purchasers and their affiliates may enter into such hedging agreements permitted under the indenture governing the Notes, and these agreements may be secured by pledges of our cash and other assets as permitted under the indenture. If we were unable to provide such collateral, it could constitute a default under such agreements.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event.

We must offer to purchase the Notes upon the occurrence of a Change of Control Triggering Event at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See "Description of the Notes."

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have enough available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding Notes. Our failure to make the offer to purchase or purchase the outstanding Notes would constitute an event of default under the Notes. The event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of Change of Control Triggering Event for purposes of the indenture governing the Notes does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control for purposes of the indenture governing the Notes also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes, and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

There may be difficulties in enforcing United States judgments against us and our management.

We are incorporated in the Cayman Islands. All of our directors and management (and certain of the other parties named in this offering memorandum) reside outside the United States, and all of our assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us or such persons within the United States or other jurisdictions, or to enforce against us or such persons in such jurisdiction, judgments obtained in courts of that jurisdiction, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In particular, you should be aware that there is uncertainty as to whether the courts of the Cayman Islands would (1) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (2) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Even if you are successful in bringing an action against us or our Directors or officers, the laws of China may render you unable to enforce a judgment against our assets or the assets of our Directors and officers. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

The insolvency laws of the Cayman Islands, Hong Kong, the British Virgin Islands and other local insolvency laws may differ from U.S. bankruptcy law or those of other jurisdictions with which holders of the Notes are familiar.

Because we and the initial Subsidiary Guarantors are incorporated, and the JV Subsidiary Guarantors (if any) may be incorporated, under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands, an insolvency proceeding relating to us or any such Subsidiary Guarantor or JV Subsidiary Guarantor, even if brought in the United States, would likely involve Cayman Islands, Hong Kong or British Virgin Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, our future Subsidiary Guarantors and JV Subsidiary Guarantors (if any) are incorporated or may be incorporated in other non-U.S. jurisdictions and the insolvency laws of such other jurisdictions may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar.

We conduct substantially all of our business operations in China through PRC-incorporated subsidiaries. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of our PRC subsidiaries would also be subject to such laws. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze these risks and related uncertainties carefully before you invest in the Notes.

Interest payable by us to our foreign investors and gain on the sale of our Notes may be subject to taxes under PRC tax laws.

We may be treated as a PRC resident enterprise for PRC tax purposes because substantially all of our business operation are in PRC. If we are deemed a PRC resident enterprise, the interest payable on the Notes may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by us to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or, if despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realized on the transfer of the Notes by such investors will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. Furthermore, if we are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we pay with respect to the Notes, or any gains realized from the transfer of Notes, to be income derived from sources within the PRC, such interest or gains earned by non-resident individuals may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. The 10% enterprise income tax rate and 20% individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between mainland China and Hong Kong for avoidance of double taxation, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes. It is uncertain whether we will be considered a PRC “resident enterprise.” If you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

On March 23, 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to VAT Reform Caishui 2016 No. 36 (《關於全面推開營業稅改徵增值稅試點的通知》財稅2016 36號, “Circular 36”), which introduced a new value-added tax (“VAT”) from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty whether the holders of the Notes would be regarded as providing the financial services within PRC and consequently, the holders of the Notes may be subject to VAT when receiving the interest payments under the Notes. See “Taxation — PRC Taxation — VAT”. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If we are required under the EIT Law and Circular 36 to withhold PRC income tax and VAT on interest payable to our foreign noteholders, we will be required to pay additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. See “Risks Relating to the Notes — We may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts”.

We may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts.

In the event we are treated as a PRC “resident enterprise” under the EIT Law or the holders of the Notes are regarded as providing the financial services within PRC under Circular 36, we may be required to withhold PRC tax on interest payable to certain of our non-resident investors. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under “Description of the Notes — Redemption for Taxation Reasons,” in the event

we are required to pay additional amounts as a result of certain changes in specified tax law or certain other circumstances, including any change in interpretation or statement of the official position that results in our being required to withhold tax on interest payments, we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow.

We may be unable to obtain and remit foreign exchange.

Our ability to satisfy our obligations under the Notes depends solely upon the ability of our subsidiaries in the PRC to obtain and remit sufficient foreign currency to pay dividends to us. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC including evidence that the relevant PRC taxes have been paid. If any of our PRC subsidiaries for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency, such PRC subsidiary will be unable to pay us dividends, which would adversely affect our ability to satisfy our obligations under the Notes.

Under PRC regulations, we may not be able to transfer to our PRC subsidiaries proceeds from this offering in the form of a loan, which could impair our ability to make timely payments of interest, or even principal, under the Notes.

According to the existing PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to their subsidiaries in China, such as our PRC subsidiaries established as foreign-invested enterprises in China, are considered foreign debt, and such loans must be registered with the relevant local branches of SAFE. Such rules and regulations also provide that the total outstanding amount of such foreign debt borrowed by any foreign-invested enterprise may not exceed the difference between its total investment and its registered capital, each as approved by the relevant PRC authorities. Without having the flexibility to transfer funds to our PRC subsidiaries as loans, we cannot assure you that sufficient dividend payments from our PRC subsidiaries will be available on each interest payment date to pay the interest due and payable under the Notes, or on the maturity date to pay the principal of the outstanding Notes.

If we are unable to comply with the restrictions and covenants in our debt agreements including the Indenture and the indenture governing the February 2019 Notes and the October 2019 Notes, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture, the indenture governing the February 2019 Notes and the October 2019 Notes or our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture and the indenture governing the February 2019 Notes and the October 2019 Notes, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt, including the Notes and the February 2019 Notes and the October 2019 Notes, or result in a default under our other debt agreements, including the Indenture and the indenture governing the February 2019 Notes and the October 2019 Notes. Moreover, some of our debt agreements may contain provisions that limit our subsidiaries' ability to distribute dividends, and thus negatively affects our cash available to repay our indebtedness, including the Notes. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our operations are restricted by the terms of the Notes which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than Permitted Business;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

Certain transactions that constitute “connected transactions” under the Listing Rules will not be subject to the “Limitation on Transactions with Shareholders and Affiliates” covenant.

Our shares are listed on the SEHK and we are required to comply with the Listing Rules, which provide, among other things, that any transaction between a listed company or any of its subsidiaries, on the one hand, and a “connected person” of such listed company, on the other hand, is a “connected transaction” that, if the value of such transaction exceeds the applicable de minimis thresholds, will require the prior approval of the independent shareholders of such listed company. The definition of “connected person” to a listed company includes, among others, any 10% or more shareholder of (i) such listed company or (ii) any subsidiary of such listed company. The concept of “connected person” also captures “associates,” which include, among others, (a) any subsidiary of such “connected person,” (b) any holding company of such “connected person” and any subsidiary of such holding company, and (c) any company in which such entity or entities mentioned in (a) and (b) above taken together has/have the power to exercise control, directly or indirectly, of 30% or more of the voting power of such company.

The “Limitation on Transactions with Shareholders and Affiliates” covenant in the Notes only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and (x) any holder (or any Affiliate of such holder) of 5.0% or more of the shares of the Company or (y) any Affiliate of the Company, on the other hand. As such, transactions between the Company or any Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand, will not be captured by such covenant, even though they may be connected transactions under the Listing Rules and subject to any requirements under the Listing Rules to obtain approval from independent shareholders. As

a result, we are not required by the terms of the Notes to ensure that any such transactions are on terms that are fair and reasonable, and we will not need to deliver officer 's certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the trustee of the Notes for any such transactions.

Trading market for the Notes may not develop, and there are restrictions on resales of the Notes.

The Notes are a new issue of securities for which there is currently no trading market. The Company will seek a listing of the Notes on the SEHK. A confirmation of the eligibility of the listing of the Notes has been received from the SEHK. However, we cannot assure you that we will be able to maintain such a listing on SEHK, or that, if listed, a trading market for the Notes will develop on SEHK. We do not intend to apply for listing of the Notes on any U.S. securities exchange or for quotation through an automated dealer quotation system. We have been advised that the Joint Lead Managers intend to make a market in the Notes, but they are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See "Transfer Restrictions."

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. We cannot assure you that these developments will not occur in the future. In addition, a large portion of the Notes may be held by a limited number of investors. Such investors may not actively trade the Notes, which may result in limited liquidity of the Notes.

The rating assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future.

The Notes are expected to be assigned a rating of "BB-" by S&P Global Ratings and "BB+" by Lianhe Ratings Global Limited ("Lianhe Global"), a Hong Kong based rating agency. The rating addresses our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. In addition, we have been assigned a rating of "BB-" with a stable outlook by S&P Global Ratings and "BB+" with a stable outlook by Lianhe Global. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. If rating agencies perceive there to be adverse changes in the factors affecting the rating of the Notes or our corporate ratings, including by virtue of an increase in the total amount of our outstanding debt, such rating agencies may downgrade, suspend or withdraw the ratings assigned to the Notes, or otherwise downgrade our corporate rating. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

Certain facts and statistics are derived from publications not independently verified by us, the Joint Lead Managers or our respective advisors.

Facts and statistics in this offering memorandum relating to China's economy and the industry are derived from publicly available sources. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the Joint Lead Managers or our or their respective advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

We will follow the applicable corporate disclosure standards for debt securities listed on the SEHK, which standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the SEHK. The disclosure standards imposed by the SEHK may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

There may be less publicly available information about us than is available for public companies in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, our financial statements are prepared and presented in accordance with IFRS, which differs in certain respects from generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this offering memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between IFRS and other GAAPs. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between IFRS and other GAAPs and how those differences might affect the financial information contained in this offering memorandum.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificate form and held through Euroclear and Clearstream. Interests in the Notes represented by the global note will trade in book entry form only, and notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of the Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the global certificate representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global note representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global note representing the Notes and credited by such participants to indirect participants. After payment to the nominee of the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Noteholders. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees

Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries and their direct PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of the PRC or their future PRC or non-PRC subsidiaries, nor E-House Vietnam Real Estate Brokerage Joint Stock Company, will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. In addition, certain of our future offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of all our offshore subsidiaries that do not guarantee the Notes do not exceed 15.0% of our total assets. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of such Non-Guarantor Subsidiaries. See the section entitled “Description of the Notes — The Subsidiary Guarantees” for a list of the Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Notes if we are unable to do so. See the section entitled “-Risks Relating to the Notes — We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.”

In addition, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of a minority interest in such subsidiary or its direct or indirect majority shareholders. Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such JV Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company. The Subsidiary Guarantees or JV Subsidiary Guarantees may also be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the Cayman Islands, the British Virgin Islands, Hong Kong and other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors (if any) may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor ‘s insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital (in the case of a guarantor incorporated outside the British Virgin Islands only); or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its properties at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such a case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be), subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or JV Subsidiary Guarantor, or holds the Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be) unenforceable for any other reason, holders of the Notes would cease to have a claim against that Subsidiary Guarantor or JV Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor or JV Subsidiary Guarantor (as the case may be), and would solely be creditors of us and any Subsidiary Guarantors or JV Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

USE OF PROCEEDS

We estimate that we will receive gross proceeds from this offering of approximately US\$198.8 million, before deducting underwriting discounts and other estimated expenses payable in connection with this offering.

We intend to use the net proceeds from this offering primarily for refinancing existing indebtedness.

We expect that the timing and final amount of disbursement to be made for the foregoing purposes will be determined by our directors with a view to obtaining the optimal benefit for us. However, future events or developments, such as general market conditions, the level of demand for our properties and the outlook for our industry, changes in social, political and economic conditions and the regulatory environment in the countries in which we conduct business and changes in our need for capital and the availability of financing and capital to fund these needs, may make a change in the use of the net proceeds from that specified above necessary or desirable.

EXCHANGE RATE INFORMATION

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of the State Administration for Foreign Exchange and other relevant authorities. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2% against the U.S. dollar. Since then and up to December 31, 2009, the Renminbi has appreciated approximately 21.3% against the U.S. dollar. After the introduction of the managed floating exchange rate system, the PRC government has made and may in the future make further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC.

On June 19, 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced by the PBOC will place more emphasis to reflecting the market supply and demand with reference to a basket of currencies. On April 12, 2012, the PBOC announced that effective on April 16, 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar is enlarged from 0.5% to 1.0% around the central parity rate, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1.0% above or below the central parity rate published by the PBOC. On March 17, 2014, the PBOC announced that effective on the same day, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be further increased from 1.0% to 2.0% around the central parity rate, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1.0% above or below the central parity rate published by the PBOC. On August 11, 2015, the PBOC made an announcement to set the daily fixing rate based on how the Renminbi closes in the previous trading session in a move to a more market-determined exchange rate. Since August 11, 2015, the Renminbi has depreciated by more than 7% against the U.S. dollar. The PRC government may make further adjustments to the exchange rate system in the future.

The following table sets forth information concerning exchange rates between Renminbi and U.S. dollars as set forth in the H.10 weekly statistical release of the Federal Reserve Board.

Period	Noon Buying Rate			
	Period End	Average ⁽¹⁾	High	Low
	(RMB Per US\$1.00)			
2015	6.1870	6.2869	6.4896	6.4778
2016	6.9430	6.6266	6.9580	6.4738
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6165	6.9752	6.2540
2019	6.9618	6.9081	7.1786	6.6822
2020				
May	7.1348	7.1016	7.1681	7.0622
June	7.0651	7.0816	7.1263	7.0575
July	6.9744	7.0041	7.0703	6.9744
August	6.8474	6.9301	6.9799	6.8474
September	6.7896	6.8106	6.8474	6.7529
October	6.6919	6.7254	6.7898	6.6503
November (through November 25, 2020)	6.5750	6.6044	6.6899	6.5556

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

The following table sets forth information concerning exchange rates between Hong Kong dollars and U.S. dollars as set forth in the H.10 weekly statistical release of the Federal Reserve Board.

Period	Noon Buying Rate			
	Period End	Average ⁽¹⁾	High	Low
	(RMB Per US\$1.00)			
2015	7.7507	7.7519	7.7686	7.7507
2016	7.7534	7.7622	7.8270	7.7528
2017	7.8128	7.7926	7.8267	7.7540
2018	7.8319	7.8375	7.8500	7.8036
2019	7.7894	7.8351	7.8499	7.7850
2020				
May	7.7513	7.7519	7.7561	7.7500
June	7.7501	7.7501	7.7514	7.7498
July	7.7500	7.7509	7.7538	7.7499
August	7.7501	7.7502	7.7506	7.7498
September	7.7500	7.7500	7.7504	7.7499
October	7.7548	7.7503	7.7548	7.7498
November (through November 25, 2020)	7.7508	7.7526	7.7552	7.7505

CAPITALIZATION

The table below shows our consolidated cash and cash equivalents, current and non-current debt and capitalization as of June 30, 2020, presented:

- on an actual basis; and
- as adjusted to reflect the issuance of the Notes and the receipt of the gross proceeds from the issuance of the Notes, before deducting underwriting discounts and other estimated expenses payable by us in connection with this offering.

	As of June 30, 2020			
	Actual		As adjusted	
	RMB	US\$	RMB	US\$
	(in thousands)			
Cash and cash equivalents	2,413,099	341,552	3,817,457	540,326
Current:				
Bank borrowings	2,101,784	297,488	2,101,784	297,488
Senior Notes ⁽¹⁾	2,102,612	297,605	2,102,612	297,605
Non-current:				
Senior Notes ⁽¹⁾	1,379,198	195,213	1,379,198	195,213
Notes to be issued in this offering	—	—	1,404,358	198,774
Total debt	5,583,594	790,306	6,987,952	989,080
Equity:				
Paid-in/share capital	92	13	92	13
Share premium	3,866,476	547,264	3,866,476	547,264
Treasury stock	— ⁽²⁾	—	— ⁽²⁾	—
Reserves	3,765,367	532,953	3,765,367	532,953
Equity attributable to owners of the				
Company	7,631,935	1,080,230	7,631,935	1,080,230
Non-controlling interests	269,210	38,104	269,210	38,104
Total equity	7,901,145	1,118,334	7,901,145	1,118,334
Total capitalization ⁽³⁾	9,280,343	1,313,547	10,684,701	1,512,321

Note:

- (1) On February 28, 2019, we issued US\$200,000,000 (equivalent to RMB1,374,940,000) in aggregate principal amount of senior notes due on February 28, 2021 (the “Original February 2019 Notes”) which are listed on the SEHK. On May 16, 2019, we issued an additional US\$100,000,000 (equivalent to RMB687,470,000) in aggregate principal amount of senior notes due on February 28, 2021 (the “Additional February 2019 Notes”) which are also listed on the SEHK. In all respects, except for the issue date and issue price, the Additional February 2019 Notes were consolidated and formed a single series with the Original February 2019 Notes. The US\$300,000,000 (equivalent to RMB2,062,410,000) in aggregate principal amount of the February 2019 Notes bear coupon at 7.75% per annum. See “Description of Other Material Indebtedness — February 2019 Notes”. On October 18, 2019, we issued US\$200,000,000 (equivalent to RMB1,395,106,000) 7.625% senior notes (“Original October 2019 Notes”) which are listed on the SEHK. On August 14, 2020, we issued an additional US\$100,000,000 (equivalent to RMB697,553,000) in aggregate principal amount of senior notes due on April 18, 2022 (the “Additional October 2019 Notes”) which are also listed on the SEHK. The Additional October 2019 Notes were consolidated and formed a single series with the Original October 2019 Notes. The October 2019 Notes bear coupon at 7.625% per annum. On November 3, 2020, we repurchased on the open market US\$1,800,000 in aggregate principal amount of the October 2019 Notes. As of the date of this offering memorandum, US\$298,200,000 in principal amount of the October 2019 Notes remain outstanding. See “Description of Other Material Indebtedness — October 2019 Notes”.
- (2) Amount is less than RMB1,000.
- (3) Total capitalization consists of total long-term borrowings and total equity.

Except as otherwise disclosed above, there has been no other material change in our capitalization since June 30, 2020.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated statement of profit or loss data for the years ended December 31, 2017, 2018 and 2019 and selected consolidated statement of financial position data as of December 31, 2017, 2018 and 2019 have been derived from our audited consolidated financial statements and related notes included elsewhere in this offering memorandum. The following summary consolidated statement of profit or loss data for the six months ended June 30, 2019 and 2020 and summary consolidated statement of financial position data as of June 30, 2020 have been derived from our reviewed but unaudited condensed consolidated interim financial statements and related notes included elsewhere in this offering memorandum. The unaudited condensed consolidated interim financial information as of and for the six-month period ended June 30, 2020 contains all adjustments that our management believes are necessary for the fair presentation of such information. Results for interim periods are not indicative of results for the full year. We have prepared our unaudited interim financial information on the same basis as our audited consolidated financial statements. You should read the selected consolidated financial data in conjunction with the audited consolidated financial statements and related notes, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period.

The following table sets forth our consolidated statements of comprehensive loss items in absolute amounts and as percentages of the total income for the periods indicated.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,			For the six months ended June 30,		
	2017	2018	2019	2019	2020	2020
						(in thousands of US\$)
				(in thousands of RMB)	(in thousands of RMB)	(in thousands of US\$)
				<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	4,633,360	5,948,172	9,094,682	4,330,433	2,844,954	402,677
Staff costs	(2,623,332)	(2,993,818)	(3,342,113)	(1,824,898)	(1,183,902)	(167,570)
Advertising and promotion expenses.....	(236,053)	(310,360)	(392,550)	(140,390)	(102,577)	(14,519)
Rental expenses for short-term leases and low-value assets leases	—	—	(52,646)	(27,983)	(17,006)	(2,407)
Operating lease charges in respect of office premises	(105,571)	(118,923)	—	—	—	—
Depreciation and amortization expenses ..	(27,870)	(26,170)	(90,870)	(40,489)	(65,792)	(9,312)
Loss allowance on financial assets subject to ECL, net of reversal	(119,866)	(166,590)	(222,748)	(69,475)	(52,596)	(7,444)
Loss on derecognition of financial assets measured at amortised cost	—	—	(14,484)	(7,534)	—	—
Loss on derecognition of receivables at FVTOCI.....	—	—	—	—	(7,643)	(1,082)
Consultancy expenses.....	(224,424)	(217,748)	(275,101)	(93,691)	(79,325)	(11,228)
Distribution expenses	(51,726)	(331,516)	(3,116,152)	(1,160,504)	(968,380)	(137,065)
Other operating costs	(284,539)	(368,740)	(324,902)	(181,471)	(97,974)	(13,867)
Other income.....	38,256	106,519	124,892	33,562	62,192	8,803
Other gains and losses	3,355	18,828	171,884	105,849	36,861	5,217
Other expenses	(8,831)	(42,666)	(2,127)	(769)	(1,239)	(175)
Share of result of associates	148	1,144	23,705	6,974	2,829	400
Finance costs.....	(21,650)	(25,171)	(272,153)	(95,597)	(209,504)	(29,590)

	For the year ended December 31,			For the six months ended June 30,		
	2017	2018	2019	2019	2020	2020
	(in thousands of RMB)			(in thousands of RMB)		(in thousands of US\$)
				<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit before taxation	971,257	1,472,961	1,309,317	834,017	161,348	22,837
Income tax expense.....	(205,951)	(391,308)	(338,604)	(179,958)	(56,690)	(8,024)
Profit for the year/period	765,306	1,081,653	970,713	654,059	104,658	14,813
Other comprehensive (expense) income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Fair value changes on receivables measured at FVTOCI.....	—	—	—	—	(49,367)	(6,987)
Net changes in ECL of receivables measured at FVTOCI.....	—	—	—	—	49,367	6,987
Total comprehensive income for the year/period	765,306	1,081,653	970,713	654,059	104,658	14,813
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Company	352,020	950,312	860,872	577,868	29,934	4,237
Non-controlling interests.....	413,286	131,341	109,841	76,191	74,724	10,576
	765,306	1,081,653	970,713	654,059	104,658	14,813
Non-IFRS Measures⁽¹⁾:						
EBITDA ⁽²⁾	1,020,777	1,524,302	1,672,340	970,103	436,194	61,739
EBITDA margin ⁽³⁾	22.0%	25.6%	18.4%	22.4%	15.3%	15.3%
Core net profit attributable to owners of the Company ⁽⁴⁾	702,045	1,144,590	997,897	667,016	68,516	9,698

Notes:

- (1) The use of non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, profit and total comprehensive income for the year, profit and total comprehensive income for the year/period attributable to owners of the Company and other measures as reported in accordance with IFRS. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Measures”.
- (2) We define EBITDA as (i) profit and total comprehensive income for the period, adjusted to add back (ii) finance cost (iii) depreciation and amortization expenses and (iv) income tax expense. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See the section entitled “Description of the Notes — Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.
- (3) We define EBITDA margin as EBITDA divided by revenue.
- (4) 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 21 investors of PRC Holdco, and (iii) share-based compensation expense related to the Company’s pre-IPO share option scheme. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Measures” below. The calculation of core net profit attributable to owners of the Company is not in accordance with IFRS.

Consolidated Statements of Financial Position

	As of December 31,			As of June 30,	
	2017	2018	2019	2020	2020
	(in thousands of RMB)			(in thousands of RMB) (unaudited)	(in thousands of US\$) (unaudited)
Non-current assets					
Property and equipment	62,249	59,455	108,603	251,671	35,622
Right-of-use assets	—	—	134,835	400,230	56,649
Investment properties	18,688	20,340	35,211	697,529	98,729
Goodwill	5,109	5,109	5,109	5,109	723
Intangible assets	5,744	2,238	23,918	81,172	11,489
Interests in associates	11,015	212,511	281,406	284,235	40,231
Amounts due from related parties	—	10,786	201,141	13,928	1,971
Bond receivables	—	129,291	—	—	—
Deferred tax assets	504,234	488,076	534,603	563,868	79,810
Other non-current assets	31,669	350,737	764,855	528,297	74,776
	<u>638,708</u>	<u>1,278,543</u>	<u>2,089,681</u>	<u>2,826,039</u>	<u>400,000</u>
Current assets					
Accounts receivables and bills receivables	3,308,002	4,164,244	5,546,823	—	—
Other receivables	71,590	1,794,139	1,737,239	2,382,430	337,211
Amounts due from related parties	379,070	1,565,196	2,614,160	27,459	3,887
Receivables at FVTOCI accounts receivables and bills receivables	—	—	—	4,912,383	695,303
amounts due from related parties — accounts receivables	—	—	—	2,199,395	311,304
Financial assets at FVTPL	20,000	271,940	1,708,599	1,364,160	193,084
Restricted bank balances	131,264	52,539	158,492	225,537	31,923
Pledged bank deposits	—	411,786	1,016,087	1,270,769	179,866
Bank balances and cash	1,791,290	2,280,215	2,294,435	2,413,099	341,552
Total current assets	<u>5,701,216</u>	<u>10,540,059</u>	<u>15,075,835</u>	<u>14,795,232</u>	<u>2,094,130</u>
Current liabilities					
Accounts payables	174,561	325,700	623,463	691,387	97,859
Advance from customers	83,468	46,097	98,902	129,692	18,357
Accrued payroll and welfare expenses	1,161,640	909,864	789,724	472,529	66,882
Other payables	1,571,273	857,554	1,194,830	1,196,364	169,334
Dividend Payable	—	—	—	214,456	30,354
Contract liabilities	33,113	82,557	95,842	168,406	23,836
Tax payables	405,733	513,311	808,600	839,665	118,847
Amounts due to related parties	297,294	67,841	107,407	167,207	23,667
Bank borrowings	450,000	1,000,000	1,848,000	2,101,784	297,488
Other Borrowings	—	—	—	2,102,612	297,605
Lease liabilities	—	—	86,451	108,733	15,390
Total current liabilities	<u>4,177,082</u>	<u>3,802,924</u>	<u>5,653,219</u>	<u>8,192,835</u>	<u>1,159,619</u>
Net current assets	<u>1,524,134</u>	<u>6,737,135</u>	<u>9,422,616</u>	<u>6,602,397</u>	<u>934,511</u>
Total assets less current liabilities	<u>2,162,842</u>	<u>8,015,678</u>	<u>11,512,297</u>	<u>9,428,436</u>	<u>1,334,511</u>
Non-current liabilities					
Deferred tax liabilities	219	73	—	48,728	6,897
Other borrowings	—	—	3,406,130	1,379,198	195,213
Lease liabilities	—	—	41,919	66,807	9,456
Financial liabilities at FVTPL	—	—	—	32,558	4,608
	<u>219</u>	<u>73</u>	<u>3,448,049</u>	<u>1,527,291</u>	<u>216,174</u>
Net assets	<u>2,162,623</u>	<u>8,015,605</u>	<u>8,064,248</u>	<u>7,901,145</u>	<u>1,118,337</u>
Capital and reserves					
Share capital	330,076	98	93	92	13
Share premium	—	5,098,146	4,104,603	3,866,476*	547,264
Treasury stock	—	—	—	—	—
Reserves	695,034	2,773,667	3,770,702	3,765,367	532,953
Equity attributable to owners of the Company	1,025,110	7,871,911	7,875,398	7,631,935	1,080,230
Non-controlling interests	1,137,513	143,694	188,850	269,210	38,104
Total equity	<u>2,162,623</u>	<u>8,015,605</u>	<u>8,064,248</u>	<u>7,901,145</u>	<u>1,118,337</u>

* Amount is less than RMB1,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with “Selected Consolidated Financial Information” and our consolidated financial statements and related notes included elsewhere in this offering memorandum. Our financial information has been prepared and presented in accordance with IFRS, which differs in certain material respects from US GAAP.

For the purpose of this section, unless the context otherwise requires, references to 2017, 2018, and 2019 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

Overview

We mainly offer real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. We serve real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain.

Our business benefits from our close relationships with many of China's most prominent real estate developers, particularly in light of the continuing trend of market consolidation in the real estate development industry. We are committed to becoming a comprehensive service platform for giant-level transactions in China's real estate industry, serving a number of developers, intermediaries and asset owners, with the full business coverage of direct sales. As of June 30, 2020, we served 100% of China's top 100 developers. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of June 30, 2020, we had a contracted pipeline of a total GFA of 288.3 million square meters for our real estate agency services in the primary market.

Our three major business lines complement each other, generating powerful business synergies and abundant cross-selling opportunities. We collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services. We leverage our data capabilities to provide real estate developers with various services at the early stages of property development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to gain agency contracts. In addition, we can help our developer customers expand their sales channels by sourcing buyers of new properties through real estate brokerage firms we cooperate with. In the six months ended June 30, 2020, new property units with a total transaction value of approximately RMB43.3 billion were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. We experienced significant growth in our three business segments and asset-light business model during the three years ended December 31, 2019. Our revenue increased from RMB4.6 billion in 2017 to RMB9.1 billion in 2019, representing a CAGR of 40.1%. Our profit and total comprehensive income for the year increased from RMB765.3 million in 2017 to RMB970.7 million in 2019, representing a CAGR of 12.6%. However, due to the outbreak of COVID-19 and the subsequent disease prevention measures adopted by central and local governments in the PRC, our revenue decreased from RMB4.3 billion in the six months ended June 30, 2019 to RMB2.8 billion (US\$0.4 billion) in the six months ended June 30, 2020. Our profit and total comprehensive income for the period decreased from RMB654.1 million in the six months ended June 30, 2019 to RMB104.7 million (US\$14.8 million) in the six months ended June 30, 2020.

Basis of Presentation

The Company was incorporated as an exempted company in the Cayman Islands on February 22, 2010. Following our corporate reorganization in March 2018, the Company became the holding company of the companies comprising our Group. As these companies, the Company and the real estate agency services business of E-House Management and Beijing EJU Enterprise Management Consulting Co., Ltd. are under common control of E-House (China) Holdings before and after such reorganization, our Group is regarded as a continuing entity. Our financial information for the three years ended December 31, 2019

and the six months ended June 30, 2020 has been prepared on the basis as if the Company had always been the holding company of our Group using the principal of merger accounting. Our consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

Factors Affecting our Results of Operations

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

The acquisition of Leju

In November 2020, we acquired a 56.19% equity interest in Leju from certain of its then existing shareholders for an aggregate consideration of US\$292,179,099. Upon completion of the acquisition in November 2020, Leju became our subsidiary. Leju is a leading online-to-offline real estate services provider in China, offering real estate e-commerce, online advertising, and online listing services through its online platform, which comprises local websites covering more than 370 cities and various mobile applications. Leju has been listed on the New York Stock Exchange (NYSE Stock Symbol: LEJU) since April 2014. See “Summary – Recent Development” for more information. Following completion of the acquisition, Leju’s results of operations, assets and liabilities will be accounted for in our consolidated financial statements. Pursuant to Leju’s published financial statements for the years ended December 31, 2017 and 2018, Leju incurred losses in both fiscal years. Its net profit margin for the year ended December 31, 2019 was also lower than ours. Therefore, the acquisition of Leju could have an adverse impact on our profitability. See “Risk Factors – We acquired Leju in November 2020 and may fail to achieve the desired benefits from such acquisition, which could have a material adverse effect on our results of operations and financial position.”

Our relationships with real estate developers

Real estate developers in China are our most important customers. During the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, we generated revenue primarily from the provision of real estate agency services in the primary market to our developer clients. Revenue from our real estate agency services in the primary market accounted for 84.7%, 79.9%, 50.2% and 44.5% of our total revenue in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. Revenue from real estate agency services in the primary market is determined by the total value of new properties sold and the average commission rate. The total value of new properties sold in turn is determined by the total GFA and the average selling price of new properties sold. Therefore, our business and results of operations are affected by our ability to maintain and grow the GFA we market and sell on behalf of real estate developers and our ability to realize the sales targets set by our developer customers. In addition, real estate developers are also major customers of our real estate data and consulting services. Our real estate brokerage network services currently also generate most of the revenue from commissions paid by real estate developers for sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerages firms we cooperate with. We expect that revenue from real estate brokerage network services will grow quickly in the next few years and will continue to consist predominantly of commissions paid by real estate developers. As a result, our business growth will continue to rely on real estate developers as our major customers, and our ability to maintain our relationships with existing developer customers and acquire new developer customers has a significant impact on our business, results of operations and prospects.

Our relationships with certain top developers in China are particularly important to our business. Revenue from our five largest customers, all of which are top developers in China, accounts for 44.1%, 43.7%, 41.9% and 49.2% of our total revenue in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. Some of our customers, such as Evergrande, Vanke and Country Garden, are also our shareholders. As of the June 30, 2020, we had entered into strategic cooperation agreements with 66 leading real estate developers in China, with terms ranging from one year to six years. Strategic long-term relationships with top developers in China increase the stability and predictability of customer demand for our services across our three major business lines. As of June 30, 2020, we had a contracted pipeline of a total GFA of 288.3 million square meters in 1,004 projects for our real estate agency services in the primary market. In addition, strategic relationships with developers also help us expand into new cities and regions. However, if for any reason our relationships with our developer customers deteriorate, our business and results of operations may be adversely affected.

The success of our innovative real estate brokerage service business model

In order to maintain our business growth, apart from strengthening our traditional real estate agency business in the primary market, we have also developed an innovative “S2B2C” business model to operate our real estate brokerage network services under our Fangyou brand. Under this new business model, we encourage small and medium-sized brokerage firms to join our Fangyou network to utilize our resources to realize their business growth. As of June 30, 2020, the number of our Fangyou-branded stores had reached over 13,000 and covered 56 cities across China. We plan to further expand our network in the coming years. We currently do not charge any fees from brokerage firms for using our resources. Almost all of the revenue generated from our real estate brokerage network services is from the sales of real estate property units in the primary market through our Fangyou brokerage network. We cooperate with small and medium-sized brokerage firms to source buyers of new properties for our developer customers. For every real estate unit in the primary market sold to property buyer sourced by brokerage firms, we are entitled to retain a certain percentage of the commission real estate developers pay to the brokerage firms. This type of off-site sale generates a stable source of income for our real estate brokerage network services. We are also exploring other revenue sources such as by offering apartment rental, real estate financing, relocation and home decoration services provided by our business partners. As a result, our ability to successfully operate our real estate brokerage network services under this new business model will have a significant impact on our business and results of operations.

Our ability to continuously upgrade our existing products and develop new products for our real estate data and consulting services that are appealing to our clients

The operation of our real estate data and consulting services relies heavily on our ability to upgrade our existing products and develop new products that are appealing to our clients. Relying on the data technology, we have developed several proprietary real estate databases, systems and software for our real estate data and consulting services, which together with our analytical capability, enable us to provide insightful data-based consulting and information services to our clients. Our products provide our clients with valuable information for their business operations and enable them to make informed decisions. To make sure our real estate data and consulting services are continuously attractive to our clients, we need to be sensitive to the evolving customer demand and upgrade our products to meet their demand. We also need to keep abreast of the latest development of new technologies and develop new products to capture new opportunities for our business growth. If we fail to do so, our overall business operations and our results of operations may be adversely affected.

Our ability to manage our costs and expenses

As a service provider, we rely on qualified employees to provide services to our clients. As a result, our staff costs are the largest cost we incur in our business operations and our ability to manage our staff costs affect our results of operations. In 2017, 2018, 2019 and the six months ended June 30, 2020, our staff costs were RMB2,623.3 million, RMB2,993.8 million, RMB3,342.1 million and RMB1,183.9 million (US\$167.6 million), respectively, representing approximately 56.6%, 50.3%, 36.7% and 41.6% of the total revenue in each corresponding period. Our staff costs consist primarily of salaries, bonuses, commissions and social welfare contributions paid to or on behalf of our employees. As part of our efforts to manage our staff costs and improve our profit margins while ensuring consistent service quality, we utilize various measures to control our staff costs. These measures include streamlining and standardizing our real estate agency services in the primary market, organizing systematic and regular staff trainings and strengthening our data capability to reduce our reliance on labor. The application of these measures not only improves our service efficiency, but also enables us to maintain a lower level of employee turnover rate.

Our other major operational costs and expenses include, among others, advertising and promotion expenses, consultancy expenses, loss allowance on financial assets measured at amortized cost, and operating lease charges in respect of office premises. As our business continues to expand, the increase in these operational costs and expenses is likely to be partially offset by our increasing economies of scale and improving operational efficiency.

General market conditions and regulatory environment of the real estate industry in China

As a real estate services provider, our business is closely related to the real estate industry in China. For example, we provide real estate agency services in the primary market to developer clients for their newly developed properties. Revenue from such services accounted for 84.7%, 79.9%, 50.2% and 44.5% of our total revenue in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively. Our provision of such services is partially affected by the total number of newly developed properties, which is heavily dependent on the market conditions of the real estate industry in China. The general market conditions are affected by a number of factors such as the general economic conditions in China, government policies and regulatory measures, market demand and supply, and real estate price fluctuations. Any economic downturns, negative movements in the market demand and supply, or real estate price fluctuations may have significant impact on our business, results of operations, and financial position. At the same time, we benefit from the continued consolidation of the real estate development market. In light of the trend of industry consolidation and our stable relationships with China's top real estate developers, we believe that we are less affected by the fluctuations of the overall real estate market.

In addition, the real estate industry in China is heavily regulated. Chinese government has a variety of tools in the regulation of real estate industry, such as through regulating land grants/supplies, pre-sale of properties, bank financing, and taxation, as well as numbers of more detailed measures directly regulating the operations of industry players. In addition, Chinese government has also been tightening the regulation of the industry by imposing more restrictive measures on purchasing residential properties, such as lifting the thresholds and costs for obtaining mortgage financing. As a result, government policies have significant influences on the general market conditions of the real estate industry. Any issuance of new restrictive regulatory measures or tightening of the existing ones may have significant and negative impact on the general market conditions of the real estate industry, which in turn may adversely affect our business, results of operations, and financial position. See "Risk Factors — Risks Related to Our Business and Industry — Our business may be materially and adversely affected by government measures aimed at China's real estate industry."

Application of IFRSs

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers and the related Amendments

IFRS 9 and IFRS 15 are both effective for the annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Group had elected to consistently apply IFRS 9 and IFRS 15 for the three years ended December 31, 2019 and the six months ended June 30, 2020. In order to provide additional information to the potential investors, the Group now further assessed the financial impact to the Group, based on the historical data, had IAS 18 and IAS 39 been consistently applied for the three years ended December 31, 2019, there was no significant change in the financial position and performance of the Group. The adoption of IFRS 15 and IFRS 9 as compared to IAS 18 and IAS 39 had resulted in more disclosures in the historical financial information of the Group three years ended December 31, 2019 and the six months ended June 30, 2020.

IFRS 16 Leases

Impacts and changes in accounting policies of application on IFRS 16 "Leases"

We have applied IFRS 16 in the twelve months ended December 31, 2020. IFRS 16 superseded IAS 17 "Leases" ("IAS 17"), and the related interpretations.

New and revised to IFRSs issued but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to IFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to IFRS 3.....	Reference to the Conceptual Framework ²
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.....	Interest Rate Benchmark Reform — Phase 2 ⁵
Amendments to IFRS 10 and IAS 28.....	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1.....	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 16.....	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37.....	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to IFRS Standards.....	Annual Improvements to IFRS Standards 2018-2020 ²

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2022

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

4 Effective for annual periods beginning on or after 1 June 2020

5 Effective for annual periods beginning on or after 1 January 2021

Critical Accounting Policies, Judgements and Estimates

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. Estimates and judgements are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our material assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe are of critical importance to us or involve significant estimates, assumptions and judgements in the preparation of our consolidated financial statements. For more comprehensive and detailed information on our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, please see the notes to our financial statements included elsewhere in this offering memorandum.

Basis of Consolidation

Our historical financial information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

We reassess whether or not we control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Changes in Our Ownership Interests in Existing Subsidiaries

Changes in our ownership interests in existing subsidiaries that do not result in our losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of our relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Merger Accounting for Business Combination Involving Entities under Common Control

Our historical financial information incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of or groups of our cash-generating units that is/are expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Revenue Recognition

Revenue is recognized to depict the transfer of promised services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those services. We recognize revenue when (or as) a performance obligation is satisfied, that is, when “control” of the services underlying the particular performance obligation is transferred to customers.

Revenue from real estate agency services in the primary market is recognized at a point in time when the service is rendered and (i) the property buyer has executed the sales and purchase agreement and made the required down-payment or (ii) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts, since only by that time we have a present right to payment from the property developers for the services performed. If the commission rate is variable based on a pre-agreed sales target, before meeting the agreed sales target, we will recognize revenue based on a lower commission rate. When the sales target is met, we will recognize the incremental revenue, representing the variable consideration, at the higher commission rate on the performance obligations satisfied in previous periods. We generally invoice our developer customers shortly before they are prepared to make payments to us in accordance with our agreements. Due to the extended settlement cycles typical in the real estate industry, there could be a delay from revenue recognition to invoicing, typically for a few months. As a result, we have uninvoiced revenue at any specific time.

Revenue from real estate consultancy services is recognized at a point in time when the service is rendered and the customer has received and endorsed the consultancy report, since only by that time we have a present right to payment for the services performed. Revenue from real estate data services is recognized over the subscription period.

Revenue from real estate brokerage network services, primarily in connection with sales of new properties in cooperation with brokerage firms during the three years ended December 31, 2019 and the six months ended June 30, 2020, is recognized at a point in time when the legal title of real estate property is transferred, since only by that time we have a present right to payment from the small to medium-sized real estate brokerage stores for the services performed.

Impairment on Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, we review the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Provision for and Write-off of Trade Receivables

Based on our previous experience, receivables are generally not recoverable (i) when there is a breach of financial covenants by counterparty, or (ii) our internal information or information obtained from external sources indicates that the debtor is unlikely to pay its creditors, including us, in full (without taking into account any collaterals held by us). Therefore, we consider above events constitute default for internal credit risk management purposes.

With respect to credit-impaired financial assets, financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets occur(s). Evidence that financial assets are credit-impaired includes observable data in relation to the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter into bankruptcy proceedings or other financial reorganization.

We write off financial assets when there is information indicating that counterparty is in severe financial difficulty and there is no realistic prospect of recovery. For example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Written-off of financial assets may still be subject to enforcement activities under our recovery procedures, after considering legal advices where appropriate. Any recoveries made are recognized in profit or loss.

We assess on a forward-looking basis the expected credit loss associated with trade receivables. For the measurement and recognition of the expected credit loss, please see the notes to our financial statements included elsewhere in this offering memorandum.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table presents our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,			
	2017	2018	2019	2019	2020	2020	
	(in thousands of RMB)			(in thousands of RMB) <i>(unaudited)</i>			(in thousands of US\$) <i>(unaudited)</i>
Revenue.....	4,633,360	5,948,172	9,094,682	4,330,433	2,844,954	402,677	
Staff costs	(2,623,332)	(2,993,818)	(3,342,113)	(1,824,898)	(1,183,902)	(167,570)	
Advertising and promotion expenses.....	(236,053)	(310,360)	(392,550)	(140,390)	(102,577)	(14,519)	
Rental expenses for short-term leases and low-value assets leases	—	—	(52,646)	(27,983)	(17,006)	(2,407)	
Operating lease charges in respect of office premises	(105,571)	(118,923)	—	—	—	—	

	For the year ended December 31,			For the six months ended June 30,		
	2017	2018	2019	2019	2020	2020
	(in thousands of RMB)			(in thousands of RMB)		(in thousands of US\$)
				(unaudited)	(unaudited)	(unaudited)
Depreciation and amortization expenses ..	(27,870)	(26,170)	(90,870)	(40,489)	(65,792)	(9,312)
Loss allowance on financial assets subject to ECL, net of reversal	(119,866)	(166,590)	(222,748)	(69,475)	(52,596)	(7,444)
Loss on derecognition of financial assets measured at amortised cost	—	—	(14,484)	(7,534)	—	—
Loss on derecognition of receivables at FVTOCI	—	—	—	—	(7,643)	(1,082)
Consultancy expenses.....	(224,424)	(217,748)	(275,101)	(93,691)	(79,325)	(11,228)
Distribution expenses	(51,726)	(331,516)	(3,116,152)	(1,160,504)	(968,380)	(137,065)
Other operating costs	(284,539)	(368,740)	(324,902)	(181,471)	(97,974)	(13,867)
Other income.....	38,256	106,519	124,892	33,562	62,192	8,803
Other gains and losses	3,355	18,828	171,884	105,849	36,861	5,217
Other expenses.....	(8,831)	(42,666)	(2,127)	(769)	(1,239)	(175)
Share of result of associates	148	1,144	23,705	6,974	2,829	400
Finance costs.....	(21,650)	(25,171)	(272,153)	(95,597)	(209,504)	(29,590)
Profit before taxation.....	971,257	1,472,961	1,309,317	834,017	161,348	22,837
Income tax expense.....	(205,951)	(391,308)	(338,604)	(179,958)	(56,690)	(8,024)
Profit for the year/period.....	765,306	1,081,653	970,713	654,059	104,658	14,813
Other comprehensive (expense) income						
<i>Items that may be reclassified</i> <i>subsequently to profit or loss:</i>						
Fair value changes on receivables measured at FVTOCI.....	—	—	—	—	(49,367)	(6,987)
Net changes in ECL of receivables measured at FVTOCI.....	—	—	—	—	49,367	6,987
Total comprehensive income for the year/period.....	765,306	1,081,653	970,713	654,059	104,658	14,813
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Company	352,020	950,312	860,872	577,868	29,934	4,237
Non-controlling interests.....	413,286	131,341	109,841	76,191	74,724	10,576
	<u>765,306</u>	<u>1,081,653</u>	<u>970,713</u>	<u>654,059</u>	<u>104,658</u>	<u>14,813</u>
Non-IFRS Measures⁽¹⁾:						
EBITDA ⁽²⁾	1,020,777	1,524,302	1,672,340	970,103	436,194	61,739
EBITDA margin ⁽³⁾	22.0%	25.6%	18.4%	22.4%	15.3%	15.3%
Core net profit attributable to owners of the Company ⁽⁴⁾	702,045	1,144,590	997,897	667,016	68,516	9,698

Notes:

- (1) The use of non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, profit and total comprehensive income for the year, profit and total comprehensive income for the year/period attributable to owners of the Company and other measures as reported in accordance with IFRS. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the subsection headed “Non-IFRS Measures” below.
- (2) We define EBITDA as (i) profit and total comprehensive income for the period, adjusted to add back (ii) finance cost (iii) depreciation and amortization expenses and (iv) income tax expense. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See the section entitled “Description of the Notes — Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.
- (3) We define EBITDA margin as EBITDA divided by revenue.
- (4) 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 21 investors of PRC Holdco, and (iii) share-based compensation expense related to the Company’s pre-IPO share option scheme. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the subsection headed “Non-IFRS Measures” below. The calculation of core net profit attributable to owners of the Company is not in accordance with IFRS.

Key Components of our Results of Operations

Revenue

During the three years ended December 31, 2019 and the six months ended June 30, 2020, we derived all of our revenue from (i) real estate agency services in the primary market, (ii) real estate data and consulting services, and (iii) real estate brokerage network services. The following table sets forth a breakdown of our revenue by income source for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
							(unaudited)		(unaudited)	
Real estate agency services in the primary market	3,926,722	84.7	4,753,395	79.9	4,566,217	50.2	2,577,554	59.5	1,267,049	44.5
Real estate data and consulting services ..	629,422	13.6	773,327	13.0	977,665	10.8	442,744	10.2	475,663	16.8
Real estate brokerage network services	77,216	1.7	421,450	7.1	3,550,800	39.0	1,310,135	30.3	1,102,242	38.7
Total	4,633,360	100.0	5,948,172	100.0	9,094,682	100.0	4,330,433	100.0	2,844,954	100.0

Real estate agency services in the primary market

Revenue from real estate agency services in the primary market mainly consists of commissions we receive from real estate developers for our marketing and sales services. Real estate agency services in the primary market historically have been our predominant revenue source, and are expected to remain as such for the foreseeable future. Revenue from real estate agency services in the primary market is determined by the total value of new properties sold and the average commission rate. The total value of new properties sold in turn is determined by the total GFA and the average selling price of new properties sold. The following table sets forth the total GFA and total value of new properties sold as well as our average commission rate during the three years ended December 31, 2019 and the six months ended June 30, 2020:

	For the year ended December 31,			For the six months ended June 30,	
	2017	2018	2019	2019	2020
				(unaudited)	(unaudited)
Total GFA of new properties sold (millions of square metres)	37.2	41.3	43.3	23.4	13.1
Total value of new properties sold (millions of RMB)	432,982	531,545	532,438	320,035	147,492
Average commission rate ⁽¹⁾	0.91%	0.89%	0.86%	0.81%	0.86%

Note:

- (1) Average commission rate equals revenue derived from real estate agency services in the primary market divided by total value of new properties sold.

Revenue from real estate agency services in the primary market increased during the three years ended December 31, 2019 primarily due to an increase in the total value of new properties sold. Revenue derived from real estate agency services in the primary market decreased in the six months ended June 30, 2020, primarily due to the temporarily suspended operations of our real-estate sales centers in the first quarter of 2020. Our commission rates are generally determined by the prevailing rates in the relevant local markets, which are typically affected by local market conditions and our ability to service the relevant market. During the three years ended December 31, 2019 and the six months ended June 30, 2020, our average commission rate remained stable, in line with the average commission rate for the overall primary real estate agency industry in China.

Real estate data and consulting services

Revenue from real estate data and consulting services mainly consists of data subscription fees for our data services, marketing and brand promotion fees in connection with our rating and ranking services and consulting fees for our tailored consulting services we receive from our customers. The increase in our revenue from real estate data and consulting services during the three years ended December 31, 2019 and the six month ended June 30, 2020 was primarily due to the growth of our rating and ranking services. Data subscription fees are determined based on the number of subscription accounts and scope of subscriptions, such as number of modules and number of cities covered. Subscription fees usually are charged upfront on annual basis. Marketing and brand promotion fees are determined on a project-by-project basis depending on the scope of rating and research data needed for marketing and brand promotion activities, whether we need to plan and execute marketing activities and costs incurred in marketing and promotion activities. Consulting fees are determined based on a project-by-project basis depending on complexity of each project, human resources and time we spend in each project, as well as expenses we incur in each project. Both marketing and brand promotion fees and consulting fees are usually are paid by our clients on instalments.

Real estate brokerage network services

Revenue from real estate brokerage network services mainly consists of commissions we receive from real estate developers for sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerage firms we cooperate with. The commissions we receive is determined by the total value of new properties sold for real estate developers and the average commission rate, which is typically higher than the commission rate of our real estate agency services in the primary market. In typical cases, 80% of such commissions are then paid to the brokerages that facilitated the sales, which are recorded as distribution expenses. A small portion of revenue from real estate brokerage network services is generated from the service fees we charge to brokerage firms or their individual customers for completing real estate transactions at our E-House Real Estate Transaction Service Centres. We launched our real estate brokerage network services in January 2016. In 2019, revenue derived from real estate brokerage network services increased significantly, which was primarily due to an increase in commissions received from developers for sourcing buyers of new properties as more brokerage firms cooperated with us to sell new properties resulting in the increase of both total value and commission rate of real estate brokerage network services. Revenue derived from real estate brokerage network services decreased in the six months ended June 30, 2020, primarily due to the suspension of sales activities in the primary market by real estate developers during the first quarter of 2020.

Staff Costs

Our staff costs primarily include salaries, bonuses, commissions and social welfare contributions paid to or on behalf of our employees. Since we are a service provider relying on qualified employees to provide services to our clients, staff costs generally account for the largest portion of our overall costs and expenses. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our staff costs were RMB2,623.3 million, RMB2,993.8 million, RMB3,342.1 million and RMB1,183.9 million (US\$167.6 million), respectively, representing approximately 56.6%, 50.3%, 36.7% and 41.6% of our revenue in the respective periods. Staff costs as a percentage of revenue decreased during the three years ended December 31, 2019 primarily due to improved operational efficiency and increasing economies of scale. Staff costs as a percentage of our revenue decreased in the six months ended June 30, 2020, primarily due to the increase in revenue from our real estate brokerage network services segment, which has lower staff commission rates.

Advertising and Promotion Expenses

Although most of our developer customers run their own marketing campaigns for their real estate projects, a small proportion of developer customers engage us to conduct certain advertising and promotional activities on a project-by-project basis. Our advertising and promotion expenses mainly represent costs incurred by such activities we conduct for those developer customers. Depending on our arrangements with specific developer customers, in some cases such expenses are reimbursable by the developer customers, while in other cases such expenses are already accounted for by the commissions we

charge to the developer customers and are not reimbursed separately. We also incur advertising and promotion expenses for our real estate data and consulting services and real estate brokerage services. Our advertising activities mainly include telephone marketing, leaflet distribution, promotional events and billboard promotion. Our advertising and promotion expenses generally do not highly correlate with our overall revenue as they are not routine expenses for all the real estate projects in the primary market we worked on. In 2017, 2018, 2019 and the six months ended June 30, 2020, our advertising and promotion expenses were RMB236.1 million, RMB310.4 million, RMB392.6 million and RMB102.6 million (US\$14.5 million), respectively.

Operating Lease Charges in Respect of Office Premises

Our operating lease charges in respect of office premises primarily consist of rentals and other related expenses for our offices and staff dormitories. In 2017, 2018, 2019 and the six months ended June 30, 2020, our operating lease charges in respect of office premises were RMB105.6 million, RMB118.9 million, nil and nil, respectively. The decrease was primarily due to the impacts and changes in accounting policies of application on IFRS 16 “Leases”.

Rental Expenses for Short-term Leases and Low-value Assets Leases

We recorded rental expenses for short-term leases and low-value assets leases of RMB17 million in the six months ended June 30, 2020. The increase was primarily due to the impacts and changes in accounting policies of application on IFRS 16 “Leases”.

Depreciation and Amortization Expenses

Our depreciation and amortization expenses mainly relate to depreciation of property and equipment, amortization of intangible assets, and depreciation of investment properties. In 2017, 2018, 2019 and the six months ended June 30, 2020, our depreciation and amortization costs were RMB27.9 million, RMB26.2 million, RMB90.9 million and RMB65.8 million (US\$9.3 million), respectively.

Loss Allowance on Financial Assets subject to ECL, net of Reversal

We recognize the expected credit losses for financial assets subject to expected credit loss, which primarily include various receivables and amounts due from related parties of a trade nature — accounts receivables. For further details on our loss allowance policies, see the subsection headed “Critical Accounting Policies, Judgements and Estimates — Provision for and Write-off of Trade Receivables” above. In 2017, 2018, 2019 and the six months ended June 30, 2020, loss allowance on financial assets measured at amortized cost was RMB119.9 million, RMB166.6 million, RMB222.7 million and RMB3.2 million (US\$0.5 million), respectively, representing 2.6%, 2.8%, 2.4% and 0.1% of our revenue for the respective periods. In the six months ended June 30, 2020, loss allowance on financial assets measured at FVTOCI was RMB49.4 million (US\$6.9 million), respectively, representing 1.7% of our revenue for the respective periods. The following table sets forth a breakdown of our loss allowance on financial assets measured at amortized cost for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2017	2018	2019	2019	2020
	(in thousands of RMB)			(unaudited)	(unaudited)
(Provision)/reversal for loss allowance on:					
Accounts receivables and bills receivables	(111,851)	(151,093)	(208,218)	(60,455)	—
Amounts due from related parties of trade nature	(4,475)	(17,269)	(14,105)	(9,352)	(173)

	For the year ended December 31,			For the six months ended June 30,	
	2017	2018	2019	2019	2020
	(in thousands of RMB)				
				(unaudited)	(unaudited)
Receivables at FVTOCI.....	—	—	—	—	(49,367)
Other receivables and other non-current assets	(3,540)	1,772	(425)	332	(3,056)
Total	<u>(119,866)</u>	<u>(166,590)</u>	<u>(222,748)</u>	<u>(69,475)</u>	<u>(52,596)</u>

Consultancy Expenses

Our consultancy expenses represent the service fees we paid to external consultants regarding certain research activities, business development, project consultation, purchases of third-party data, as well as professional consultation in relation to legal, audit and tax services. In 2017, 2018, 2019 and the six months ended June 30, 2020, our consultancy expenses was RMB224.4 million, RMB217.7 million, RMB275.1 million and RMB79.3 million (US\$11.2 million), respectively.

Distribution Expenses

Our distribution expenses represent commissions we paid to Fangyou-branded stores and other real estate brokerage firms we cooperate with. We started to sell new properties through cooperating brokerage stores in 2016. In 2017, 2018, 2019 and the six months ended June 30, 2020, our distribution expenses was RMB51.7 million, RMB331.5 million, RMB3,116.2 million and RMB968.4 million (US\$137.1 million), respectively.

Other Operating Costs

Our other operating costs consist of office expenses, travelling expenses and business entertainment expenses. In 2017, 2018, 2019 and the six months ended June 30, 2020, our other operating costs were RMB284.5 million, RMB368.7 million, RMB324.9 million and RMB98.0 million (US\$13.9 million), respectively.

Other Income

Our other income consists primarily of government grants and interest income from our bank deposits. In 2017, 2018, 2019 and the six months ended June 30, 2020, our other income was RMB38.3 million, RMB106.5 million, RMB124.9 million and RMB62.2 million (US\$8.8 million), respectively, of which government grants accounted for RMB31.2 million, RMB70.1 million, RMB78.9 million and RMB36.7 million (US\$5.2 million), respectively. Government grants represent incentives from various PRC government authorities in connection with the enterprise development support and fiscal subsidy, which are discretionary and vary from period to period.

Other Gains and Losses

Other gains and losses primarily consist of impairment losses of investment properties, gains or losses related to disposal of investment properties, disposal of property and equipment, exchange fluctuations and fair value gain on financial liabilities at FVTPL. Investment properties mainly consist of properties that are transferred to us by our developer customers as a substitute of certain portion of service fees they owed to us. We sometimes allow certain real estate developers to settle a limited percentage of the total amount payable by transferring us certain properties they develop. Depending on the market condition, we may realize gains or losses when we subsequently resell such properties for cash. We recorded other gains of RMB3.4 million in 2017, RMB18.8 million in 2018, RMB171.9 million in 2019 and RMB36.9 million (US\$5.2 million) in the six months ended June 30, 2020.

Other Expenses

Our other expenses consist primarily of listing expenses, non-operation related professional fees, administrative fines, donations and other miscellaneous expenses. In 2017, 2018, 2019 and the six months ended June 30, 2020, our other expenses were approximately RMB8.8 million, RMB42.7 million, RMB2.1 million and RMB1.2 million (US\$0.2 million), respectively. Listing expenses represent professional fees and other fees incurred in connection with the listing of our shares on the SEHK. We did not incur listing expenses in 2017, 2019 or the six months ended June 30, 2020. Our listing expenses amounted to RMB40.8 million in 2018.

Share of Result of Associates

Share of result of associates represents our share of operating results of our associates. Our associates did not contribute significant profits or losses to our results during the three years ended December 31, 2019 and the six months ended June 30, 2020. Our share of profits of associates was RMB1.1 million in 2018.

Finance Costs

Our finance costs primarily represent interest on our bank borrowings. In 2017, 2018, 2019 and the six months ended June 30, 2020, our finance costs were RMB21.7 million, RMB25.2 million, RMB272.2 million and RMB209.1 million (US\$29.6 million), respectively. The increase in the six months ended June 30, 2020 is primarily due to the finance costs in connection with the issuance of the February 2019 Notes and the October 2019 Notes.

Taxation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law.

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

No provision for Hong Kong profit tax has been made as we had no assessable profits arising in or deriving from Hong Kong during the three years ended December 31, 2019 and the six months ended June 30, 2020.

For our operations in the PRC, we are primarily subject to the PRC enterprise income tax at a rate of 25% on our taxable income. Some of our PRC subsidiaries enjoyed preferential income tax rates during the three years ended December 31, 2019 and the six months ended June 30, 2020. Shanghai Zhuxiang Information Technology Co., Ltd., as a qualified software enterprise, enjoyed a 50% reduction in income tax from 2017 through 2019. Beijing China Real Estate Research Association Technical Services Co., Ltd., as a qualified “high and new technology enterprise”, enjoyed a 15% income tax rate during the three years ended December 31, 2019 and the six months ended June 30, 2020. PRC Holdco also enjoyed a 15% income tax rate in 2016 as a qualified “high and new technology enterprise”, but did not renew such status for 2017 and was therefore subject to a 25% income tax rate for 2017. PRC Holdco was recognized as a qualified “high and new technology enterprise” at the end of 2018. See the section headed “Risk Factors — Risks Related to Our Business and Industry — The discontinuation of any of the preferential tax treatments currently available to us in the PRC or imposition of any additional PRC taxes on us could adversely affect our financial condition and results of operations.” In addition, certain of our subsidiaries are eligible to enjoy a 15% preferential income tax rate because they are located in the western regions of China. One of these subsidiaries enjoys this preferential tax rate from October 1, 2014 to December 31, 2020. Certain other such subsidiaries were approved by the relevant regulations to enjoy this preferential

tax rate in 2018, 2019 and the six months ended June 30, 2020. PRC Holdco is currently applying for qualification as a high and new technology enterprise. If the application is approved, it will be entitled to a preferential income tax rate of 15%.

In 2017, 2018, 2019 and the six months ended June 30, 2020, our income tax expenses were RMB206.0 million, RMB391.3 million, RMB338.6 million and RMB56.7 million (US\$8.0 million), respectively.

Segment Results

We report our financial results during the three years ended December 31, 2019 and the six months ended June 30, 2019 and 2020 in three segments: (i) real estate agency services in the primary market, (ii) real estate data and consulting services, and (iii) real estate brokerage network services. The table below sets forth certain information with respect to the operating results of these three segments without taking into account inter-segment elimination:

	For the year ended December 31,								
	2017			2018			2019		
	Revenue	Profit/ (loss)	Profit margin	Revenue	Profit/ (loss)	Profit margin	Revenue	Profit	Profit margin
	(in thousands of RMB, except percentages)								
Real estate agency services in the primary market	3,927,498	950,424	24.2%	4,755,999	1,518,816	31.9%	4,570,734	1,218,944	26.7%
Real estate data and consulting services....	634,023	159,327	25.1%	845,341	214,960	25.4%	1,024,856	231,707	22.6%
Real estate brokerage network services	79,875	(125,101)	(156.6%)	500,424	(94,398)	(18.9%)	3,583,276	57,881	1.6%
Total/Overall	4,641,396	984,650	21.2%	6,101,764	1,639,378	26.9%	9,178,866	1,508,532	16.4%

	For the six months ended June 30,					
	2019			2020		
	Revenue	Profit	Profit margin	Revenue	Profit	Profit margin
	(in thousands of RMB, except percentages) (unaudited)					
Real estate agency services in the primary market	2,577,554	806,174	31.3%	1,267,049	248,184	19.6%
Real estate data and consulting services	442,744	82,844	18.7%	475,663	94,343	19.8%
Real estate brokerage network services	1,310,135	5,650	0.4%	1,102,242	37,509	3.4%
Total/Overall.....	4,330,433	894,668	20.7%	2,844,954	380,036	13.4%

Real Estate Agency Services in the Primary Market

Profit margin for the real estate agency services in the primary market segment increased from 24.2% in 2017 to 31.9% in 2018 primarily due to increasing economies of scale. Profit margin for this segment decreased from 31.9% in 2018 to 26.7% in 2019 and further to 19.6% in the six months ended June 30, 2020, primarily due to increase in staff costs.

Real Estate Data and Consulting Services

Profit margin for the real estate data and consulting services segment increased from 25.1% in 2017 to 25.4% in 2018 primarily due to an increase in revenue from our transaction advisory services. Profit margin for this segment decreased from 25.4% in 2018 to 22.6% in 2019, primarily due to increase in staff costs in connection with employee incentive schemes. Profit margin for this segment increased from 18.7% in the six months ended June 30, 2019 to 19.8% in the six months ended June 30, 2020, primarily due to decrease of other operating cost.

Real Estate Brokerage Network Services

We launched our real estate brokerage network services in January 2016. Profit margin for this segment improved from negative 156.6% in 2017 to negative 18.9% in 2018 and to positive 1.6% in 2019 and further to 3.4% in the six months ended June 30, 2020 primarily due to a significant increase in the number of cooperating brokerage stores that we utilized to source buyers of new properties and commissions received from such sourcing services, while our research and development and other fixed costs in relation to our real estate brokerage network services had remained stable.

Non-IFRS Measures

To supplement our consolidated financial information which are presented in accordance with IFRS, we also use (i) EBITDA and EBITDA margin, (ii) core net profit attributable to owners of the Company, and (iii) adjusted net assets attributable to owners of the Company as additional measures for illustrative purposes only. The calculation of these measures is not in accordance with IFRS. We present these non-IFRS measures to supplement the historical financial information as disclosed in the Accountants' Report in Appendix I in relation to the transfer of the Group's 50% equity interest in the PRC Holdco in aggregate to the 21 Investors without losing control on October 31, 2016.

Completion of this transaction had resulted in the recognition of 50% non-controlling interests of the PRC Holdco on October 31, 2016. 50% of the profit and total comprehensive income of the PRC Holdco since then are recognized as attributable to the non-controlling interests of the PRC Holdco.

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.

EBITDA and EBITDA Margin

We define EBITDA as (i) profit and total comprehensive income for the period, adjusted to add back (ii) finance cost (iii) depreciation and amortization expenses and (iv) income tax expense. We define EBITDA margin as EBITDA divided by revenue. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See the section entitled "Description of the Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture. The calculation of EBITDA and EBITDA 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 have limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

The following table sets forth our EBITDA and EBITDA margin for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2017	2018	2019	2019	2020
	(in thousands of RMB)			<i>(unaudited)</i>	<i>(unaudited)</i>
Profit and total comprehensive income	765,306	1,081,653	970,713	654,059	104,658
Add back:					
Finance cost	21,650	25,171	272,153	95,597	209,054
Depreciation and amortisation expenses.....	27,870	26,170	90,870	40,489	65,792
Income tax expenses.....	205,951	391,308	338,604	179,958	56,690
EBITDA	<u>1,020,777</u>	<u>1,524,302</u>	<u>1,672,340</u>	<u>970,103</u>	<u>436,194</u>
EBITDA margin	22.0%	25.6%	18.4%	22.4%	15.3%

Our EBITDA margin increased from 22.0% in 2017 to 25.6% in 2018 primarily due to a further improvement in our operational efficiency. Our EBITDA margin decreased from 25.6% in 2018 to 18.4% in 2019, primarily due to the significant increase in the provision of our real estate brokerage network services, which has a lower EBITDA margin rate. Our EBITDA margin decreased from 22.4% for the six months ended June 30, 2019 to 15.3% for the six months ended June 30, 2020, primarily due to the increase of revenue share in real estate brokerage network services which has lower operating margin rate.

Core Net Profit and Adjusted Net Assets Attributable to Owners of the Company

We present core net profit and adjusted net assets attributable to owners of the Company solely to illustrate the impact on our consolidated financial information (in particular, on our core net profit attributable to owners of the Company for the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2020 and our net assets attributable to owners of the Company as of December 31, 2017, 2018, 2019 and the six months ended June 30, 2020) had PRC Holdco been wholly owned by the Company throughout the three years ended December 31, 2019 and the six months ended June 30, 2020.

On October 31, 2016, we sold 50% of the equity interest in PRC Holdco to 21 investors. We simultaneously entered into a voting agreement with one of the 21 investors, whereby we retained control over PRC Holdco. PRC Holdco is the holding company of our PRC operating companies and, together with its subsidiaries, accounted for substantially all of our revenue, profit and total comprehensive income for the year and net assets during the three years ended December 31, 2019 and the six months ended June 30, 2020. In connection with the listing of our shares on the SEHK, the 21 investors transferred their equity interest in PRC Holdco to a wholly owned subsidiary of the Company on March 5, 2018.

Between October 31, 2016 and March 5, 2018, as the 21 investors collectively held a 50% non-controlling interest in PRC Holdco, only 50% of the profit generated, and 50% of the net assets owned, by PRC Holdco and its subsidiaries were attributable to owners of the Company. As of March 5, 2018, PRC Holdco became a wholly owned subsidiary of the Company, and there ceased to be any non-controlling interest of PRC Holdco. Hence, we believe that adjusting our profit and total comprehensive income and net assets attributable to owners of the Company by adding back profit and net assets (as applicable) attributable to the 21 investors would provide useful information to help our management and investors compare our financial results across accounting periods and to those of our peer companies. Relative to their unadjusted counterparts, our core net profit and adjusted net assets attributable to owners of the Company for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 or as of December 31, 2017, 2018 and 2019 and June 30, 2020 are more comparable to our profit and total comprehensive income and net assets (as applicable) attributable to owners of the Company for any period or as of any date after March 5, 2018.

Although we believe that these non-IFRS measures provide meaningful information to investors and others in understanding our profit and total comprehensive income and net assets attributable to owners of the Company during the relevant periods, they are prepared based on a number of assumptions, estimates and uncertainties for illustrative purposes only. These adjusted measures are solely intended to demonstrate the effect on our consolidated financial information by removing the accounting impact in respect of the profit and net assets attributable to the non-controlling interests of PRC Holdco for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 or as of December 31, 2017, 2018 and 2019 and June 30, 2020 had the transfer of the entire equity interest of the PRC Holdco to the Company taken place on October 31, 2016. This illustration does not take into account the necessary adjustments of the financial impact of other events and transactions related to the reorganization on or after that date, including but not limited to the placing and issuance of new shares of the Company to certain offshore investors and the necessary transaction costs actually incurred as to the transfer the entire equity interest of PRC Holdco to the Company.

The following table reconciles our core net profit attributable to owners of the Company for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit and total comprehensive income for the year attributable to owners of the Company:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(in thousands of RMB)				
				(unaudited)	(unaudited)
Profit and total comprehensive income for the year/period attributable to owners of the Company.....	352,020	950,312	860,872	577,868	29,934
Add:					
Profit and total comprehensive income attributable to non-controlling interests of PRC Holdco (excluding the non-controlling interests of non-wholly owned subsidiaries of PRC Holdco)	350,025	32,648	—	—	—
Share-based compensation expense related to the Company's pre-IPO share option scheme	—	161,630	137,025	89,148	38,582
Core net profit attributable to owners of the Company	702,045	1,144,590	997,897	667,016	68,516

The following table reconciles our adjusted net assets attributable to owners of the Company as of the dates presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net assets attributable to owners of the Company:

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Net assets attributable to owners of the Company.....	1,025,110	7,871,911	7,875,398	7,631,935
Add:				
Net assets attributable to non-controlling interests of PRC Holdco (excluding the non-controlling interests of non-wholly owned subsidiaries of PRC Holdco).....	1,047,636	—	—	—
Adjusted net assets attributable to owners of the Company	2,072,746	7,871,911	7,875,398	7,631,935

Period to Period Comparison of our Results of Operations

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Revenue

Our revenue decreased by 34.3% from RMB4.3 billion in the six months ended June 30, 2019 to RMB2.8 billion in the six months ended June 30, 2020. This decrease was primarily due to the outbreak of COVID-19 and the subsequent disease prevention measures adopted by central and local governments.

Revenue derived from real estate agency services in the primary market decreased by 50.8% from RMB2.6 billion in the six months ended June 30, 2019 to RMB1.3 billion in the six months ended June 30, 2020, primarily due to the temporarily suspended operations of our real-estate sales centers in the first quarter of 2020.

Revenue derived from real estate brokerage network services decreased by 15.9% from RMB1.3 billion in the six months ended June 30, 2019 to RMB1.1 billion in the six months ended June 30, 2020. This decrease was primarily due to the suspension of sales activities in the primary market by real estate developers during the first quarter of 2020.

Revenue derived from real estate data and consulting services increased by 7.5% from RMB442.7 million in the six months ended June 30, 2019 to RMB475.7 million in the six months ended June 30, 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 RMB1.8 billion in the six months ended June 30, 2019 to RMB1.2 billion in the six months ended June 30, 2020. Staff costs as a percentage of our revenue decreased from 42.1% in the six months ended June 30, 2019 to 41.6% in the six months ended June 30, 2020, primarily due to the increase in revenue from our real estate brokerage network services segment, which has lower staff commission rates.

Advertising and promotion expenses

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

Rental expenses for short-term 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 June 30, 2020 compared to RMB28.0 million in the six months ended June 30, 2019. The decrease was primarily due to the reduction of rental expenses for our sales and marketing employees.

Depreciation and amortization expenses

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

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

Our loss allowance on financial assets subject to ECL, net of reversal decreased by 24.3% from RMB69.5 million in the six months ended June 30, 2019 to RMB52.6 million in the six months ended June 30, 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 June 30, 2020, and RMB7.5 million in the six months ended June 30, 2019.

Loss on derecognition of receivables at FVTOCI

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

Consultancy expenses

Our consultancy expenses decreased by 15.4% from RMB93.7 million in the six months ended June 30, 2019 to RMB79.3 million in the six months ended June 30, 2020, primarily due to the decrease in project consultation.

Distribution expenses

Our distribution expenses decreased by 16.6% from RMB1.2 billion in the six months ended June 30, 2019 to RMB968.4 million in the six months ended June 30, 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% from RMB181.5 million in the six months ended June 30, 2019 to RMB98.0 million in the six months ended June 30, 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 June 30, 2019 to RMB62.2 million in the six months ended June 30, 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 June 30, 2019 compared to net other gains of RMB36.9 million in the six months ended June 30, 2020. Our net other gains in the six months ended June 30, 2020 were primarily attributable to the gain on disposal of shares of other listed companies on the SEHK.

Other expenses

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

Share of result of associates

We recorded share of profits of associates of RMB7.0 million in the six months ended June 30, 2019 compared to RMB2.8 million in the six months ended June 30, 2020. The share of profits in the six months ended June 30, 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 June 30, 2019 to RMB209.1 million in the six months ended June 30, 2020, primarily due to the finance costs in connection with the issuance of the February 2019 Notes and the October 2019 Notes.

Income tax expense

Our income tax expense decreased by 68.5% from RMB180.0 million in the six months ended June 30, 2019 to RMB56.7 million in the six months ended June 30, 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 June 30, 2019 to RMB104.7 million in the six months ended June 30, 2020.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by 52.9% from RMB5,948.2 million in 2018 to RMB9,094.7 million (US\$1,306.4 million) in 2019. This increase was primarily due to the growth of our real estate brokerage network services and real estate agency services in the primary market.

Revenue derived from real estate agency services in the primary market decreased by 3.9% from RMB4,753.4 million in 2018 to RMB4,566.2 million (US\$655.9 million) in 2019, primarily due to the decrease in average commission rate. Average commission rate equals revenue derived from real estate agency services in the primary market divided by total value of new properties sold.

Revenue derived from real estate brokerage network services significantly increased by 742.5% from RMB421.5 million in 2018 to RMB3,550.8 million (US\$510.0 million) in 2019. This increase was primarily due to an increase in commissions received from developers for sourcing buyers of new properties as more brokerage firms cooperated with us to sell new properties which led to the increase of both total value and commission rate of real estate brokerage network services.

Revenue derived from real estate data and consulting services increased by 26.4% from RMB773.3 million in 2018 to RMB977.7 million (US\$140.4 million) in 2019 primarily due to an increase in revenue from our rating and ranking services and data services.

Staff costs

Our staff costs increased by 11.6% from RMB2,993.8 million in 2018 to RMB3,342.1 million (US\$480.1 million) in 2019. Staff costs as a percentage of our revenue decreased from 50.3% in 2018 to 36.7% in 2019 primarily due to the rapid increase in revenue derived from real estate brokerage network services and increased economies of scale.

Advertising and promotion expenses

Our advertising and promotion expenses increased by 26.5% from RMB310.4 million in 2018 to RMB392.6 million (US\$56.4 million) in 2019. Our advertising and promotion expenses generally do not highly correlate with our overall revenue as they are not routine expenses for all the real estate projects in the primary market we worked on.

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

We recorded rental expenses for short-term leases and low-value assets leases of RMB52.6 million (US\$7.6 million) in 2019, and nil in 2018. The increase was primarily due to the impacts and changes in accounting policies of application on IFRS 16 “Leases”.

Operating lease charges in respect of office premises

We recorded nil operating lease charges in respect of office premises in 2019, and RMB118.9 million in 2018. The decrease was primarily due to the impacts and changes in accounting policies of application on IFRS 16 “Leases”.

Depreciation and amortization expenses

Our depreciation and amortisation expenses increased by 247.2% from RMB26.2 million in 2018 to RMB90.9 million (US\$13.1 million) in 2019, primarily due to the additional depreciation arising from right-of-use assets recognized upon adoption of IFRS 16 “Leases”.

Loss allowance on financial assets measured at amortized cost

Our loss allowance on financial assets measured at amortised cost increased by 33.7% from RMB166.6 million in 2018 to RMB222.7 million (US\$32.0 million) in 2019, primarily due to the increase in accounts receivables.

Consultancy expenses

Our consultancy expenses increased by 26.3% from RMB217.7 million in 2018 to RMB275.1 million (US\$39.5 million) in 2019, primarily due to the increase in project consultation.

Distribution expenses

Our distribution expenses significantly increased by 840.0% from RMB331.5 million in 2018 to RMB3,116.2 million (US\$447.6 million) in 2019, primarily due to the significant growth of our real estate brokerage network services segment. Our distribution expenses growth trend follows the revenue growth of our real estate brokerage network services.

Other operating costs

Our other operating costs decreased by 11.9% from RMB368.7 million in 2018 to RMB324.9 million (US\$46.7 million) in 2019, primarily due to improved operational efficiency and cost control.

Other income

Our other income increased by 17.2% from RMB106.5 million in 2018 to RMB124.9 million (US\$17.9 million) in 2019, primarily due to the increase in government grants.

Other gains and losses

We recorded net other gains of RMB18.8 million in 2018 and net other gains of RMB171.9 million (US\$24.7 million) in 2019. Our net other gains in the year ended 31 December 2019 were primarily attributable to the gain on disposal of shares of other companies listed on the SEHK.

Other expenses

Our other expenses decreased from RMB42.7 million in 2018 to approximately RMB2.1 million (US\$0.3 million) in 2019, primarily due to the listing expenses of RMB40.8 million which we recorded in 2018 in connection with the Company's Global Offering. We did not record any listing expenses in 2019.

Share of result of associates

We recorded share of profits of associates of RMB1.1 million in 2018 and share of profits of associates of RMB23.7 million (US\$3.4 million) in 2019. The share of profits in 2019 was primarily attributable to a share of profit in a real estate developer.

Finance costs

Our finance costs significantly increased from RMB25.2 million in 2018 to RMB272.2 million (US\$39.1 million) in 2019, primarily due to the costs in connection with the issuance of the February 2019 Notes and the October 2019 Notes in 2019.

Income tax expense

Our income tax expense decreased by 13.5% from RMB391.3 million in 2018 to RMB338.6 million (US\$48.6 million) in 2019, primarily due to a decrease in our profit before taxation. Income tax expense represents our total current tax and deferred tax credit for the year ended 31 December 2019.

Profit and total comprehensive income for the period

As a result of the foregoing, our profit and total comprehensive income for the year decreased by 10.3% from RMB1,081.7 million in 2018 to RMB970.7 million (US\$139.4 million) in 2019.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

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 amortisation 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 December 31, 2018 were primarily attributable to a net exchange gain of RMB10.2 million, a fair value gain on financial liabilities at 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, we had also ensured that there remains sufficient working capital for our business needs even after the investments in the financial assets. Each of such investments does not constitute a notifiable transaction or a connected transaction under 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 December 31, 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 our initial public 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 December 31, 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.

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			<i>(unaudited)</i>
Current assets				
Accounts receivables and bills				
receivables	3,308,002	4,164,244	5,546,823	—
Other receivables	71,590	1,794,139	1,737,239	2,382,430
Amounts due from related parties	379,070	1,565,196	2,614,160	27,459
Receivables at FVTOCI				
Accounts receivables and bills				
receivables	—	—	—	4,912,383
Amounts due from related parties				
— accounts receivables	—	—	—	2,199,395
Financial assets at FVTPL	20,000	271,940	1,708,599	1,364,160
Restricted bank balances	131,264	52,539	158,492	225,537
Pledged bank deposits	—	411,786	1,016,087	1,270,769
Cash and cash equivalents	1,791,290	2,280,215	2,294,435	2,413,099
Total current assets	5,701,216	10,540,059	15,075,835	14,795,232
Current liabilities				
Accounts payables	174,561	325,700	623,463	691,387
Advance from customers	83,468	46,097	98,902	129,692
Accrued payroll and welfare expenses	1,161,640	909,864	789,724	472,529
Other payables	1,571,273	857,554	1,194,830	1,196,364
Dividend payable	—	—	—	214,456
Contract liabilities	33,113	82,557	95,842	168,406
Tax payables	405,733	513,311	808,600	839,665
Amounts due to related parties	297,294	67,841	107,407	167,207
Other borrowings	—	—	—	2,102,612
Bank borrowings	450,000	1,000,000	1,848,000	2,101,784
Lease liabilities	—	—	86,451	108,733
Total current liabilities	4,177,082	3,802,924	5,653,219	8,192,835
Net current assets	1,524,134	6,737,135	9,422,616	6,602,397

As of December 31, 2017, 2018, 2019 and June 30, 2020, we had net current assets of RMB1,524.1 million, RMB6,737.1 million, RMB9,422.6 million and RMB6,602.4 million, respectively. Our net current assets increased significantly as of December 31, 2018 primarily due to decrease in cash and cash equivalents and accounts receivables and bills receivables. Our net current assets also decreased as of June 30, 2020 primarily due to decrease in amounts due from related parties, financial assets mandatorily measured at fair value through profit or loss and pledged bank deposits. Our cash and cash equivalents increased from RMB1,791.3 million as of December 31, 2017 to RMB2,280.22 million as of December 31, 2018 primarily due to net proceeds with shares offered from our initial public offering of RMB3,868.2 million and net cash used in operating activities of RMB2,243.5 million, and further increased to RMB2,413.1 million as of June 30, 2020 primarily due to the issuance of the February 2019 Notes and the October 2019 Notes.

Discussion of Key Balance Sheet Items

Trade receivables

Our trade receivables include accounts receivables and bills receivables and amounts due from related parties of a trade nature — accounts receivables. Accounts receivables and bills receivables represent service fees due from our customers that are not our Shareholders or other related parties and commercial bills, which typically mature in 12 months, received from our customers in lieu of cash payments. A significant portion of our bills receivables is from one real estate developer which is also our substantial shareholder. Amounts due from related parties of a trade nature — accounts receivables represent service fees due from our customers that are also our Shareholders or other related parties. The table below sets forth a breakdown of our trade receivables after loss allowance:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Accounts receivables and bill receivables	3,308,002	4,164,244	5,546,823	—
Amounts due from related parties of trade nature	45,188	1,565,717	2,601,557	24,979
Total	3,353,190	5,729,961	8,148,380	24,979

The table below sets forth our accounts receivables and bills receivables before loss allowance.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Accounts receivables and bills receivables before loss allowance	3,774,357	4,751,046	6,341,843	—
Less: Loss allowance for accounts receivables and bills receivables	(466,355)	(586,802)	(795,020)	—
Accounts receivables and bills receivables after loss allowance	3,308,002	4,164,244	5,546,823	—

The table below sets forth our amounts due from related parties of a trade nature — accounts receivables before loss allowance.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Amounts due from related parties of trade nature.....	53,203	1,623,655	2,673,600	25,202
Less: Loss allowance for amounts due from other related parties.....	(8,015)	(57,938)	(72,043)	(223)
Amount due from related parties of trade nature after loss allowance.....	<u>45,188</u>	<u>1,565,717</u>	<u>2,601,557</u>	<u>24,979</u>

Our total trade receivables after loss allowance increased by 70.9% to RMB5,730.0 million as of December 31, 2018 and further by 42.2% to RMB8,148.4 million as of December 31, 2019 primarily due to increases in our overall business and revenue, particularly revenue derived from certain top developer customers and decreased to RMB25.0 million primarily due to a decrease in accounts receivables and bill receivables. Amounts due from related parties of a trade nature — accounts receivables increased correspondingly, because Country Garden, Evergrande and Vanke became our related parties on March 5, 2018. Our accounts receivables and bills receivables are derived from the settlement of trade receivables with commercial bills. Our accounts receivables and bills receivables increased significantly during the three years ended December 31, 2019 primarily due to the increase in our revenue and the percentage of service fees settled in the form of commercial bills, with a significant portion of which from one real estate developer. 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 is 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 on 1 January 2020, being the reclassification date defined as the first day of the first reporting period following the change in business model.

We have adopted a policy that before we accept a new client, we assess the potential client’s credit quality and set a credit limit for much potential client. We regularly review the credit limit and credit term granted to clients. The majority of our accounts receivables that are neither past due nor impaired had no history of default on repayments.

In order to minimize credit risk, we will only deal with creditworthy entities and obtaining real estate properties as collateral, where appropriate, as a means of mitigating the risk of financial loss from default.

We have also tasked a credit management committee to develop and continuously monitor the credit risk gradings of our customers. The credit management committee uses publicly available financial information and our own trading records to rate our customers.

When the receivables are aged over six months (based on revenue recognition date), we start to take initiatives to negotiate a settlement plan and timetable with the relevant customer.

Furthermore, we review the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, we consider that our credit risk is significantly reduced.

We recognize revenue when a performance obligation of sale of properties is satisfied and by the time that performance obligation is satisfied, our right to issue invoices to and payments from developer customers is established in accordance with the terms and conditions as stipulated in the sales agency agreements with the developer customers.

Receivables at FVTOCI

The table below sets forth our receivables at FVTOCI after loss allowance.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Accounts receivables	—	—	—	3,166,024
Bills receivables.....	—	—	—	1,746,359
Amounts due from related parties — accounts receivables.....	—	—	—	2,199,395
Total.....	—	—	—	7,111,778

Note: As at 30 June 2020, included in the fair values of the accounts 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.

Current portion of other receivables

Current portion of other receivables mainly include deposits paid to certain of our customers in connection with the performance of our contract obligations, lease prepayments and project advertising and consulting prepayments, rental deposit for office buildings with maturity date within one year, and others. Current portion of other receivables after loss allowance increased significantly by 2406.1% from RMB71.6 million as of December 31, 2017 to RMB1,794.1 million as of December 31, 2018, primarily due to increases in deposits paid to our developer customers. Current portion of other receivables after loss allowance decreased slightly to RMB1,737.2 million as of December 31, 2019, primarily due to the repayment of deposits to our developer customers. Current portion of other receivables after loss allowance increased to RMB2,382.4 million as of June 30, 2020, primarily due to increases in deposits to our developer customers.

Restricted bank balance

Restricted bank balances as of December 31, 2017, 2018, 2019 and June 30, 2020 mainly represent property buyers' payments that are not yet transferred to the property sellers in connection with real estate transactions in the secondary market facilitated by certain Fangyou-branded stores. A local regulation in Hangzhou requires that a real estate brokerage deposit payments made by real estate property buyers in the secondary market into a restricted bank account before the transfer of property titles. Some of the Fangyou-branded stores file the real estate sales in the secondary market they facilitate with relevant government agencies under our name because they lack the key fobs necessary for making such filings. In Hangzhou, for this type of real estate transaction in the secondary market, we are required to hold the buyers' deposit payments in a restricted bank account under our name. We record these deposits under both restricted bank balance and receipt on behalf of property sellers. As of December 31, 2017, 2018, 2019 and June 30, 2020, restricted bank balance was RMB131.3 million, RMB52.5 million, RMB158.5 million and RMB225.5 million (US\$31.9 million), respectively.

Pledged bank deposits

Pledged bank deposits as of December 31, 2018, 2019 and June 30, 2020 represent the bank deposits that are pledged in the bank for the bank borrowings. As of December 31, 2018, the Group's bank borrowings of RMB400.0 million was secured by US\$60.0 million in bank deposits, equivalent to

approximately RMB411.8 million. As of June 30, 2020, the Group's bank borrowings of RMB1,100.0 million was secured by US\$179.5 million in bank deposits, equivalent to approximately RMB1,270.8 million.

Accounts payables

Our accounts payables mainly represent consulting fee and advertising fee payables to certain suppliers that provide consulting and advertising services. As of December 31, 2017, 2018, 2019 and June 30, 2020, our accounts payables were RMB174.6 million, RMB325.7 million, RMB623.5 million and RMB691.4 million, respectively. Such increases in our accounts payables were due to our overall business growth, which led to the increase in our consulting fee payables.

The table below sets forth an ageing analysis of our accounts payables, presented based on the date of receiving the services as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Within one year	173,242	324,893	610,062	686,272
One to two years	513	142	13,401	5,115
Over two years	806	665	—	—
Total	174,561	325,700	623,463	691,387

Other payables

Our other payables mainly include other tax payables such as value-added tax (“VAT”) payables, receipt on behalf of property sellers, refundable deposits received from a property developer and conditional investment fund received. Receipt on behalf of property sellers represents property buyers’ payments that are not yet transferred to the property sellers in connection with our real estate brokerage network services. See the subsection headed “Restricted bank balance” above for further detail. Conditional investment fund received represents the proceeds received by the Company for the conditional issue of share capital to certain pre-IPO investors. The following table sets forth the breakdown of our other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Interest payables	622	1,296	78,627	79,496
VAT payables	120,945	198,215	307,245	268,031
Other tax payables	19,778	23,929	33,289	28,356
Receipt on behalf of property sellers..	130,963	52,238	158,492	225,537
Refundable deposits received from a property developer	—	483,000	483,000	483,000
Refundable deposits received from real estate brokerage stores	19,397	51,512	61,072	64,176
Conditional investment fund received	1,253,850	—	—	—
Receipts of accounts receivables held under the Factoring Arrangement....	—	—	35,742	—
Other payables	25,718	47,364	37,363	47,768
Total	1,571,273	857,554	1,194,830	1,196,364

Our other payables decreased by 45.4% from RMB1,571.3 million to RMB857.6 million as of December 31, 2018 primarily due to the payment on April 19, 2018 of the consideration payable for the acquisition of the 100% equity interests of PRC Holdco. Our other payables increased to RMB1,194.8 million (US\$171.6 million) as of December 31, 2019, primarily due to increase in receipt on behalf of property sellers, which represents the property buyers' payments that are not yet transferred to the property sellers in connection with real estate transactions in the secondary market facilitated by certain Fangyou-branded stores. Our other payables increased to RMB1,196.4 million (US\$169.3 million) as of June 30, 2020, primarily due to increase in receipt on behalf of property sellers represent the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers.

Deferred Tax Assets

We recognize deferred tax assets for all deductible temporary differences (including accrued welfare and commission, allowance for bad and doubtful debts and others) and unutilized tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized, at the tax rates that are expected to apply in the period in which the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. As of December 31, 2017, 2018, 2019 and June 30, 2020, we had deferred tax assets of RMB504.2 million, RMB488.1 million, RMB534.6 million and RMB563.9 million, respectively.

Liquidity And Capital Resources

During the three years ended December 31, 2019 and the six months ended June 30, 2020, we funded our cash requirements principally from cash generated from our operations, investments from shareholders and external borrowings. We had cash and cash equivalents of RMB1,791.3 million, RMB2,280.2 million, RMB2,294.4 million and RMB2,413.1 million (US\$341.6 million) as of December 31, 2017, 2018, 2019 and June 30, 2020, respectively. We generally deposit our excess cash in interest bearing bank accounts and current accounts.

During the three years ended December 31, 2019 and the six months ended June 30, 2020, 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 our initial public offering, proceeds from the offering of the Notes and other funds raised from the capital markets from time to time.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2017	2018	2019	2019	2020
	(in thousands of RMB)				
	(unaudited)				
Net cash (used in)/from operating activities.....	(207,377)	(2,164,743)	(607,645)	(244,692)	833,250
Net cash (used in)/from investing activities	(63,069)	(1,033,404)	(2,314,451)	(526,653)	(618,127)
Net cash (used in)/from financing activities.....	1,103,441	3,650,766	2,903,333	1,473,781	(115,315)
Net increase/(decrease) in cash and cash equivalents ..	832,995	452,619	(18,763)	702,436	99,808
Cash and cash equivalents at beginning of the year/period	974,946	1,791,290	2,280,215	2,280,215	2,294,435
Effect of exchange rate change	(16,651)	36,306	32,983	42,068	18,856
Cash and cash equivalents at the end of the year/period..	<u>1,791,290</u>	<u>2,280,215</u>	<u>2,294,435</u>	<u>3,024,719</u>	<u>2,413,099</u>

Cash flows (used in)/from operating activities

We generate cash from operating activities primarily from the provision of real estate services to our customers. Our cash flows from operating activities can be significantly affected by factors such as the timing of receipt of trade receivables and the timing of tax payments.

Net cash from operating activities amounted to RMB833.2 million (US\$117.9 million) in the six months ended June 30, 2020, primarily due to the decrease in accounts receivables and bills receivables.

Net cash used in operating activities amounted to RMB607.6 million in 2019, primarily due to income tax paid of RMB94.9 million and a net increase in working capital of RMB2,336.4 million, partially offset by operating cash flows before movements in working capital of RMB1,788.3 million and interest received of RMB36.6 million. The net increase in working capital was primarily attributable to an increase in accounts receivables and bills receivables of RMB1,608.3 million, and an increase in amounts due from related parties of RMB1,027.8 million, partially offset by an increase in accounts payables of RMB297.6 million. The increases in accounts receivables and bills receivables was primarily due to the growth of our business and an increase in our average credit terms in 2019. The increase in amounts due from related parties was primarily due to the increase of sales to related parties. The increase in accounts payables was primarily due to the increase of distribution expense of real estate brokerage network services. The above cash outflows were partially offset by profit before taxation of RMB1,309.3 million and adjustments for certain non-cash items, primarily including finance cost of RMB272.2 million and impairment loss on financial assets measured at amortized cost of RMB222.7 million.

Net cash used in operating activities amounted to RMB2,243.5 million in 2018, primarily due to income tax paid of RMB267.7 million and a net increase in working capital of RMB3,778.4 million, partially offset by operating cash flows before movements in working capital of RMB1,770.3 million. The net increase in working capital was primarily attributable to an increase in accounts receivables and bills receivables of RMB2,544.2 million, and an increase in other receivables of RMB1,721.9 million, partially offset by an increase in other payables of RMB539.5 million. The increases in accounts receivables and bills receivables was primarily due to the growth of our business and an increase in our average credit

terms in 2018. The increase in other receivables was primarily due to the deposits paid by our Group to property developers enabling our Group to carry out the real estate agency services in the primary market projects. The increase in other payables was primarily due to refundable deposits received from a property developer. The above cash outflows were partially offset by profit before taxation of RMB1,473.0 million and adjustments for certain non-cash items, primarily including impairment loss on financial assets measured at amortized cost of RMB166.6 million, equity-settled share-based payment expenses of RMB161.6 million.

Net cash used in operating activities amounted to RMB207.4 million in 2017, primarily due to income tax paid of RMB522.3 million and a net increase in working capital of RMB823.3 million. We had a significant one-off increase in income tax payment in 2017 compared with previous years because we changed our tax filing policy in 2017. See the subsection headed “Key Components of Our Results of Operations — Taxation” above. The net increase in working capital was primarily attributable to an increase in accounts receivables and bills receivables of RMB1,141.1 million, partially offset by an increase in accrued payoff and welfare expenses of RMB200.1 million. The increases in accounts receivables and bills receivables as well as accrued payoff and welfare expenses were primarily due to the growth of our business. The increase in accounts receivables was also due to an increase in our average credit terms in 2017. See the subsection headed “Net Current Assets — Discussion of Key Balance Sheet Items — Trade receivables” above. The above cash outflows were partially offset by profit before taxation of RMB971.3 million and adjustments for certain non-cash items, primarily including impairment loss on financial assets measured at amortized cost of RMB119.9 million, depreciation of property and equipment of RMB21.9 million and finance costs of RMB21.7 million.

Cash flows (used in)/from investing activities

Net cash used in investing activities was RMB618.1 million (US\$87.5 million) in the six months ended June 30, 2020, primarily due to the purchase of financial assets measured at FVTPL of RMB615.3 million, net cash outflow on acquisition of assets through acquisition of subsidiaries of RMB743.9 million, and the net increase in pledged bank deposits of RMB226.9 million, partially offset by proceeds arising from disposal of FVTPL of RMB964.7 million.

Net cash used in investing activities was RMB2,314.5 million in 2019, primarily due to the purchase of financial assets measured at FVTPL of RMB2,282.6 million, placement of pledged bank deposits of RMB1,222.6 million, earnest money deposit paid to a related party for proposed acquisition of entities of RMB200.0 million and purchase of deposits placed for property and equipment of RMB193.6 million, partially offset by proceeds arising from disposal of financial assets measured at FVTPL of RMB993.6 million and withdrawal of pledged bank deposits of RMB618.3 million.

Net cash used in investing activities was RMB542.9 million in 2018, primarily due to the purchase of property and equipment of RMB354.9 million, purchase of financial assets measured at FVTPL of RMB267.0 million, capital injection to associates of RMB200.6 million and purchase of bond receivables RMB128.9 million, partially offset by repayments from related parties of RMB336.3 million and change of restricted bank balances of RMB78.7 million.

Net cash generated from investing activities was RMB63.1 million in 2017, primarily attributable to repayments from related parties of RMB40.2 million and proceeds from disposal of investment properties of RMB6.7 million, partially offset by purchase of convertible note measured at fair value through profit or loss of RMB20.0 million and purchase of property and equipment of RMB18.5 million.

Cash flows from/(used in) financing activities

Net cash used in financing activities in the six months ended June 30, 2020 was RMB115.3 million (US\$16.3 million), primarily attributable to the proceeds from new bank borrowing of RMB1,101.8 million, partially offset by repayments for bank borrowings of RMB848.0 million, interest paid of RMB256.5 million, repayment of lease liabilities of RMB57.3 million and repurchase of shares of RMB23.7 million.

Net cash generated from financing activities in 2019 was RMB2,903.3 million (US\$410.9 million), primarily attributable to proceeds from new bank and other borrowings of RMB5,632.5 million, partially offset by repayments for bank borrowings of RMB1,343.0 million, repurchase of shares of RMB716.2 million, dividends paid to shareholders and non-controlling shareholders of subsidiaries of RMB376.8 million, paid interest of RMB146.8 million and issue costs paid for senior notes issued of RMB108.3 million.

Net cash generated from financing activities in 2018 was RMB3,650.8 million, primarily attributable to capital injection of RMB8,357.0 million by CRE Corp, net proceeds with shares offered from our initial public offering of RMB3,868.2 million and proceeds from new bank borrowing of RMB1,000.0 million, partially offset by consideration paid for the acquisition of subsidiaries under common control of RMB8,800.0 million in connection with our acquisition of PRC Holdco, repayments for bank borrowings of RMB450.0 million and repayment to related parties of RMB256.5 million.

Net cash generated from financing activities was RMB1,103.4 million in 2017, primarily attributable to conditional capital injection of RMB1,253.9 million and advance from related parties of RMB1,040.2 million, partially offset by repayment to related parties of RMB1,164.0 million.

Capital Expenditures

Our capital expenditures during the three years ended December 31, 2019 and the six months ended June 30, 2019 and 2020 were primarily related to purchases of property, equipment, and intangible assets and capitalized prepayment. Leasehold improvements, mainly including capitalized decoration and maintenance costs, account for the majority of property and equipment purchases. The following table sets forth the breakdown of our capital expenditures for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2017	2018	2019	2019	2020
	(in thousands of RMB)				
	(Unaudited)				
Purchase of and deposits placed for property and equipment	18,462	354,928	193,647	108,999	18,332
Purchase of tangible assets	—	—	—	23,585	91
Purchase of intangible assets .	241	—	23,585	—	—
Total	<u>18,703</u>	<u>354,928</u>	<u>217,232</u>	<u>132,584</u>	<u>18,423</u>

Contractual Commitments

Capital Commitments

Our capital commitments primarily relate to purchases of real properties and other fixed assets and decoration of such properties. The following table sets forth the breakdown of our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Property and equipment	<u>1,300</u>	<u>381,335</u>	<u>771,446</u>	<u>30,582</u>

Operating Lease Commitments

During the three years ended December 31, 2019 and the six months ended June 30, 2020, we leased a number of buildings under operating leases. Operating lease payments represent rentals payable by our Group for certain of our office premises and staff quarters. Leases for buildings were negotiated for a term ranging from six months to ten years. The table below sets forth our future minimum lease payments payable under non-cancellable operating leases as of the dates indicated:

	As of December 31,	
	2017	2018
	(in thousands of RMB)	
Within one year	61,656	117,116
In the second to fifth year inclusive	91,093	165,907
Over five years	7,577	593
Total	<u>160,326</u>	<u>283,616</u>

Indebtedness

Our indebtedness consists of short-term and long-term borrowings from commercial banks, amount due to related parties of non-trade nature, lease liabilities and other borrowings. As of December 31, 2017, 2018, 2019 and June 30, 2020, our total indebtedness amounted to RMB707.9 million, RMB1,003.1 million, RMB5,387.6 million and RMB5,810.0 million (US\$822.4 million).

The following table sets forth an analysis of our bank borrowings and other borrowings:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Secured and unguaranteed	—	400,000	898,000	1,100,000
Unsecured and guaranteed	450,000	600,000	950,000	1,001,784
Senior notes*, unsecured and guaranteed	—	—	3,406,130	3,481,810
Total	<u>450,000</u>	<u>1,000,000</u>	<u>5,254,130</u>	<u>5,583,594</u>
Amounts repayable:				
Within one year	450,000	1,000,000	1,848,000	4,204,396
Within a period of more than one year but not exceeding two years	—	—	2,056,274	1,379,198
Within a period of more than two years but not exceeding five years	—	—	1,349,856	—
Total	<u>450,000</u>	<u>1,000,000</u>	<u>5,254,130</u>	<u>5,583,594</u>

* Senior notes include the February 2019 Notes and the October 2019 Notes.

We primarily borrow loans from commercial banks to supplement our working capital and finance our expenditures. Our bank loans as of December 31, 2017, 2018, 2019 and June 30, 2020 were all denominated in Renminbi. As of June 30, 2020, we had RMB884.5 million in unutilized credit facilities obtained from one bank.

The table below sets forth the effective interest rates (per annum) of our secured bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Effective interest rate:				
Fixed-rate borrowings	4.82%~ 6.04%	4.35%~ 5.5%	3.915%~ 5.5%	1.1%~ 5.22%
Variable-rate borrowings	—	—	—	1.79%

During the year ended December 31, 2017, all of our bank loans were guaranteed by E-House Management, a subsidiary of one of our shareholders, E-House (China) Holdings. For the years ended December 31, 2018, 2019 and the six months ended June 30, 2020, RMB400.0 million and RMB898.0 million of our bank loans were secured and RMB600.0 million, RMB950.0 million and RMB1.1 billion of our bank loans were guaranteed by E-House Management, a subsidiary of one of our shareholders, E-House (China) Holdings.

Contingent Liabilities

Our contingent liabilities during the three years ended December 31, 2019 and the six months ended June 30, 2020 arose from financial guarantees we provided to commercial banks in 2017, 2018, 2019 and June 30, 2020 for certain individual property buyers in the secondary real estate market in Wuhan. Wuhan Fangyou Century Real Estate Trading Service Co., Ltd. (“Wuhan Fangyou”), one of our subsidiaries providing real estate brokerage network services, entered into arrangements with several commercial banks in Wuhan to provide such transitional guarantees for property buyers. The guarantees we provided to Wuhan Fangyou have all been released in March 2018. As of December 31, 2017, 2018, 2019 and June 30, 2020, Wuhan Fangyou provided financial guarantees to banks in a total amount of RMB85.3 million, RMB6.0 million, RMB53.2 million and nil, respectively.

Save as disclosed above, during the three years ended December 31, 2019 and the six months ended June 30, 2020, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

Off-Balance Sheet Commitments and Arrangements

As of June 30, 2020, we had not entered into any off-balance sheet transactions except for capital commitments.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of risks, including market risk, credit risk and liquidity risk. We set out below the policies on how to mitigate these risks. We regularly monitor our exposure to these risks to ensure appropriate measures are implemented on a timely and effective manner. As of June 30, 2020, we do not have a foreign currency hedging policy. We will continue to monitor foreign exchange exposure and take action when necessary.

Market Risk

Currency risk

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.

Interest rate risk

We are exposed to fair value interest rate risk in relation to fixed-rate bank borrowings. See the notes to our financial statements included elsewhere in this offering memorandum for more details. We currently do not have any interest rate hedging policy. We monitor our exposure to interest rate risk on on-going basis and will consider hedging interest rate risk if such need arises. We are also exposed to cash flow interest rate risk in relation to floating-rate bank balances. Our exposures to interest rates on financial liabilities are detailed in the notes to our financial statements included elsewhere in this offering memorandum.

Credit Risk

We are exposed to credit risk in relation to our accounts receivables, bills receivables, other receivables, other non-current assets, amounts due from related parties (except for related parties under common control of E-House (China) Holdings), restricted bank balances, and cash and cash equivalents which represents our maximum exposure to credit risk in relation to financial assets.

In addition, we are exposed to credit risk in relation to financial guarantees given to banks. Our maximum exposure with respect to such financial guarantees is the maximum amount we may have to pay if the underlying loans default. No loss allowance for such financial guarantees has been recognized in the consolidated statements of financial position as of December 31, 2017, 2018, 2019 and June 30, 2020.

As of December 31, 2017, 2018, 2019 and June 30, 2020, with reference to the historical settlement patterns from these related parties under common control of E-House (China) Holdings, we have assessed that the expected credit loss for amounts due from related parties under common control of E-House (China) Holdings is insignificant. Thus, no loss allowance provision for amounts due from related parties under common control of E-House (China) Holdings was recognized during the three years ended December 31, 2019 and the six months ended June 30, 2020.

We expect that there is no significant credit risk associated with restricted bank balances and cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

We have concentration of credit risk as 49.00%, 51.23%, 34.78% and 46.50% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature — accounts receivables (except for related parties under common control of E-House (China) Holdings) was due from our largest customer as at December 31, 2017, 2018, 2019 and June 30, 2020, respectively, and 55.34%, 60.76%, 49.02% and 57.80% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) was due from the five largest customers as at December 31, 2017, 2018, 2019 and June 30, 2020, respectively.

Liquidity Risk

We monitor our liquidity risk and maintain a level of cash and cash equivalents that we think adequate for our operations and mitigation of fluctuations in cash flows. We also monitor the utilization of our bank borrowings and ensure compliance with loan covenants.

REGULATIONS

As our business is primarily conducted in China, we are subject to various laws and regulations of the PRC that are material to our operations and are set forth below.

Laws and Regulations Concerning NDRC Registration

On 14 September 2015, the National Development and Reform Commission (the “NDRC”) issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》發改外資[2015]2044號, the “NDRC Notice”), which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Notice abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- expand the scale of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen during-event and post-event regulation, and pragmatically prevent risks.

For the purposes of the NDRC Notice, “foreign debts” means RMB-denominated or foreign currency-denominated debt instruments with a maturity of one year or above which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid on the terms set out therein, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Notice.

Pursuant to the NDRC Notice, an enterprise must: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) report the information on the issuance of the bonds to NDRC within ten working days after the completion of each issuance. The materials to be submitted by an enterprise must include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details.

To issue foreign debts, an enterprise must meet these basic conditions:

- have a good creditworthiness records with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Based on international capital market dynamics, the needs of the PRC economic and social development and foreign debts threshold, the NDRC shall implement scale control for issue of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises, determine the total quantity and structural control targets reasonably, guide investments towards key industries, key sectors, and major projects encouraged by the State, and effectively support development of real economy.

According to the NDRC Notice, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority must be given to supporting the investment in major construction projects and key sectors, such as “One Belt One Road (一帶一路)”, the Integration of Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Notice is relatively newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

Laws and Regulations Concerning Foreign Investment

Company law

The Company Law of PRC (中華人民共和國公司法) (the “Company Law”) was promulgated by the Standing Committee of National People’s Congress (the “NPCSC”) on December 29, 1993, which became effective on July 1, 1994, and was subsequently revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. Companies with limited liability and stock limited companies established in China shall be subject to the Company Law. Foreign invested companies are also subject to the Company Law, except as otherwise provided in the foreign investment laws including the Law of the PRC on Wholly Foreign-owned Enterprise (中華人民共和國外資企業法) (the “WFOE Law”).

Foreign investment enterprise law

The WFOE Law was promulgated and implemented on April 12, 1986, and was revised on October 31, 2000 and September 2016. In addition, the Implementation Details for the Wholly Foreign-owned Enterprise Law of PRC (中華人民共和國外資企業法實施細則) (the “Implementation Details for the WFOE Law”) was promulgated and implemented on October 28, 1990, and was revised on April 12, 2001 and February 19, 2014.

According to the WFOE Law and the Implementation Details for the WFOE Law, Wholly Foreign-owned Enterprises (i) are legal entities and capable of undertaking civil responsibilities, and have civil rights and the right to independently own, use and sell the property; and (ii) must conform to stipulations concerning the registered capital (including that the registered capital must be paid by the foreign investors, with the amount agreed by the foreign investor to pay as the upper limit), foreign exchange management, accounting, taxation, employment and other matters.

The NPCSC promulgated on September 3, 2016 and implemented on October 1, 2016 the Decisions on Modifying the Four Laws Including the Law of the PRC on Wholly Foreign-Owned Enterprises (全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定) by the NPCSC (the “Decisions”), which modifies relevant articles for administrative approval to change “foreign-invested companies beyond the special management measures enacted by the country shall be established upon approval” into “foreign-invested companies beyond the special management measures enacted by the country shall be established upon filing for management”.

MOFCOM promulgated on October 8, 2016 and revised on July 30, 2017 and June 29, 2018, respectively, the Provisional Methods for Filing Management for Establishment and Changing of Foreign-invested Companies (外商投資企業設立及變更備案管理暫行辦法) (the “Provisional Methods for Filing Management”). According to the Provisional Methods for Filing Management, for changes to foreign-funded investor companies beyond the access to special management measures stipulated by the country, representatives or entrusted agents appointed by the foreign-funded investor companies shall fill in and submit online the Application for Filing of Changes of Foreign-funded Investor Companies and relevant documents through the integrated management system to transact the procedures for change filing within 30 days upon the occurrence of the changes.

Foreign Investment Law

On March 15, 2019, the Foreign Investment Law of the People's Republic of China (中華人民共和國外商投資法) (the "Foreign Investment Law") was promulgated and implemented on January 1, 2020. Foreign Investment Law has substituted the major existing laws and regulations governing foreign investment in PRC, i.e. the WFOE Law, the Law of the PRC on Sino-foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法) and Law of the PRC on Sino-foreign Co-operative Enterprises (中華人民共和國中外合作經營企業法).

According to the Foreign Investment Law, the State adopts the management system of pre-establishment national treatment and negative list for foreign investment (the "Negative List"). Foreign investors are allowed to invest in any sector outside the Negative List and the investment shall be managed on the same basis as domestic investments.

The Foreign Investment Law also stipulates that foreign investors may freely remit into or out of the PRC, in Renminbi or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the PRC.

Catalogue for the Guidance of Foreign Investment Industries

Investments in the PRC by foreign investors are regulated by the Guidance Catalog of Industries for Foreign Investment (外商投資產業指導目錄) (the "Foreign Investment Catalogue 2017"), the latest version of which was promulgated by NDRC and MOFCOM on June 28, 2017 and became effective on July 28, 2017. The Catalogue has been a longstanding tool used by policymakers of the PRC to manage direct foreign investment. The Foreign Investment Catalogue 2017 is divided into the encouraged industries, the restricted industries and the prohibited industries for foreign investment, and industries which are not listed in the Foreign Investment Catalogue 2017 shall be categorized as the permitted industries for foreign investment. In June 2018, the list of restricted industries and prohibited industries in the Foreign Investment Catalogue 2017 were amended through the promulgation of Special Administrative Measures for the Admission of Foreign Investment (Negative List) (2018), which was amended by Special Administrative Measures for the Admission of Foreign Investment (Negative List) (2019) (the "Negative List 2019"). According to the Foreign Investment Catalogue 2017 and the Negative List 2019, the industry in which our PRC subsidiaries are primarily engaged does not fall into the category of restricted or prohibited industries.

Regulations Concerning the Agency for Real-Estate

Establish real-estate agencies

The NPCSC issued on July 5, 1994 and implemented on January 1, 1995, and successively modified on August 30, 2007, August 27, 2009 and August 26, 2019 the Management Methods for Urban Real-estate of PRC (中華人民共和國城市房地產管理法) (the "Real-estate Management Methods"). According to the Real-estate Management Method, the real-estate intermediary agencies include real-estate consultation agencies, real-estate valuation agencies and real-estate brokerage agencies. Real-estate intermediary agencies are required to have: (a) their own names and organizational structure; (b) fixed premises to offer services; (c) necessary property and fund; (d) adequate number of professionals; and (e) other conditions stipulated by laws and administrative regulations. The establishment of a real estate intermediary service agency shall apply to the administration of industry and commerce for registration and a business license before it goes into operation.

Real estate sales agents

The Ministry of Housing and Urban-rural Development promulgated on April 4, 2001 and implemented on June 1, 2001 the Management Methods on Commercial Houses (商品房銷售管理辦法). When real-estate developers entrust intermediary agencies to sell commercial houses, the trustee agencies need to be those legally incorporated and granted industrial and commercial business licenses. The real-estate developers shall sign written-form commissioning contract with the intermediary agencies to specify the commissioning period, commissioning rights, and rights and obligations of the client and trustee. The entrusted intermediary agencies shall present the buyer relevant certificates and selling commissioning letter of the commercial houses. The entrusted intermediary agencies shall never sell non-conforming commercial houses. The entrusted intermediary agencies are never allowed for any charges beyond the commission when selling the commercial houses. Only those salespersons that have undergone professional training are allowed to engage in the commercial house selling business.

According to the Administrative Measures for Real Estate Brokerage (房地產經紀管理辦法) as promulgated on January 20, 2011 and implemented on April 1, 2011, and revised on March 1, 2016 and implemented on April 1, 2016 by the Ministry of Housing and Urban-rural Development, NDRC and Ministry of Human Resources and Social Securities, the real-estate brokerage services shall be uniformly undertaken by real-estate brokerage agencies, with the service remunerations collected by the agencies collectively. Branches shall undertake businesses in the name of the parental real-estate agencies. Real-estate agents are never allowed to undertake agent services in his/her own name. Real-estate agencies and agents are never allowed to: (a) counterfeit and disseminate the price-up information, or gang up with real-estate developers or operators to reserve premises for higher price and manipulate the market price; (b) conceal the real housing transaction information from the interested parties, and earn price discrepancies between lower buy-in price and higher sell-out (rent) price; (c) solicit business through improper means such as concealing, fraud, coercing or bribing, or lure/force consumers into transaction; (d) disclose or improperly use the personal information/business secret of the client to seek unjust profits; (e) for illegal purposes such as evasion of property transaction tax, sign contracts of different prices for the same house; (f) change the internal structure of the house and divide them for rental; (g) embezzle and misappropriate the property transaction capital; (h) buy or rent his/her own agented house; (i) offer brokerage services to non-conforming indemnificatory houses or prohibited-for-sales houses; and (j) conduct other behaviors prohibited by laws and regulations.

According to the Opinions on Strengthening the Management over Real-estate Agencies to Promote Healthier Development of the Industry (關於加強房地產中介管理促進行業健康發展的意見) as promulgated and implemented on July 29, 2016 by the Ministry of Housing and Urban-rural Development, NDRC, Ministry of Industry and Information Technology (the “MIIT”), People’s Bank of China, State Administration of Taxation, State Administration for Industry & Commerce and China Banking Regulatory Commission, governmental departments impose stricter supervision upon real-estate sales agencies. Such agencies are required to check the ownership right information of the house and the identity identification for the client before publicizing the house availability information. Upon approval of the client, the agent shall check the house ownership information in the real-estate competent department and prepare specification of the house conditions. Real-estate competent department at city and county levels shall comprehensively promote the system of online signing of transaction contracts for houses in stock. Intermediary agencies which completed filings are qualified for online signing of transaction contracts for houses in stock. Real-estate competent department at city and county levels shall establish a supervisory system for transactional capital of houses in stock. Intermediary agencies are prohibited collecting/paying transaction capital through accounts beyond the supervision account, or embezzling/misappropriating the transaction capital.

Occupational Qualification and Examination for Real-Estate Brokers

Real-estate agents referred to in the Management Methods on Real-estate Agent Service mean real-estate brokers and the associates of these brokers involved in real-estate brokerage services. Real-estate brokers shall follow the occupational qualification system of the country, which is under the collective management and planning of professional technician qualification examination system of the

country. The occupational examination for real-estate broker associates and the real-estate broker are evaluated with a national examination system under the charge of the real-estate brokerage industry organization. The Ministry of Housing and Urban-rural Development and the Ministry of Human Resources and Social Securities shall provide guidance, supervision and inspection to the occupational examinations for the real-estate brokerage associates and real-estate brokers. In March 1, 2016, the Decision on Amending the Administrative Measures for Real Estate Brokerage (關於修改房地產經紀管理辦法的決定) was made by Ministry of Housing and Urban-rural Development, National Development and Reform Commission and Ministry of Human Resources and Social Security, which entitled the Real estate brokerage association to be responsible for management and implementation of the unified examination work on occupational qualifications of real estate brokers and assistants.

According to the Provisional Stipulations on Occupational Qualification System for Professional Real-estate Agents (房地產經紀專業人員職業資格制度暫行規定) and the Implementation Methods for Occupational Qualification Examinations for Professional Real-estate Agents (房地產經紀專業人員職業資格考試實施辦法) as promulgated on June 25, 2015 and implemented on July 1, 2015 by the Ministry of Human Resources and Social Securities and the Ministry of Housing and Urban-rural Development, passing the occupational qualification examinations for real-estate broker assistants and real-estate broker and gaining relevant level of certificate mean that they are qualified to be involved in relevant real-estate brokerage businesses. When passing the occupational qualification examinations for real-estate broker assistants and real-estate brokers, the examination takers will get the Occupational Qualification Certificate for Professional Real-estate Brokers in PRC of according level, which is issued by China Real Estate Appraisers and China Real Estate Agents, supervised by the Ministry of Human Resources and Social Securities and the Ministry of Housing and Urban-rural Development, and sealed by China Real Estate Appraisers and China Real Estate Agents. The Occupational Qualification Certificate is valid on a national scale.

Filing for real-estate brokerage service

As stipulated in the Administrative Measures for Real Estate Brokerage, filing for real-estate brokerage services shall be open to the public. The real-estate brokerage agencies and their branches shall file with the construction (real-estate) supervising department of the local municipality/city/county within 30 days after obtaining the business license. The construction (real-estate) supervising department of the local municipality/city/county shall publicize the name, residence, legal representative (executive partner) or responsible person, registered capital and real-estate brokers of the agencies and their branches.

According to various local regulations concerning the filing for real-estate brokerage services, the real-estate agencies filing the real-estate brokerage services shall: (a) possess the business license; and (b) own a certain minimum number of real-estate brokers with the occupational qualification certificates.

Laws and Regulations Concerning the Non-Commercial Internet Information Service

According to the Management Methods on Internet Information Services (互聯網信息服務管理辦法) promulgated on September 25, 2000 and amended on January 8, 2011 by the State Council, the Internet information services are divided into services of a commercial nature and services of a non-commercial nature. The non-commercial internet information services refers to non-compensatory services which supply through the internet to online users information which is open to and shared by the general public. The non-commercial Internet service is subject to the filing system. The practitioners shall transact filing procedures in the telecommunication management organs at the local province, autonomous region and municipality or the information industry supervising department of the State Council.

According to the Filing Management Methods on Non-commercial Internet Information Service (非經營性互聯網信息服務備案管理辦法) promulgated on February 8, 2005 and implemented on March 20, 2005 by the MIIT, practitioners scheduled to get involved in the non-commercial Internet information services shall fill in the Filing Registration for Non-Commercial Internet Information Services through the filing management system to fulfil the filing procedures.

Laws and Regulations on Foreign Exchange

Foreign Exchange Administration

The Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) (the “Foreign Exchange Administrative Regulations”), promulgated by the State Council on January 29, 1996 and amended on August 5, 2008, constitute an important legal basis for the PRC governmental authorities to supervise and regulate foreign exchange. On June 20, 1996, People’s Bank of China (the “PBOC”) further promulgated the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the “Settlement Provisions”).

Pursuant to the Foreign Exchange Administrative Regulations and the Settlement Provisions, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where a prior approval from the SAFE and/or its competent local counterparts is obtained. The foreign-invested enterprises in the PRC may buy, sell or remit foreign currencies at the banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of capital account item transaction, obtaining approval from SAFE.

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the “SAFE Circular 142”), which provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC.

On November 19, 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the “Circular 59”), which became effective on December 17, 2012 and was amended on May 4, 2015. Circular 59 substantially amends and simplifies the current foreign exchange procedure. The major developments under Circular 59 are that the opening of various special purpose foreign exchange accounts (e.g. pre-establishment expenses account, foreign exchange capital account and guarantee account) no longer requires the approval of SAFE. Furthermore, multiple capital accounts for the same entity may be opened in different provinces, which was not possible before the issuance of Circular 59. Reinvestment of RMB proceeds by foreign investors in the PRC no longer requires SAFE’s approval.

On May 11, 2013, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知) which became effective on May 13, 2013 and was amended on October 10, 2018, specifying that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration. Institutions and individuals shall register with SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “SAFE Circular 19”), which came into force and superseded SAFE Circular 142 from June 1, 2015. On June 9, 2016, SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (關於改革和規範資本項目結匯管理政策的通知) (the “SAFE Circular 16”). SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested

enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19 and SAFE Circular 16, the settlement of foreign exchange capital by foreign invested enterprises shall be governed by the policy of foreign exchange settlement at will. However, SAFE Circular 19 and SAFE Circular 16 also reiterate that the settlement of foreign exchange shall only be used for purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. Considering that SAFE Circular 19 and SAFE Circular 16 are relatively new, it is unclear how they will be implemented and there exist high uncertainties with respect to their interpretation and implementation by authorities.

SAFE Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "SAFE Circular 37") on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

On February 13, 2015, SAFE issued the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "SAFE Circular 13"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, there exist high uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

Laws and Regulations on Taxation

Income Tax

Because we carry out our PRC business operations through operating subsidiaries organized under the PRC law, our PRC operations and our operating subsidiaries in China are subject to PRC tax laws and regulations, which indirectly affect your investment in our shares.

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "EIT Law") promulgated by the National People's Congress on March 16, 2007, which became effective from January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% commencing from January 1, 2008 with certain exceptions. Enterprises that are recognized as high and new technology enterprises in accordance with the Notice of the Ministry of Science, the Ministry of Finance (the "MOF") and the SAT on Amending and Issuing the Administrative Measures for the Determination of High and New Tech Enterprises (科技部、財政部、國家稅務總局關於修訂印發<高新技術企業認定管理辦法>的通知) are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate of high and new technology enterprise. The enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

In order to clarify certain provisions in the EIT Law, the State Council promulgated the Implementation Rules of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (the “EIT Implementation Rules”) on December 6, 2007, which became effective on January 1, 2008 and was amended on April 23, 2019. Under the EIT Law and the EIT Implementation Rules, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Pursuant to the EIT Law and the EIT Implementation Rules, besides enterprises established within the PRC, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and subject to the uniform 25% enterprise income tax rate for their global income. In addition, the EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC.

Withholding Income Tax and Tax Treaties

The EIT Implementation Rules provide that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which our non-PRC shareholders reside.

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “Double Tax Avoidance Arrangement”), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority having satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (關於執行稅收協定股息條款有關問題的通知) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. On February 3, 2018, the SAT issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (關於稅收協定中“受益所有人”有關問題的公告) (the “Circular 9”), which provides guidance for determining whether a resident of a contracting state is the “beneficial owner” of an item of income under China’s tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner and, therefore, will not qualify for these benefits.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (中華人民共和國增值稅暫行條例) promulgated by the State Council on December 13, 1993 and subsequently amended on November 10, 2008, February 6, 2016 and November 19, 2017 respectively, and its Implementation Rules (中華人民共和國增值稅暫行條例實施細則) promulgated by the MOF on December 25, 1993 and amended on December 15, 2008 and October 28, 2011 respectively, tax payers engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax (the “VAT”).

On November 16, 2011, the MOF and the SAT jointly promulgated the Pilot Plan for Levying Value-Added Tax in Lieu of Business Tax (營業稅改徵增值稅試點方案). Starting from January 1, 2012, the PRC government has been gradually implementing a pilot program in certain provinces and municipalities, to levy a 6% VAT on revenue generated from certain kinds of services in lieu of the business tax.

On March 23, 2016, the MOF and the SAT jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform (關於全面推開營業稅改徵增值稅試點的通知) (the “Circular 36”) which confirms that business tax will be completely replaced by VAT from May 1, 2016.

Urban Maintenance and Construction Tax and Education Surcharges

According to the Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) promulgated by the State Council on October 18, 2010 and implemented on December 1, 2010, foreign invested enterprises, foreign enterprises and foreign individuals are applicable to the Provisional Regulations of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on February 8, 1985 and implemented on January 1, 1985, and then revised and implemented on January 8, 2011, and the Provisional Regulations for Imposition of Education Surcharges (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and implemented on July 1, 1986, revised on June 7, 1990 and implemented on August 1, 1990, revised on August 20, 2005 and implemented on October 1, 2005, and then revised and implemented on January 8, 2011.

According to the Provisional Regulations of the PRC on City Maintenance and Construction Tax, all units and individuals that pay consumption tax, value-added tax and business tax are all taxpayers who pay taxes on urban maintenance and construction. They shall pay the urban maintenance and construction tax according to the regulations. The computation of city maintenance and construction tax shall be based on the amount of consumption tax, value added tax and/or business tax actually paid by taxpayers, and the tax shall be paid together with the payment of consumption tax, value added tax and/or business tax. If the location of the taxpayer is in the urban area, the tax rate of urban maintenance and construction shall be 7%; if the location of the taxpayer is in the county or town, the tax rate of the maintenance and construction of the city shall be 5%; if the location of the taxpayer is not in the urban area, the county or town, the tax rate of the city maintenance and construction is 1%.

According to the Provisional Regulations for Imposition of Education Surcharges, all units and individuals who pay the consumption tax, value added tax and business tax shall pay education surcharges in accordance with the regulations of the Provisional Regulations for Imposition of Education Surcharges, except the units that pay rural surcharges of operating expenses of education in accordance with the regulations of the Circular of the State Council on Raising Funds for Running Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). The computation of education surcharges shall be based on the amount of value-added tax, business tax, and consumption tax paid by each unit and individual. The education surcharges rate is 3%, and the tax shall be paid together with the payment of value-added tax, business tax, and consumption tax.

Laws and Regulations on Labor and Social Security

Labor laws

The NPCSC issued the Labor Law of the PRC (中華人民共和國勞動法) (the “Labor Law of the PRC”) on July 5, 1994 and implemented it on January 1, 1995, then revised it on August 27, 2009 and December 29, 2018. The NPCSC issued the Labor Contract Law of the PRC (中華人民共和國勞動合同法) on June 29, 2007 and implemented on January 1, 2008, then revised on December 28, 2012 and implemented on July 1, 2013 (the “Labor Contract Laws of the PRC”). The State Counsel issued and implemented the Implementation Regulations for the Labor Contract Law of the PRC on September 18, 2008 (the “Implementation Regulations for the Labor Contract Law”).

A series of requirements were made by the Labor Law of the PRC, the Labor Contract Law of the PRC and the Implementation Regulations for the Labor Contract, such as a written labor contract should be concluded between the employers and their workers when establishing a labor relationship.

The company should also be in accordance with the requirements with respect to termination of the labor contracts, paying remuneration and compensation, using labor dispatch as well as social security premiums pursuant to the aforesaid laws and regulations.

Dispatched employees

According to the Temporary Provisions on Labor Dispatch (勞務派遣暫行規定) issued on January 24, 2014 and implemented on March 1, 2014 by the Ministry of Human Resources and Social Security, the employers should strictly control the number of labor dispatch workers, and the number of the dispatched workers shall not exceed 10% of the total amount of their employees. If the employer has the number of dispatched workers exceeding 10% of the total amount of labor before the implementation of the Temporary Provisions on Labor Dispatch, it shall develop a scheme for employment adjustments, and reduce the proportion of dispatched workers to the stipulated level within 2 years from the date of the implementation of the Temporary Provisions on Labor Dispatch. Before reducing the proportion of dispatched workers to the required level, the employer shall not employ new dispatched workers.

Pursuant to the Temporary Provision on Labor Dispatch, the Labor Contract Law of the PRC and the Implementation Regulations for the Labor Contract, the employers who fail to comply with the relevant requirements on labor dispatch shall be ordered by the labor administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of PRC (中華人民共和國社會保險法) issued by the NPCSC on October 28, 2010, implemented on July 1, 2011 and amended on December 29, 2018, the State establishes social insurance system including basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance and so forth, so as to protect legitimate rights and interests of citizens to get material assistance from the State and society according to laws, such as age, disease, work injury, unemployment, childbearing and so on. Enterprises within the territory of China should register social insurance in social insurance institutions and pay corresponding insurance funds for their employees in social insurance institutions.

According to the Regulations on Management of Housing Provident Fund (住房公積金管理條例) issued and implemented by the State Council on April 3, 1999 and then revised on March 24, 2002 and March 24, 2019, enterprises in China must register with the housing provident fund management center within 30 days from the date of its establishment, establish housing accumulation fund accounts in the banks they entrust, and deposit housing provident fund for their employees in the corresponding housing provident fund management center.

Laws and Regulations on Intellectual Property Rights

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) issued by the NPCSC on September 7, 1990 and implemented on June 1, 1991, revised and implemented on October 27, 2001, and then revised on February 26, 2010 and implemented on April 1, 2010, and regulations of the Regulation for the Implementation of the PRC the Copyright Law (中華人民共和國著作權法實施條例) issued by the State Council on August 2, 2002 and implemented on September 15, 2002, and then revised on January 30, 2013 and implemented on March 1, 2013, the work of computer softwares is entitled to copyright. In addition, the China Copyright Protection Centre (中國版權保護中心) has a voluntary registration system.

According to the Regulations on Protection of Computer Software (計算機軟件保護條例) issued by the State Council on June 4, 1991 and implemented on October 1, 1991, revised on December 20, 2001 and implemented on January 1, 2002, and then revised on January 30, 2013 and implemented on March 1, 2013, and the regulations of the Registration of Computer Software Copyright Procedures (計算機軟件著作權登記辦法) issued and implemented by the Ministry of Machine Building and Electronics Industries on April 6, 1992, revised on May 26, 2000 and implemented on June 1, 2000 by the National Copyright

Administration, and then revised and implemented on February 20, 2002, the software copyright holder can register the copyright registration of the software copyright to the China Copyright Protection Centre, which is the software registration agency identified by the State Copyright Administration.

Patents

According to regulations of the Patent Law of the PRC (中華人民共和國專利法) issued by the NPCSC on March 12, 1984 and implemented on April 1, 1985, revised on September 4, 1992 and implemented on January 1, 1993, revised on August 25, 2000 and implemented on July 1, 2001, and then revised on December 27, 2008 and implemented on October 1, 2009, and the Rules for the Implementation of the Patent Law of the PRC (中華人民共和國專利法實施細則) issued by the State Council on June 15, 2001 and implemented on July 1, 2001, revised on December 28, 2002 and implemented on February 1, 2003, and then revised on January 9, 2010 and implemented on February 1, 2010, the patent protection is divided into three categories, namely, the patent for invention, patent for utility models and patent for designs. The duration of patent right for inventions shall be 20 years, the duration of the patent for designs and patent for utility models shall be 10 years, counted from the date of filing. After the grant of the patent right for an invention or utility model, except where otherwise provided for in this Law, no entity or individual may, without the authorization of the patentee, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import the product directly obtained by the patented process, for production or business purposes. After the grant of the patent right for a design, no entity or individual may, without the authorization of the patentee, exploit the patent, that is, make, offer to sell, sell or import the product incorporating its or his patented design, for production or business purposes.

Trademarks

According to the Trademark Law of the PRC (中華人民共和國商標法) issued by the NPCSC on August 30, 1982 and implemented on March 1, 1983, revised on February 22, 1993 and implemented on July 1, 1993, revised on October 27, 2001 and implemented on December 1, 2001, and then revised on August 30, 2013 and April 23, 2019, and the Regulation for the Implementation of the Trademark Law of the PRC (中華人民共和國商標法實施條例) issued by the State Council on August 3, 2002 and implemented on September 15, 2002, and then revised on April 29, 2014 and implemented on May 1, 2014, a trademark registered by China Trademark Office is a registered trademark, including the commodity trademark, service trademark, collective trademark and certification trademark. The period of validity of a registered trademark shall be 10 years, counted from the date of approval of the registration. The trademark registrant shall apply for renewal within 12 months before the expiry date.

Domain names

According to the Internet Domain Name Regulations (互聯網域名管理辦法) issued by the MIIT on August 24, 2017 and implemented on November 1, 2017, the MIIT supervises and manages the domain name service in the whole country, and the communication administrative bureaus of all provinces, autonomous regions and centrally-administered municipalities directly under the central government supervise and manage the domain name service within their administrative area. The Internet domain name system of China is announced by the MIIT. According to the actual situation of the development of the domain name, the Ministry of Industry and Information Technology can adjust the Internet domain name system of China.

List of Group Entities in Our Corporate Structure

English name of entity	Chinese name of entity	Place of Incorporation
E-House (China) Enterprise Holdings Limited	易居(中國)企業控股有限公司	Cayman Islands
Leju Holdings Limited		Cayman Islands
Juhui Asset Management Limited		Cayman Islands
Juhui Investment Fund SPC		Cayman Islands
CRIC Fixed Income Investment Series SPC		Cayman Islands
Fangyou Information Technology Holdings Ltd.	房友信息技術控股有限公司	British Virgin Islands
CAIC Assets Management Holdings Limited	克而瑞資管控股有限公司	British Virgin Islands
E-house (China) Real Estate Sales Holdings Limited	易居(中國)營銷控股有限公司	British Virgin Islands
E-House (China) International Property Development Limited	易居(中國)地產發展國際有限公司	British Virgin Islands
E-house (China) Fangyou Holdings Limited	易居(中國)房友控股有限公司	British Virgin Islands
Up Capital Asset Management Limited	匯升資產管理有限公司	British Virgin Islands
E-house China (Beijing) Holdings Limited	易居中國(北京)控股有限公司	British Virgin Islands
Ultrex Holdings Limited		British Virgin Islands
Mosway Holdings Limited		British Virgin Islands
Major Treasure Holdings Limited		British Virgin Islands
China PMLS Holdings Limited		British Virgin Islands
CAIC Limited	克而瑞資管有限公司	Hong Kong
Status Overseas Ltd.	實達海外有限公司	Hong Kong
Real Estate Education (China) Company Limited	房教中國有限公司	Hong Kong
Hang Kong Fangyou Software Technology Co. Ltd.	香港房友軟件技術有限公司	Hong Kong
E-house (China) Real Estate Sales Limited	易居(中國)營銷有限公司	Hong Kong
E-house (China) Enterprises Holdings (HK) Limited	易居(中國)企業控股(香港)有限公司	Hong Kong
CRIC Securities Company Limited	克而瑞證券有限公司	Hong Kong
E-house International Estate Agency Limited	金豐易居國際置業代理有限公司	Hong Kong
China PMLS Limited	中國一手房多點渠道銷售服務平臺有限公司	Hong Kong
Ultrex Holdings (HK) Limited		Hong Kong
E-House (Macau) International Property Limited	金豐易居國際置業(澳門)有限公司	Macau
E-House China Inc.		USA
E-House China USA Corporation		USA
E-House Vietnam Real Estate Brokerage Joint Stock Company	易居越南房地產經紀股份有限公司	Vietnam
E-House Enterprise (China) Group Co., Ltd.*	易居企業(中國)集團有限公司	PRC
Shanghai E-House Xiangyue Real Estate Sales Co., Ltd.*	上海易居祥悅房屋銷售有限公司	PRC
Shanghai E-House Real Estate Trading Service Co., Ltd.*	上海易居房地產交易服務有限公司	PRC

<u>English name of entity</u>	<u>Chinese name of entity</u>	<u>Place of Incorporation</u>
Shanghai E-House Fangyou Real Estate Service Co., Ltd.*	上海易居房友房地產服務有限公司	PRC
Shanghai Urban Development Real Estate Brokerage Co., Ltd.*	上海城開房地產經紀有限公司	PRC
Hainan E-House Tourism Real Estate Brokerage Co., Ltd.*	海南易居旅遊地產經紀有限公司	PRC
Hangzhou E-House Yongchuang Real Estate Sales and Marketing Co., Ltd.*	杭州易居永創房地產營銷策劃有限公司	PRC
Qingdao E-House Jinyue Real Estate Brokerage Co., Ltd.*	青島易居金岳房地產經紀有限公司	PRC
Shanghai Dacheng Real Estate Brokerage Co., Ltd.*	上海大乘房地產經紀有限公司	PRC
Nantong Shangfang Real Estate Sales Agency Co., Ltd.*	南通上房房屋銷售代理有限公司	PRC
Chongqing Shangyuan Real Estate Brokerage Co., Ltd.*	重慶商源房地產經紀有限公司	PRC
Zhengzhou Lituo Real Estate Brokerage Co., Ltd.*	鄭州勵拓房地產經紀有限公司	PRC
Nanjing Liyue Real Estate Brokerage Co., Ltd.*	南京勵越房地產經紀有限公司	PRC
Jinan Lituo Real Estate Brokerage Co., Ltd.*	濟南勵拓房地產經紀有限公司	PRC
Shaanxi E-House Real Estate Investment Consultancy Co., Ltd.*	陝西易居不動產投資顧問有限公司	PRC
Yunnan E-House Real Estate Brokerage Co., Ltd.*	雲南易居房地產經紀有限公司	PRC
Ningxia E-House Real Estate Investment Consultancy Co., Ltd.*	寧夏易居不動產投資諮詢有限公司	PRC
Gansu E-House Real Estate Agency Co., Ltd.*	甘肅易居房產代理有限公司	PRC
Wuxi Xiangyue Real Estate Brokerage Co., Ltd.*	無錫祥悅房地產經紀有限公司	PRC
Changzhou Yijieyou Real Estate Brokerage Co., Ltd.*	常州易傑優房地產經紀有限公司	PRC
Shaoxing Yongchuang Real Estate Sales and Marketing Co., Ltd.*	紹興永創房地產營銷策劃有限公司	PRC
Wuhu E-House Xiangyue Real Estate Sales and Marketing Co., Ltd.*	蕪湖易居祥悅房地產營銷策劃有限公司	PRC
Anhui E-House Jinyue Real Estate Sales and Marketing Co., Ltd.*	安徽易居金岳房地產營銷策劃有限公司	PRC
Kunshan Shangfang Real Estate Sales Co., Ltd.*	昆山上房房屋銷售有限公司	PRC
Tianjin Dacheng Real Estate Brokerage Co., Ltd.*	天津大乘房地產經紀有限公司	PRC
E-House Real Estate Agency (Shenyang) Co., Ltd.*	易居置業代理(瀋陽)有限公司	PRC
Guangzhou Jinyue Real Estate Co., Ltd.*	廣州市金岳置業有限公司	PRC
Shenzhen Jinfeng E-House Real Estate Co., Ltd.*	深圳金豐易居置業有限公司	PRC
Zhangzhou E-House Jinfeng Real Estate Co., Ltd.*	漳州易居金豐房產置業有限公司	PRC
Fujian Yijieyou Real Estate Co., Ltd.*	福建易傑優置業有限公司	PRC

<u>English name of entity</u>	<u>Chinese name of entity</u>	<u>Place of Incorporation</u>
Fuzhou Yijieyou Real Estate Co., Ltd.*	福州易傑優置業有限公司	PRC
Wuhan Yijieyou Real Estate Brokerage Co., Ltd.*	武漢易傑優房地產經紀有限公司	PRC
Jinan Jinyue Real Estate Brokerage Co., Ltd.*	濟南金岳房地產經紀有限公司	PRC
Ningbo E-House Yongchuang Real Estate Sales and Marketing Co., Ltd.*	寧波易居永創房地產營銷策劃有限公司	PRC
Guangxi Jinyue Real Estate Sales and Marketing Co., Ltd.*	廣西金岳房地產營銷策劃有限公司	PRC
Shanxi E-House Jinyue Real Estate Brokerage Co., Ltd.*	山西易居金岳房地產經紀有限公司	PRC
Changchun Jinyue Real Estate Brokerage Co., Ltd.*	長春金岳房地產經紀有限公司	PRC
Harbin Jinyue Real Estate Brokerage Co., Ltd.*	哈爾濱金岳房地產經紀有限公司	PRC
Dalian Jinyue Real Estate Brokerage Co., Ltd.*	大連金岳房地產經紀有限公司	PRC
Yuncheng E-House Xiangyue Real Estate Brokerage Co., Ltd.*	運城易居祥悅房地產經紀有限公司	PRC
Nanjing Jinyue Real Estate Sales Co., Ltd.*	南京金岳房地產銷售有限公司	PRC
Xuzhou Yihaosi Real Estate Brokerage Co., Ltd.*	徐州易豪思房地產經紀有限公司	PRC
Yangzhou Yifang Real Estate Brokerage Co., Ltd.*	揚州易房房地產經紀有限公司	PRC
Suzhou Yihaosi Real Estate Brokerage Co., Ltd.*	蘇州易豪思房地產經紀有限公司	PRC
Mianyang E-House Xiangyue Real Estate Brokerage Co., Ltd.*	綿陽易居祥悅房地產經紀有限公司	PRC
Jiaxing Yongchuang Real Estate Sales and Marketing Co., Ltd.*	嘉興永創房地產營銷策劃有限公司	PRC
Jiangxi E-House Real Estate Sales Co., Ltd.*	江西易居房屋銷售有限公司	PRC
Ganzhou Xiangyue Real Estate Sales Co., Ltd.*	贛州祥悅房地產銷售有限公司	PRC
Wuhan E-House Investment Co., Ltd.*	武漢易居投資有限公司	PRC
Changsha E-House Investment Consultancy Co., Ltd.*	長沙易居投資顧問有限公司	PRC
Chengdu E-House Xiangyue Real Estate Consultancy Co., Ltd.*	成都易居祥悅不動產顧問有限公司	PRC
Chongqing E-House Investment Consultancy Co., Ltd.*	重慶易居投資顧問有限公司	PRC
Guizhou E-House Real Estate Investment Consultancy Co., Ltd.*	貴州易居不動產投資顧問有限公司	PRC
Hebei E-House Jinyue Real Estate Brokerage Co., Ltd.*	河北易居金岳房地產經紀有限公司	PRC
Neimenggu E-House Jinyue Real Estate Brokerage Co., Ltd.*	內蒙古易居金岳房地產經紀有限公司	PRC
Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd.*	天津易居金岳房地產經紀有限公司	PRC
Henan E-House Real Estate Consultancy Co., Ltd.*	河南易居房地產顧問有限公司	PRC
Beijing E-House Xiangyue Real Estate Brokerage Co., Ltd.*	北京易居祥悅房地產經紀有限公司	PRC

<u>English name of entity</u>	<u>Chinese name of entity</u>	<u>Place of Incorporation</u>
Xinjiang E-House Jinyue Real Estate Brokerage Co., Ltd.*	新疆易居金岳房地產經紀有限公司	PRC
Shenzhen Fangyou Software Technology Co., Ltd.*	深圳市房友軟件技術有限公司	PRC
Shanghai Zhuxiang Information Technology Co., Ltd.*	上海築想信息科技股份有限公司	PRC
Shanghai Yiyin Information Technology Development Co., Ltd.*	上海懿寅信息科技發展有限公司	PRC
Shanghai CRIC Commercial Consultancy Co., Ltd.*	上海克而瑞信息技術有限公司	PRC
Shanghai Ruiyin Commercial Consultancy Co., Ltd.*	上海瑞寅商務信息諮詢有限公司	PRC
Beijing CREA Technology Services Ltd.*	北京中房研協技術服務有限公司	PRC
CREA Youcai Information Technology Ltd.*	中房研協優采信息技術有限公司	PRC
Shanghai Lewei Enterprise Management Co., Ltd.*	上海樂葦企業管理有限公司	PRC
Shanghai Fangjia Information Technology Co., Ltd.*	上海昉加信息科技有限有限公司	PRC
Nanchang Lituo Real Estate Brokerage Co., Ltd.*	南昌勵拓房地產經紀有限公司	PRC
Taiyuan Lituo Real Estate Brokerage Co., Ltd.*	太原勵拓房地產經紀有限公司	PRC
Ganzhou Lituo Real Estate Brokerage Co., Ltd.*	贛州勵拓房地產經紀有限公司	PRC
Xian Lituo Real Estate Brokerage Co., Ltd.*	西安勵拓房地產經紀有限公司	PRC
Guangzhou Lituo Real Estate Brokerage Co., Ltd.*	廣州市勵拓房地產經紀有限公司	PRC
Shijiazhuang Lituo Real Estate Brokerage Co., Ltd.*	石家莊勵拓房地產經紀有限公司	PRC
Nanjing Fangyou Real Estate Brokerage Co., Ltd.*	南京房友房地產經紀有限公司	PRC
Wuhan Fangyou Century Real Estate Trading Service Co., Ltd.*	武漢房友世紀房地產交易服務有限公司	PRC
Chongqing Yubei District Fangyou Real Estate Consultancy Co., Ltd.*	重慶市渝北區房友地產顧問有限公司	PRC
Hangzhou E-House Real Estate Service Co., Ltd.*	杭州易居房地產服務有限公司	PRC
Ningbo E-House Yongdong Real Estate Brokerage Co., Ltd.*	寧波易居甬動房地產經紀有限公司	PRC
Anhui E-House Fangyou Real Estate Brokerage Co., Ltd.*	安徽易居房友房地產經紀有限公司	PRC
Henan E-House Fangyou Real Estate Brokerage Co., Ltd.*	河南易居房友房地產經紀有限公司	PRC
Kaifeng E-House Real-Estate Brokerage Co., Ltd.*	開封市易居房友房地產經紀有限公司	PRC
Shandong Haoju Fangyou Real Estate Brokerage Co., Ltd.*	山東好居房友房地產經紀有限公司	PRC
Qingdao E-House Fangyou Real Estate Brokerage Co., Ltd.*	青島易居房友房地產經紀有限公司	PRC
Shenzhen E-House Fangyou Real Estate Brokerage Co., Ltd.*	深圳易居房友房地產經紀有限公司	PRC
Nantong Fangyou Real Estate Brokerage Co., Ltd.*	南通市房友房地產經紀有限公司	PRC

<u>English name of entity</u>	<u>Chinese name of entity</u>	<u>Place of Incorporation</u>
Chengdu E-House Fangyou Real Estate Brokerage Co., Ltd.*	成都易居房友房地產經紀有限公司	PRC
Kunshan Fangyou Jiafang Real Estate Brokerage Co., Ltd.*	昆山市房友佳房地產經紀有限公司	PRC
Tianjin E-House Fangyou Real Estate Brokerage Co., Ltd.*	天津易居房友房地產經紀有限公司	PRC
Suzhou E-House Fangyou Real Estate Brokerage Co., Ltd.*	蘇州市易居房友房地產經紀有限公司	PRC
Wuxi Yiju Fangyou Real Estate Brokerage Co., Ltd.*	無錫翊居房友房地產經紀有限公司	PRC
Jiaxing E-House Fangyou Real Estate Brokerage Co., Ltd.*	嘉興市易居房友房地產經紀有限公司	PRC
Guangxi Yifang Yiyou Real Estate Brokerage Co., Ltd.*	廣西易房易友房地產經紀有限公司	PRC
Harbin Fangjiayou Real Estate Brokerage Co., Ltd.*	哈爾濱房嘉友房地產經紀有限公司	PRC
Changchun E-House Fangyou Real Estate Brokerage Co. Ltd.*	長春易居房友房地產經紀有限公司	PRC
Changsha E-House Fangyou Real Estate Brokerage Co., Ltd.*	長沙易居房友房地產經紀有限公司	PRC
Kunming E-House Fangyou Real Estate Brokerage Co., Ltd.*	昆明易居房友房地產經紀有限公司	PRC
Guizhou E-House Fangyou Real Estate Brokerage Co., Ltd.*	貴州易居房友房地產經紀有限公司	PRC
Beijing Hongju Real Estate Brokerage Co., Ltd.*	北京宏居房地產經紀有限公司	PRC
Shenyang Jinfeng E-House Real Estate Agency Co., Ltd.*	瀋陽金豐易居置業代理有限公司	PRC
Shanghai Lituo Real Estate Brokerage Co., Ltd.*	上海勵拓房地產經紀有限公司	PRC
Sanming Jinyue Real Estate Co., Ltd.*	三明金岳置業有限公司	PRC
Changzhou E-house Fangyou Real Estate Brokerage Co., Ltd.*	常州易居房有房地產經紀有限公司	PRC
Henan E-house CRIC Big Data Technology Co., Ltd.*	河南易居克而瑞大數據科技有限公司	PRC
Beijing Yangmei Enterprise Management Co., Ltd.*	北京漾美企業管理有限公司	PRC
Yangzhou Fangyou Real Estate Brokerage Co., Ltd.*	揚州昉友房地產經紀有限公司	PRC
Shanghai Louyi Information Technology Ltd.	上海樓壹信息技術有限公司	PRC
Shanghai Louwo Information Technology Ltd.	上海樓幄信息技術有限公司	PRC
Xinyu Yiyang Investment Co., Ltd.	新余市易漾投資有限公司	PRC
Shanghai Louyu Enterprise Management Co., Ltd.	上海樓煜企業管理有限公司	PRC
Zhejiang Yiyuan Equity Investment Co., Ltd.	浙江易源股權投資有限公司	PRC
Anji Yisheng Enterprise Management Co., Ltd.	安吉易昇企業管理有限公司	PRC
Shanghai Weijia Real Estate Consulting Co., Ltd.	上海唯家房地產諮詢有限公司	PRC
Shanghai Weishi Real Estate Consulting Co., Ltd.	上海唯識房地產諮詢有限公司	PRC
Shanghai Jingshun Educational Technology Co., Ltd.	上海璟舜教育科技有限公司	PRC
Xuzhou E-House Fangyou Real Estate Brokerage Co., Ltd.*	徐州易居房友房地產經紀有限公司	PRC

English name of entity	Chinese name of entity	Place of Incorporation
Sanming Xiangyue Real Estate Co., Ltd.*	三明祥悅置業有限公司	PRC
Shanghai Cishan Enterprise Management Co., Ltd.*	上海茨杉企業管理有限公司	PRC
Tianjin Xiangyue Real Estate Sales Co., Ltd.*	天津祥悅房地產銷售有限公司	PRC
Shanghai E-house Sports Club Co., Ltd.*	上海易居體育俱樂部有限公司	PRC
Shanghai Jueren Enterprise Consulting Co., Ltd.*	上海爵仁企業諮詢有限公司	PRC
Shanghai Yican Human Resources Co., Ltd.*	上海易燦人力資源有限公司	PRC
Fuyang E-House Real Estate Sales and Marketing Co., Ltd.*	阜陽易居房地產營銷策劃有限公司	PRC
Nanchang Jinyue Real Estate Sales and Marketing Co., Ltd.*	南昌金岳房地產營銷策劃有限公司	PRC
Ezhou Xiangyue Real Estate Brokerage Co., Ltd.*	鄂州祥悅房產經紀有限公司	PRC
Jinhua Jinyue Real Estate Service Co., Ltd.*	金華金岳房地產服務有限公司	PRC
Shanghai Hengxing Real Estate Brokerage Co., Ltd.*	上海恒醒房地產經紀有限公司	PRC
Xiamen Fangyou Real Estate Trading Service Co., Ltd.*	廈門房友房地產交易服務有限公司	PRC
Yinchuan Jinyue Real Estate Sales Service Co., Ltd.*	銀川市金岳房地產銷售服務有限公司	PRC
Shanghai Yifang Youshang E-commerce Co., Ltd.*	上海易房友商電子商務有限公司	PRC
Shanghai Taimi Business Operation and Management Co., Ltd.*	上海苔米商業經營管理有限公司	PRC
Shanghai Zhenxinyi Information Technology Co., Ltd.*	上海臻忻易信息技術有限公司	PRC
Shanghai Chengxi Enterprise Management Co., Ltd.*	上海晟兮信息技術有限公司	PRC
Shanghai Ziyong Information Technology Co., Ltd.*	上海孜詠信息技術有限公司	PRC
Shanghai Liaohu Business Consulting Co., Ltd.*	上海燎乎商務諮詢有限公司	PRC
Shanghai Real Estate Education Information Technology Co., Ltd.*	上海房教信息技術有限公司	PRC
Chongqing Xiangwei Real Estate Sales and Marketing Co., Ltd.*	重慶祥薇房地產營銷策劃有限公司	PRC
Shanghai Shangyou Property Management Co., Ltd.*	上海尚友物業管理有限公司	PRC
Shanghai Shanglin Property Management Co., Ltd.*	上海尚林物業管理有限公司	PRC
Zhongshan E-House Fangyou Real Estate Brokerage Co., Ltd.*	中山市易居房友房地產經紀有限公司	PRC
Fangyou (Tianjin) Sharing Economy Information Consulting Co., Ltd.*	房友(天津)共享經濟信息諮詢有限公司	PRC
Fuzhou Fangyou Century Real Estate Brokerage Co., Ltd.*	福州房友世紀房地產經紀有限公司	PRC
Hongqi (Shanghai) Enterprise Management Consulting Service Co., Ltd.*	鴻戚(上海)企業管理諮詢服務有限責任公司	PRC

English name of entity	Chinese name of entity	Place of Incorporation
Shanghai Jiyang Enterprise Management Consulting Service Co., Ltd.*	上海績洋企業管理諮詢有限公司	PRC
Shanghai Jishun Enterprise Consulting Service Partnership (Limited Partnership)*	上海績舜商務諮詢服務合夥企業(有限合夥)	PRC
Shanghai Shuoting Business Consulting Service Partnership (Limited Partnership)*	上海礫莛商務諮詢服務合夥企業(有限合夥)	PRC
Qingdao Huibotong Investment Corporation (Limited Partnership)*	青島匯泊通投資企業(有限合夥)	PRC
Shanghai Yuanche Business Consulting Service Partnership (Limited Partnership)*	上海淵澈商務諮詢服務合夥企業(有限合夥)	PRC
Shanghai Bay Living Investment Partnership (Limited Partnership)*	上海灣居投資合夥企業(有限合夥)	PRC
Yuexiao (Shanghai) Enterprise Consulting Service Co., Ltd.*	越瀟(上海)企業諮詢服務有限公司	PRC
Shanghai Juanpeng Industrial Co., Ltd.*	上海涓鵬實業有限公司	PRC

* English names of entities incorporated in China provided for information purposes only.

List of Entities under Leju Holdings Limited

English name of entity	Chinese name of entity	Place of Incorporation
Branco Overseas Ltd		British Virgin Islands
Omnigold Holdings Limited		British Virgin Islands
China Commercial Real Estate Group Limited		British Virgin Islands
China Real Estate Business Group Limited	中國房商集團有限公司	Hong Kong
China Online Housing Technology Corporation		Cayman Islands
China Online Housing (Hong Kong) Co. Limited		Hong Kong
China E-Real Estate Holdings Ltd.		British Virgin Islands
China E-Real Estate Group Ltd.		Hong Kong
E-House China (Tianjin) Holdings Ltd.	易居中國(天津)控股有限公司	British Virgin Islands
E-House Property Consultancy Ltd.		British Virgin Islands
E-House International Property Consultancy Limited	易居地產顧問國際有限公司	Hong Kong
Vinta Assets Limited		British Virgin Islands
Leju (Hong Kong) Co. Limited	樂居(香港)有限公司	Hong Kong
Beijing Maiteng Fengshui Technology Co., Ltd.*	北京邁騰風順科技有限公司	PRC
Beijing Jiajujiu E-Commerce Co., Ltd.*	北京家菊就電子商務有限公司	PRC
Beijing Yisheng Leju Internet Technology Co., Ltd.*	北京怡生樂居網絡科技有限公司	PRC
Wuhan Jiajujiu E-Commerce Co., Ltd.*	武漢家菊就電子商務有限公司	PRC
Changsha Jiajujiu E-Commerce Co., Ltd.*	長沙家菊就電子商務有限公司	PRC
Zhengzhou Jiajujiu E-Commerce Co., Ltd.*	鄭州家菊就電子商務有限公司	PRC
Shanghai Quanzhuyi Home Furnishing Co., Ltd.*	上海全築易家居配套有限公司	PRC
Leju (China) Internet Technology Co., Ltd.*	樂居(中國)網絡技術有限公司	PRC
Shanghai Xinlang Leju Information Technology Co., Ltd.*	上海新浪樂居信息科技有限公司	PRC
Shanghai Fangxin Information Technology Co., Ltd.*	上海房信信息技術有限公司	PRC
Shanghai Lingju Information Service Co., Ltd.*	上海靈巨信息服務有限公司	PRC
Beijing Yisheng Leju Information Service Co., Ltd.*	北京怡生樂居信息服務有限公司	PRC
Nanchang Xinyiju Culture Media Co., Ltd.*	南昌新怡居文化傳媒有限公司	PRC
Chongqing Ruiju Commercial Co., Ltd.*	重慶瑞居廣告有限公司	PRC
Wuxi Yisheng Leju Internet Information Technology Co., Ltd.*	無錫怡生樂居網絡信息技術有限公司	PRC
Foshan Yisheng Leju Information Technology Co., Ltd.*	佛山宜生樂居信息科技有限公司	PRC
Beijing Weike Union Information Technology Co., Ltd.*	北京微客聯盟信息科技有限公司	PRC
Hainan Leju Tourism Real Estate Information Service Co., Ltd.*	海南樂居旅遊地產信息服務有限公司	PRC
Shanghai Xiangju Information Technology Development Co., Ltd.*	上海祥居信息技術發展有限公司	PRC

<u>English name of entity</u>	<u>Chinese name of entity</u>	<u>Place of Incorporation</u>
Qingdao Yisheng Leju Commercial Co., Ltd.*	青島怡生樂居廣告有限公司	PRC
Xian Leju Commercial Co., Ltd.*	西安樂居廣告有限公司	PRC
Shijiazhuang Leju Commercial Co., Ltd.*	石家莊樂居廣告有限公司	PRC
Taiyuan Leju Commercial Co., Ltd.*	太原樂居廣告有限公司	PRC
Dalian Yisheng Leju Commercial Co., Ltd.*	大連怡生樂居廣告有限公司	PRC
Guangzhou Leyiju Information Technology Co., Ltd.*	廣州樂怡居信息科技有限公司	PRC
Beijing Chenxin Real Estate Brokerage Co., Ltd.*	北京臣信房地產經紀有限公司	PRC
Hefei Yisheng Leju Commercial Co., Ltd.*	合肥怡生樂居廣告有限公司	PRC
Zhuhai Yisheng Leju Information Technology Co., Ltd.*	珠海怡生樂居信息科技有限公司	PRC
Yunnan Ziju Commercial Co., Ltd.*	雲南紫居廣告有限公司	PRC
Yunnan Huixiangju Information Consulting Co., Ltd.*	雲南匯享居信息諮詢有限公司	PRC
Chongqing Yiyu Internet Information Service Co., Ltd.*	重慶怡渝網絡信息服務有限公司	PRC
Xiamen Yisheng Leju Information Technology Co., Ltd.*	廈門怡生樂居信息科技有限公司	PRC
Xuzhou Juyi Internet Information Co., Ltd.*	徐州居怡網絡信息有限公司	PRC
Guizhou Yisheng Leju Information Service Co., Ltd.*	貴州怡生樂居信息服務有限公司	PRC
Baotou Yisheng Leju Commercial Co., Ltd.*	包頭市怡生樂居廣告有限公司	PRC
Fujian Yisheng Leju Information Technology Service Co., Ltd.*	福建怡生樂居信息科技服務有限公司	PRC
Weihai Yisheng Leju Information Service Co., Ltd.*	威海怡生樂居信息服務有限公司	PRC
Qinhuangdao Yisheng Leju Information Service Co., Ltd.*	秦皇島怡生樂居信息服務有限公司	PRC
Neimenggu Yijin Real Estate Brokerage Co., Ltd.*	內蒙古益金房地產經紀有限公司	PRC
Harbin Yisheng Leju Information Service Co., Ltd.*	哈爾濱怡生樂居信息服務有限公司	PRC
Yangzhou Yiju Commercial Media Co., Ltd.*	揚州怡居廣告傳媒有限公司	PRC
Zhuzhou Yisheng Leju Information Service Co., Ltd.*	株洲怡生樂居信息服務有限公司	PRC
Langfang Chenxin Real Estate Brokerage Co., Ltd.*	廊坊市臣信房地產經紀有限公司	PRC
Beijing Yisheng Datong Commercial Co., Ltd.*	北京怡生大通廣告有限公司	PRC
Hangzhou Yisheng Leju Commercial Co., Ltd.*	杭州怡生樂居廣告有限公司	PRC
Tianjin Yisheng Leju Commercial Co., Ltd.*	天津怡生樂居廣告有限公司	PRC
Suzhou Yisheng Leju Internet Information Co., Ltd.*	蘇州怡生樂居網絡信息有限公司	PRC
Suzhou Qianyisheng Information Consulting Co., Ltd.*	蘇州謙怡昇信息諮詢有限公司	PRC
Beijing Yisheng Information Consulting Co., Ltd.*	北京怡生樂居廣告有限公司	PRC
Nanjing New Sidi Commercial Co., Ltd.*	南京新思地廣告有限公司	PRC
Hainan Lingju Information Service Co., Ltd.*	海南靈巨信息服務有限公司	PRC

<u>English name of entity</u>	<u>Chinese name of entity</u>	<u>Place of Incorporation</u>
Shanghai Lerong Information Technology Co., Ltd.*	上海樂榮信息技術有限公司	PRC
Yisheng Leju (Shanghai) Information Service Co., Ltd.*	怡生樂居(上海)信息服務有限公司	PRC
Wuhan Yisheng Leju Commercial Co., Ltd.*	武漢怡生樂居廣告有限公司	PRC
Shenzhen New Lewuxian Information Consulting Co., Ltd.*	深圳新樂無限信息諮詢有限公司	PRC
Chengdu Yisheng Leju Commercial Co., Ltd.*	成都怡生樂居廣告有限公司	PRC
Shanghai Yiyue Information Technology Co., Ltd.*	上海翊悅信息科技有限公司	PRC
Shenyang Yisheng Ruiju Media Co., Ltd.*	瀋陽怡生瑞居傳媒有限公司	PRC
Beijing Zhongfang Yanxie Information Service Co., Ltd.*	北京中房研協信息服務有限公司	PRC
Changsha Yisheng Leju Commercial Co., Ltd.*	長沙怡生樂居廣告有限公司	PRC
Jinan Yisheng Leju Commercial Co., Ltd.*	濟南怡生樂居廣告有限公司	PRC
Jiangsu Yisheng Leju Information Service Co., Ltd.*	江蘇怡生樂居信息服務有限公司	PRC
Zhengzhou Leju Commercial Co., Ltd.*	鄭州樂居廣告有限公司	PRC
Beijing Letian Century Commercial Co., Ltd.*	北京樂天時代廣告有限公司	PRC
Yantai Yisheng Leju Internet Information Service Co., Ltd.*	煙台怡生樂居網絡信息服務有限公司	PRC
Huizhou Yisheng Leju Information Consulting Service Co., Ltd.*	惠州怡生樂居信息諮詢服務有限公司	PRC
Zhongshan Yisheng Leju Information Technology Co., Ltd.*	中山怡生樂居信息科技有限公司	PRC
Changzhou Yisheng Leju Internet Information Co., Ltd.*	常州怡生樂居網絡信息有限公司	PRC
Dongguan Leju Commercial Co., Ltd.*	東莞樂居廣告有限公司	PRC
Guangzhou Xincheng Real Estate Brokerage Co., Ltd.*	廣州新臣房地產經紀有限公司	PRC
Guangzhou Yisheng Leju Information Service Co., Ltd.*	廣西怡生樂居信息服務有限公司	PRC
Tangshan Yisheng Leju Information Service Co., Ltd.*	唐山怡生樂居信息服務有限公司	PRC
Ningbo Yisheng Leju Information Service Co., Ltd.*	寧波怡生樂居信息服務有限公司	PRC
Zhoushan Yiju Information Technology Co., Ltd.*	舟山怡居信息科技有限公司	PRC
Changchun Yisheng Leju Information Service Co., Ltd.*	長春怡生樂居信息服務有限公司	PRC
Lanzhou Yisheng Leju Internet Information Service Co., Ltd.*	蘭州怡生樂居網絡信息服務有限公司	PRC
Jiaxing Yisheng Leju Internet Technology Co., Ltd.*	嘉興怡生樂居網絡科技有限公司	PRC
Huzhou Yisheng Leju Internet Technology Co., Ltd.*	湖州怡生樂居網絡科技有限公司	PRC
Chengdu Yisheng Fengqing Leju Commercial Co., Ltd.*	成都怡生豐慶樂居廣告有限公司	PRC
Letian Century Commercial (Tianjin) Co., Ltd.*	樂天時代廣告(天津)有限公司	PRC
Shanghai Yixin E-Commerce Co., Ltd.*	上海翊信電子商務有限公司	PRC
Beijing Yisheng Leju Finance Culture Media Co., Ltd.*	北京怡生樂居財經文化傳媒有限公司	PRC

<u>English name of entity</u>	<u>Chinese name of entity</u>	<u>Place of Incorporation</u>
Beijing Xinghuo Zhichuang Internet Technology Co., Ltd.*	北京星火智創網絡技術有限公司	PRC
Beijing Xinghuo Chuangke E-Commerce Co., Ltd.*	北京星火創科電子商務有限公司	PRC
Beijing Juxin Juzhi Internet Technology Co., Ltd.*	北京聚新聚智網絡技術有限公司	PRC
Yiju Chenxin Real Estate Brokerage (Shanghai) Co., Ltd.*	易居臣信房地產經紀(上海)有限公司	PRC
Chongqing Anbang Real Estate Brokerage Co., Ltd.*	重慶安邦房地產經紀有限公司	PRC
Tianjin Chenxin Real Estate Brokerage Co., Ltd.*	天津臣信房地產經紀有限公司	PRC
Nanjing Anyue Real Estate Brokerage Co., Ltd.*	南京安岳房地產經紀有限公司	PRC
Hefei Chenxin Real Estate Brokerage Co., Ltd.*	合肥臣信房地產經紀有限公司	PRC
Nanchang Yichen Real Estate Brokerage Co., Ltd.*	南昌易臣房地產經紀有限公司	PRC
Ningbo Yiju Chenxin Real Estate Brokerage Co., Ltd.*	寧波易居臣信房地產經紀有限公司	PRC
Xiamen Yiju Chenxin Real Estate Brokerage Co., Ltd.*	廈門易居臣信房地產經紀有限公司	PRC
Fuzhou Yiju Chenxin Real Estate Brokerage Co., Ltd.*	福州易居臣信房地產經紀有限公司	PRC
Shijiazhuang Bolei Real Estate Brokerage Co., Ltd.*	石家莊博雷房產經紀有限公司	PRC
Shenyang Yiju Chenxin Real Estate Brokerage Co., Ltd.*	瀋陽易居臣信房地產經紀有限公司	PRC
Gansu Yiju Chenxin Real Estate Brokerage Co., Ltd.*	甘肅易居臣信房地產經紀有限公司	PRC
Hohhot Yiju Chenxin Real Estate Brokerage Co., Ltd.*	呼和浩特市易居臣信房地產經紀有限公司	PRC
Changchun Yiju Chenxin Real Estate Brokerage Co., Ltd.*	長春易居臣信房地產經紀有限公司	PRC
Shanxi Chenxin Real Estate Brokerage Co., Ltd.*	陝西臣信房地產經紀有限公司	PRC
Wuhan Yiju Chenxin Real Estate Consultant Co., Ltd.*	武漢易居臣信房地產顧問有限公司	PRC
Guizhou Yisheng Chenxin Real Estate Brokerage Co., Ltd.*	貴州怡生臣信房地產經紀有限公司	PRC
Yinchuan Yisheng Leju Information Service Co., Ltd.*	銀川怡生樂居信息服務有限公司	PRC
Harbin Chenxin Real Estate Brokerage Co., Ltd.*	哈爾濱臣信房地產經紀有限公司	PRC
Suzhou Yiju Chenxin Real Estate Brokerage Co., Ltd.*	蘇州易居臣信房地產經紀有限公司	PRC

* English names of entities incorporated in China provided for information purposes only.

BUSINESS

Overview

We mainly offer real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. We serve real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain. Following our initial public offering, our shares have been listed on the main board of the SEHK since July 20, 2018 under stock code 02048, and our market capitalization was approximately HK\$11,219.8 million (US\$1,447.7 million) as of November 11, 2020.

Since our inception in 2000, we have earned a respected reputation in China's real estate industry, and established a leading position in each of our main businesses:

- We generated revenue of RMB1.3 billion from real estate agency services in the primary market in the six months ended June 30, 2020. We believe this makes us one of the largest real estate agency service providers in the primary market in China by revenue from real estate agency services. With our efficient operational management systems and flexible resource allocation, we are capable of selling megaprojects for China's largest real estate developers.
- We believe that our "CRIC" brand is associated with broad geographic coverage, diverse service offerings, deep market insight and continuous innovation. Our research reports and rankings are highly cited and widely recognized for their authoritativeness, reliability and professional quality.
- We have pioneered an asset-light "S2B2C" business model, providing comprehensive services under our Fangyou brand to small and medium-sized brokerage firms and empowering them to better serve their individual customers. Our nationwide Fangyou network had over 13,000 Fangyou-branded stores as of June 30, 2020, competing against companies that primarily operate self-owned or franchised stores.

Our business benefits from our close relationships with many of China's most prominent real estate developers, particularly in light of the continuing trend of market consolidation in the real estate development industry. We are committed to becoming a comprehensive service platform for giant-level transactions in China's real estate industry, serving a number of developers, intermediaries and asset owners, with the full business coverage of direct sales. As of June 30, 2020, we served 100% of China's top 100 developers. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of June 30, 2020, we had a contracted pipeline of 288.3 million square meters of total GFA for our real estate agency services in the primary market.

Our three major business lines complement each other, generating powerful business synergies and abundant cross-selling opportunities. We collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services. We leverage our data capabilities to provide real estate developers with various services at the early stages of real estate development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to serve real estate developers through our real estate agency services in the primary market and our real estate brokerage network services. In addition, we can help our developer customers expand their sales channels by sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerage firms we cooperate with. In the six months ended June 30, 2020, new property units with a total transaction value of approximately RMB43.3 billion were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. We experienced significant growth during the three years ended December 31, 2019 in our three business segments and asset-light business model. Our revenue increased from RMB4.6 billion in 2017 to RMB9.1 billion in 2019, representing a CAGR of 40.1%. Our profit and total comprehensive income for the year increased from RMB765.3 million in 2017 to RMB970.7 million in 2019, representing a CAGR of 12.6%. However, due to the outbreak of COVID-19 and the subsequent disease prevention measures adopted by central and local governments in the PRC, our revenue decreased from RMB4.3 billion in the six months ended June 30, 2019 to RMB2.8 billion (US\$0.4 billion) in the six months ended June 30, 2020. Our profit and total comprehensive income for the period decreased from RMB654.1 million in the six months ended June 30, 2019 to RMB104.7 million (US\$14.8 million) in the six months ended June 30, 2020.

Recent Developments

Acquisition of a Majority Equity Interest in Leju

On July 31, 2020, we entered into a series of equity transfer agreements with the parties below, pursuant to which we 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. Upon completion of the equity transfer agreements, Leju became one of our subsidiaries. We believe in building upon our core businesses while continuing to innovate, and intend to fully commit and follow through with our business plans. As such, the acquisition of a majority interest in Leju helps diversify our business lines and expand our ecosystem of real estate services to empower and serve the wider real estate industry.

We entered into an equity transfer agreement with SINA Corporation (NASDAQ Stock Ticker: SINA) and MemeStar Limited (collectively “SINA Parties”), pursuant to which we agreed to purchase 24,438,564 ordinary shares and 36,687 ADSs (each representing one ordinary share) of Leju from SINA Parties for a total consideration of US\$93,600,000. On November 4, 2020, the transaction completed and we allotted and issued 78,676,790 shares to a nominee of SINA Parties at the issue price of HK\$9.22 per share in satisfaction of the consideration.

We entered into an equity transfer agreement with Kanrich Holdings Limited, On Chance, Inc., Jun Heng Investment Limited, E-House (China) Holdings and Mr. Zhou, pursuant to which we agreed to purchase 49,686,192 ordinary shares and 2,239,804 ADSs (each representing one ordinary share) of Leju from the above parties for a total consideration of US\$198,579,099. On November 4, 2020, the transaction completed and we allotted and issued 166,918,440 shares to E-House (China) Holdings and On Chance, Inc. at the Issue Price of HK\$9.22 per share.

Subscription of Shares by an Alibaba Subsidiary

On July 31, 2020, we entered into a share subscription agreement with Taobao China Holding Limited, an indirect wholly-owned subsidiary of Alibaba Group Holding Limited (NYSE Stock Symbol: BABA; SEHK Stock Code: 9988) (“Alibaba Group”), pursuant to which the Company has 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. On November 4, 2020, the transaction completed and we issued 118,300,000 shares to Taobao China Holding Limited, upon which Alibaba Group became one of our principal shareholders. We believe the subscription is an appropriate means to increase our capital base and provide additional funds to support ongoing business development. We also foresee future synergies and growth to be derived from the enhanced cooperation with the Alibaba Group and the cascading benefits to our businesses in the long run.

Issue of Convertible Note to an Alibaba Noteholder

On July 31, 2020, the Company entered into a note subscription agreement with Alibaba.com Hong Kong Limited (“Alibaba Noteholder”), an indirect wholly-owned subsidiary of Alibaba Group, pursuant to which the Alibaba Noteholder has 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. On November 4, 2020, the transaction contemplated completed and we issued the convertible note to the Alibaba Noteholder. We believe the issue of the convertible note provides us with immediate funding without immediate dilution of the shareholding of the existing shareholders and enlarge our capital base if the conversion rights are exercised. It further aligns the interests of the Alibaba Group directly to the shareholders in relation to the long term growth and performance of the businesses without further impacting the commitment or shareholding of existing shareholders. See “Principal Shareholders — Convertible Note to the Alibaba Noteholder” for more information on the shareholding structure of the company assuming the allotment and issue of the conversion shares in full as contemplated under the note subscription agreement.

Business Cooperation Agreement with an Alibaba Subsidiary

We have entered into a business cooperation agreement with Alibaba (China) Technology Co., Ltd., an indirect wholly-owned subsidiary of Alibaba Group Holding Limited, pursuant to which we agreed to cooperate to build an online real estate marketing and transaction platform and jointly explore new business opportunities. Alibaba Group Holding Limited and its subsidiaries will provide us with technological empowerment for our respective businesses. We believe the cooperation is consistent with the purposes and benefits as mentioned above.

Share Repurchase

During the ten months ended October 31, 2020, we repurchased an aggregate of 3,657,000 of our shares through the SEHK at an aggregate consideration of approximately HK\$26.4 million (US\$3.4 million). 4,580,400 and 498,000 of the repurchased shares were cancelled on April 15, 2020 and September 29, 2020. The repurchases were effected to create value to our shareholders.

Outbreak of Novel Coronavirus

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Cities in the PRC where we have significant operations imposed travel restrictions in an effort to curb the spread of COVID-19 which is highly infectious. The outbreak of the COVID-19 pandemic and the subsequent measures taken to restrict its spread among the population, such as social distancing and lockdown, have constrained the lives of all and severely affected the business activities and economic outlook, with no exception for the real estate agency and brokerage sector in China. The various levels of interruption and suspension of normal daily activities for a significant part of the first half of 2020 increased the operational challenges of participants in the Chinese real estate agency and brokerage sector. Due to the outbreak of COVID-19 and the subsequent disease prevention measures adopted by central and local governments in the PRC, our revenue experienced decrease during the six months ended June 30, 2020. Approximately 1,600 of our sales offices in mainland China were forced to shut down and ceased operations in the first quarter of 2020, which caused interruption to our business in the first quarter of 2020. However, in the second quarter of 2020, as impact of the COVID-19 outbreak gradually reduced, our operations have improved and we recovered from the operating loss recorded in the first quarter of 2020. Accordingly, we were still able to record profits during the six months ended June 30, 2020.

The central and local governments in the PRC have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since June 2020, China and some other countries gradually lifted stay-at home orders and began to resume work and school at varying levels and scopes. However, since June 2020 more than 100 new cases have been reported in Beijing and several other provinces. Strict measures have been imposed again to curb this potential resurgence. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. For details of the effects of the COVID-19 outbreak, please refer to “Risk Factors — Risks Relating to Our Business and Industry — Any natural or other disasters, including outbreaks of health epidemics, and other extraordinary events could severely disrupt our business operations.”

Our Strengths

We are an industry leader with a successful operating track record

Our unparalleled geographic coverage, large business scale and extensive experience enable us to provide top real estate developers with efficient agency services. Through our history of executing over thousands of real estate sales projects, we have accumulated valuable experience and developed a mature operational system that focuses on rigorous monitoring, effective staff training and efficient internal management.

In particular, our large business scale and efficient project management give us a competitive edge in executing megaprojects for top real estate developers. In the early stage of a large sales project, we work closely with the developer to jointly formulate our marketing service plan, which is customized for the specific project. We establish a dedicated team comprised of carefully selected sales staff for each project. To ensure the successful launch of a large sales project, we often deploy a large number of sales professionals to the project site. Our nationwide coverage also allows us to efficiently coordinate our resources, provide timely feedback, and make quick adjustments to our project execution. Leveraging our extensive experience in project opening, sales and marketing, and the acquisition, management and service of property purchasers, we are able to improve the sales efficiency and help developers reach their sales goals.

We have strong customer and shareholder bases, and have established strategic relationships with many leading real estate developers in China

Our business benefits from our close relationships with many of China’s most prominent real estate developers. At the time of our initial public offering, 26 of the top real estate developers in China were associated with our shareholders, including Country Garden, Vanke and Evergrande. The real estate development market in China has experienced significant consolidation in recent years, and the trend is expected to continue. At the same time, developers in China have increasingly relied on competent third-party agency companies to sell new properties. With our strategic relationships with top developers and particular strengths in executing megaprojects, we believe that we are well positioned to capture the growth opportunities presented by these market trends.

We believe that our comprehensive and efficient services are critical to our solid relationships with top real estate developers. We are able to provide developers with a wide range of services throughout the real estate development lifecycle. At the project planning stage, we offer data-based consulting services to facilitate developers’ strategic planning, such as city selection and land identification; at the development stage, we offer software and data based project design services as well as a massive database of parts and materials; at the sales stage, we offer marketing consultancy and sales services through both our on-site sales force and the Fangyou brokerage network.

Our long-term cooperation with leading real estate developers has been critical to our business and is expected to continue to drive our future growth. On average, we have over nine years of business relationships with our top ten customers in 2019. We are committed to becoming a comprehensive service platform for giant-level transactions in China’s real estate industry, serving a number of developers, intermediaries and asset owners, with the full business coverage of direct sales. As of June 30, 2020, we served 100% of China’s top 100 developers. We work with our key customers to formulate annual sales targets. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of June 30, 2020, we had a contracted pipeline of 288.3 million square meters for our real estate agency services in the primary market. Our extended history of cooperation with top customers has also helped us standardize our sales and other business procedures, thereby improving our operational efficiency. Most importantly, our cooperation with top real estate developers is mutually beneficial. Our services enable our customers to seize market opportunities and increase their business scales, which in turn will generate higher demand for our services.

We have strong brand recognition and synergies across business segments

We have cultivated our “CRIC” brand since the creation of our original real estate information system in 2002. Today, “CRIC” is one of the best known brands in China’s real estate industry and widely regarded as an authoritative source of real estate data. We believe our competitive strengths in real estate data and consulting include:

- *Market influence:* Our ratings and rankings are highly regarded and influential. Our “Rating and Research Report on Top 500 Real Estate Developers in China” is routinely cited to demonstrate a developer’s industry status, particularly during capital market

transactions. Our top developer ranking is also used by the Shanghai Stock Exchange and the Shenzhen Stock Exchange as one of the criteria for screening issuers of domestic corporate bonds.

- *Breadth and depth of data:* Collected from an extensive variety of channels, our real estate data currently cover more than 111,100 residential projects, 24,000 commercial projects and 955,600 land parcels across 386 cities in China as of June 30, 2020. With the vast amount of market, project, company and customer data we have accumulated in over 17 years, we believe our CRIC Systems are difficult to replicate for our existing and potential competitors.
- *Innovation:* We have extensive experience and strong capabilities in research and development, allowing us to continuously develop innovative products to address our customers' evolving needs. We have launched several new products, including the CRIC data marketing system, the CRIC investment decision-making system and the YiLou mobile app. We have registered over 50 copyrights in China in relation to our real estate data and consulting services as of June 30, 2020.
- *Tailored consulting services:* Leveraging our powerful data systems, we are able to provide real estate consulting services that are tailored to meet the needs of our customers through various stages of real estate projects, covering tourism properties, senior care properties, commercial properties, industrial properties and city operations.

Our data and consulting services have powerful business synergies with our two other business lines, generating abundant cross-selling opportunities. Leveraging our data capabilities, we are able to provide real estate developers with various services at the early stages of real estate development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to gain agency contracts. At the same time, we collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services.

We have pioneered an innovative asset-light business model to integrate and empower small and medium-sized real estate brokerage firms

We have pioneered an asset-light “S2B2C” business model to empower and integrate small and medium-sized brokerage firms under our Fangyou brand. Under this business model, we provide comprehensive online and offline services (“S”) to small and medium-sized real estate brokerage businesses (“B”) to help them better serve their individual customers (“C”). We do not open our own real estate brokerage stores, nor do we directly carry out our own real estate brokerage business in the secondary market. As a result, we have been able to quickly develop a nationwide brokerage network without substantial capital investments.

We believe that small and medium-sized brokerage firms are most likely to achieve success with maximal service empowerment and minimal operational interference. We allow Fangyou-branded stores to enjoy the best of both worlds: greater autonomy than franchised stores, and better brand and service support than unaffiliated stores. Brokerage firms that join our Fangyou network enjoy enhanced brand recognition, easy-to-use management software and extensive knowledge and other resources. In addition, we mobilize Fangyou-branded stores and other cooperating real estate brokerage firms to source buyers of new properties for our developer customers. Such sales have expanded our revenue source as well as that of the participating brokerage firms, creating a win-win scenario. At the same time, the extensive network of cooperating real estate stores also helps us better serve our developer customers by generating off-site property sales.

As of June 30, 2020, our nationwide Fangyou network had over 13,000 Fangyou-branded stores in 56 cities. In 2018 and 2019, we cooperated with Fangyou-branded stores and other cooperating real estate brokerage firms mainly in 25 cities to source buyers of new properties for our developer customers, and

in the first half of 2020, these brokerage firms collectively sourced buyers for new property units with a total transaction value of approximately RMB43.3 billion. As we mobilize brokerage firms in more cities to sell new properties, we expect our Fangyou network will make increasingly greater contribution to our overall business.

We have an experienced and stable management team and an effective staff training system

Our management team has extensive real estate experience and expertise. We are led by our co-founder and chairperson, Mr. Zhou Xin, a well-recognized expert with over 20 years of experience in China's real estate industry. Mr. Zhou Xin has received numerous awards in recognition of his achievements and industry status. In 2016, for example, he was named one of the "Person of the Year of Chinese Economy" and awarded a "China Business Leader Award". Like Mr. Zhou Xin, many of our other senior management team members were also early participants in China's real estate industry. Our senior management team has extensive industry experience and possess strong expertise in real estate services, data analytics and other relevant fields. Our stable senior management team has served us for over 15 years. We believe that our experienced and stable management team has contributed significantly to our past success and will continue to contribute to our further growth.

We believe that a sales staff which can provide high-quality professional services consistently and an effective management team are critical to our successful expansion into new markets and the enhancement of our brand name. We have therefore devoted significant efforts to our personnel training and management systems. We have designed tailored training program for employees in different functional departments and at different management levels. For city operational leaders, we sponsor them to attend executive management courses at top domestic and international business schools. For mid-level managers, we offer courses that promote career advancement and leadership skills. We have also established the "Yijia Institute" to provide comprehensive training to our employees. We have a well-rounded staff evaluation system that incentivizes our employees to improve sales volume, efficiency and customer experience. Through performance-based compensation schemes, we aim to enhance employee satisfaction and manage our turnover rate. Our effective human resource management is evidenced by the many awards we have received, including the "Top Ten Health Employer" award from China Human Resources Management Research Association and International WELL Building Institute (a member of the United Nations Global Compact) in 2019, the "2018 Extraordinary Employer Top 101" award from the recruiting website Liepin in 2018 and the "Employer Excellence of China" award from the recruiting website 51job.com in 2017.

Our Strategies

To strengthen our position as China's leading real estate transaction service provider, we intend to pursue the following strategies:

Strengthen our leadership position in real estate agency services in the primary market

Real estate agency services in the primary market have traditionally been our core business and accounted for a large percentage of our revenue. We plan to further strengthen our leadership position in the industry by further expanding our geographical footprint in China. We intend to further expand our presence in third- and fourth-tier cities and achieve complete nationwide coverage. To achieve these objectives, we plan to lease additional office space for the expanded operations, purchase equipment for the daily operations of the expanded operations, and recruit additional employees for the expanded operations. In addition, we intend to seize the opportunities presented by the continued consolidation in China's real estate development industry and further enhance our strategic cooperation with the top real estate developers in China as measured by sales. We have entered into strategic cooperation agreements with 66 leading real estate developers in China. We believe our comprehensive and in-depth strategic cooperation with these real estate developers will further drive the growth in the total GFA and transaction value of properties we sell.

Further expand our Fangyou network and the revenue source of our Fangyou brokerage network

We created the Fangyou real estate brokerage network with an innovative “S2B2C” business model in early 2016. Since then, we have created a nationwide brokerage network with over 13,000 Fangyou-branded stores in 56 cities as of June 30, 2020. To attract more brokerage firms to join the Fangyou network, we plan to provide them with more and better empowerment services, helping them better serve their individual customers. We are continuously developing our E-House Fangyou Management System and related mobile apps. These tools are designed to help Fangyou-branded stores realize digitalized efficient management of their operations, make it more convenient for brokers to publish their inventories and for their prospective customers to find housing products. By increasing the efficiency and attractiveness of our brokerage network, we aim to increase the loyalty of Fangyou-branded stores.

We plan to continue to build our real estate brokerage sharing service platform with a view to servicing the entire industry. In order to further expand our business, we have begun to implement our the “30,000+” strategy, which aims at building a business service platform that covers the whole real estate distribution sector, including over 10,000 stores, over 10,000 channels and over 10,000 communities. We envision that a nationwide brokerage network can become a large and efficient network for us to source buyers of new properties for our developer customers, further enhancing our value propositions to real estate developers. In order to break the barriers to information and start a new era of resource sharing, we plan to build the You Fang Multiple Listing Service platform (友房公盤資源共享平台). We plan to continue to open up the distribution sector through each of the housing, channel and consumer aspects by further building an efficient and extensive network of cooperation. We plan to achieve this by setting up a Primary Multiple Listing Service (PMLS) platform to provide targeted solutions to address the core concerns of developers and distributors. We intend to cooperate with intermediaries, developers and channel partners to comprehensively open up resource channels and realize the informationization and achieve higher efficiency of the distribution industry. In 2017, 2018, 2019 and June 30, 2020, we cooperated with Fangyou-branded stores and other cooperating real estate brokerage firms mainly in 28 cities to source buyers of new properties for our developer customers. Commissions received from these sales have become a new and fast growing revenue source for us. In the six months ended June 30, 2020, new property units with a total transaction value of approximately RMB43.3 billion were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. We intend to duplicate our success in more cities, and cooperate with brokerage firms in approximately 56 cities across China to source buyers of new properties for our developer customers in 2020. Leveraging our internal resources and external contacts in the real estate industry, we also plan to further diversify our revenue sources through our Fangyou network, such as by offering apartment rental, real estate financing, relocation and home decoration services provided by our business partners. We will continue to expand our service offerings and are committed to be a one-stop solution provider for real estate industry participants.

For our real estate brokerage network services, we plan to further improve our information management solutions for Fangyou-branded stores’ brokerage services. We have developed a real estate management system and mobile apps designed for Fangyou-branded stores and their brokers. We plan to continuously optimize these tools to meet brokers’ evolving needs and help them improve business management efficiency.

Further enhance our influence in the real estate industry

Brand recognition is important to the development of our business. “E-House” and “CRIC” are among the best known and most reputable brand names in China’s real estate industry. We plan to further promote our brand recognition and industry influence by regularly organizing industry conferences, seminars, product releases and other promotional events.

Our ratings and rankings of real estate developers are well received in China’s real estate industry. Inclusion in our rankings is often regarded as an indicator of prestige by real estate developers. We intend to further optimize our assessment methodologies to maintain and enhance the quality of our rating and ranking products, and thereby further strengthen our reputation and market influence.

Invest in research and innovation

We plan to continue to make significant investments in research and development to promote innovation in each of our major business lines.

For our real estate agency services in the primary market, we plan to further optimize our marketing and management system to improve our operational efficiency.

For our real estate data and consulting services, we plan to further expand the variety and scope of our databases and upgrade our core data management platform, which we believe will help us develop new and innovative data applications. We plan to continue to improve our big data application service platform for real estate in the PRC. Through our six major business units, 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), our goal is to constantly innovate in the real estate data and consulting services business and tap new growth potential to consolidate our leading position in the industry. We plan to build an integrated platform for human resources services in the real estate industry. In addition, we plan to explore innovative marketing channels for our real estate data and consulting services. We also intend to promote our research and data analytical capability through new media platforms to enhance our market influence. Moreover, we aim to expand the application scenarios of our data capability to add new sources of revenue. For example, we plan to explore the application of real estate data analytics in governmental activities. Specific industry sectors on which we plan to increase our research efforts include: (i) featured towns (特色小鎮), (ii) commercial properties, (iii) uses of commercial space such as shared work space and rental apartments, (iv) cultural and tourist properties, (v) health and senior care properties, and (vi) industrial properties. For each of these sectors, we plan to develop comprehensive databases as well as rating and assessment systems to serve a variety of customers, including, among others, governments, real estate developers, service providers and investors.

In addition to our research and innovation efforts in each of our three business lines, we have also internally established the Real Estate Innovation Centre to carry out research on innovative businesses, with a view to expanding the scope of consulting services that we provide to our clients. We primarily focus on researching innovative businesses that combine different sectors, such as shared work space and serviced apartments, and various types of innovation through which traditional real estate companies realize their attempted business transformation.

Build an integrated platform for human resources services in the real estate industry

As a service provider, we rely on qualified employees to provide quality services to our clients. Maintaining a team of experienced and capable employees is of great importance to our business operations and future development. We plan to build an integrated platform for human resources services in the real estate industry. We have established E-house Wharton jointly with Wharton Business School as part of our commitment to build a platform for the integration of industry, education and research in China's real estate industry and for enhancing the ecosystem of the real estate enterprise by providing continuing education and manager development. We are also committed to recruiting talented employees and continuously improving our employees' service capacity through internal and external trainings. We plan to standardize our recruitment procedures and expand our recruitment channels, such as joint cultivation of prospective employees with educational institutions. We plan to cooperate with vocational colleges to establish education programs that are tailored specifically to meet our requirements for our future employees. To cultivate our potential future employees, we plan to help cooperating vocational colleges establish workplace simulation training studios and award scholarships to outstanding students. In terms of training, we plan to establish training centers in major cities where we operate our business. For our management personnel, while we provide them with numerous opportunities to improve their capabilities, we will also put in place systematic evaluation and assessment procedures to ensure they are qualified to undertake more responsibilities.

Our Services

Overview

We primarily provide the following three types of services:

- real estate agency services in the primary market;

- real estate data and consulting services; and
- real estate brokerage network services.

The following table sets forth a breakdown of our revenue, both in absolute amounts and as percentages of our total revenue, for the periods presented:

	For the year ended December 31,						For the six months ended June 30, 2020			
	2017		2018		2019		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB (unaudited)	% (unaudited)	RMB (unaudited)	% (unaudited)
Real estate agency services in the primary market.....	3,926,722	84.7	4,753,395	79.9	4,566,217	50.2	2,577,554	59.5	1,267,049	44.5
Real estate data and consulting services.....	629,422	13.6	773,327	13.0	977,665	10.8	442,744	10.2	475,663	16.8
Real estate brokerage network services.....	77,216	1.7	421,450	7.1	3,550,800	39.0	1,310,135	30.3	1,102,242	38.7
Total.....	4,633,360	100.0	5,948,172	100.0	9,094,682	100.0	4,330,433	100.0	2,844,954	100.0

Real Estate Agency Services in the Primary Market

The provision of marketing and sales services in the primary residential real estate market to real estate developers has traditionally been our core business. The revenue generated from our real estate agency services in the primary market accounted for 84.7%, 79.9%, 50.2% and 44.5% of our total revenue in 2017, 2018, 2019 and June 30, 2020, respectively. The following table sets forth a breakdown of our revenue from real estate services in the primary market by city tiers, both in absolute amounts and as percentages of our total revenue, from real estate agency services in the primary market for the periods presented:

	For the year ended December 31,						For the six months ended June 30,	
	2017		2018		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
First-tier cities	732,762	18.7	872,436	18.4	737,701	16.1	199,766	15.8
Second-tier cities	1,721,724	43.8	2,030,829	42.7	2,113,390	46.3	506,393	40.0
Third- and fourth-tier cities.....	1,472,236	37.5	1,850,130	38.9	1,715,126	37.6	560,890	44.2
Total.....	3,926,722	100.0	4,753,395	100.0	4,566,217	100.0	1,267,049	100.0

Revenue from real estate agency services in the primary market in first-tier cities decreased from 2018 to 2019 primarily due to the tightening of certain restrictive policies on the purchases of residential properties in these cities.

The following table sets forth selected operating statistics related to our real estate agency services in the primary market:

	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Total GFA of new properties sold (millions of square meters)	37.2	41.3	43.3	13.1
Total value of new properties sold (millions of RMB).....	432,982	531,545	532,438	147,492
Average commission rate ⁽¹⁾	0.91%	0.89%	0.86%	0.86%
Total GFA of contracted pipeline properties ⁽²⁾ at the end of the year (millions of square meters)				
Total	206.0	281.8	288.1	288.3

Notes:

- (1) Average commission rate equals revenue derived from real estate agency services in the primary market divided by total value of new properties sold.
- (2) Contracted pipeline properties represent new properties which we have been contracted to sell under specific project-based real estate agency agreements but have not yet sold at the relevant time.

We have established an extensive real estate sales network in the primary market covering 200 cities in 30 provinces, municipalities and autonomous regions across China as of June 30, 2020 and had a team of over 14,000 sales and marketing employees as of June 30, 2020.

Our real estate agency services in the primary market primarily include formulating and executing marketing and sales strategies for real estate projects developed by our customers, promoting the projects to prospective purchasers, and facilitating sales transaction. For most sales projects, our developer customers are responsible for their advertising and other promotional activities.

We usually commence our real estate agency services in the primary market by preparing a customized marketing plan for the project after we are engaged by a developer. We help our developer clients develop a signature identity and brand that are distinctive to a project, establishing long-term awareness of the project among prospective purchasers in the primary market and benefiting future sales in the secondary market. Leveraging our comprehensive CRIC databases, we advise our developer clients on running effective advertising campaigns, such as which geographic areas and advertising channels to priorities.

Once a development project is ready to enter the sales phase, we station sales staff specially trained for the project at the project site until most of the units are sold. The size of the team of sales personnel varies, depending on the size of the property project. Generally, more sales personnel will station on-site during the first few weeks after a property is newly launched and/or when dealing with larger property projects. Our sales staff provide prospective buyers with a presentation of the architectural, design and construction aspects of the property as well as information on the surrounding community and amenities, recommend appropriate floor plans based on their purchase criteria and accompany the prospective buyers to tour the units and the project amenities. Our sales staff also pursue sales leads and provide further assistance to interested buyers.

Our large business scale and efficient project management give us a competitive edge in executing megaprojects for top real estate developers. During the three years ended December 31, 2019 and the six months ended June 30, 2020, we successfully executed multiple complex sales projects, each with an annual transaction value over RMB5 billion. For example, for the Evergrande Venice project in Nantong, Jiangsu Province, we sold new units with a total GFA of 768,600 square meters and a total value of RMB6.5 billion in 2017. The successful execution of such projects demonstrates our ability to mobilize our sales staff and allocate other resources to successfully handle complex and large-scale sales projects.

We are committed to becoming a comprehensive service platform for giant-level transactions in China's real estate industry, serving a number of developers, intermediaries and asset owners, with the full business coverage of direct sales. As of June 30, 2020, we served 100% of China's top 100 developers. These agreements have terms ranging from one year to six years, under which we and each developer agree that we will provide consulting, data and sales services to the developer, including sales through our Fangyou brokerage network. In the strategic cooperation agreements with parties related to our shareholders, we also generally agree that we will cooperate with each other on a priority basis in the area of real estate agency services in the primary market and strive to achieve a non-binding annual sales target. These strategic relationships provide us with a substantial increase in our project pipeline for future sales. They also help us expand into new cities and regions. Normally, our strategic cooperation with real estate developers is not exclusive. Under certain strategic cooperation agreements, however, we serve or have the priority to serve as the exclusive sales agent for the developer customers for certain projects, which provides us with a stable source of revenue.

For each specific real estate project, we enter into a detailed agency agreement with the relevant developer customer. Some agency agreements have fixed terms, generally one year, and are renewed periodically. Other agency agreements do not have fixed terms and terminate after we sell all or almost all of the properties allocated to us. If we fail to sell a certain percentage of all properties to be sold within a certain period of time, the customer generally has the right to unilaterally terminate the agreement with us. The commissions we receive are usually either at a fixed percentage or a progressive percentage based on our sales performance. Some agreements also provide for bonus commissions for sales achieved above the pre-determined levels. We may also be required not to provide real estate agency services in the primary market to other developers in nearby areas during the term of a specific agency agreement.

We sometimes allow certain real estate developers to settle a limited percentage of the total amount payable to us by transferring to us certain properties they develop. We then resell such properties for cash. In 2017, 2018, 2019 and the six months ended June 30, 2020, we received the right to sell 47, 7, 2 and 3, respectively, property units in lieu of service fees of RMB71.0 million, RMB3.0 million, RMB2.5 million and RMB3.2 million (US\$0.5 million), respectively.

Real Estate Data and Consulting Services

Our real estate data and consulting services are designed to meet the needs of developer clients at various stages of the project development and sales process and other clients with particular requests and needs. Our real estate data and consulting services mainly include data services, rating and ranking services, and consulting services. Real estate data and consulting services accounted for 13.6%, 13.0%, 10.8% and 16.8% of our total revenue in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

Data services

Since the launch of our data business in 2002, we have compiled vast amounts of real estate-related information in our CRIC Systems, which are a series of proprietary real estate databases and analysis systems. After over ten years of development, our CRIC Systems have become industry-leading real estate data systems that are frequently used by users on a daily basis. Our CRIC Systems currently include information on over 111,100 residential projects, 24,000 commercial projects and 955,600 land parcels, covering 386 cities in China. The information in our CRIC Systems also includes real estate-related news, macroeconomic, demographic and real estate industry-specific statistics, and research reports about the real estate industry in China.

We collect data from various sources. Our sales staff and other employees collect a large amount of first-hand data during site visits or sales processes. For the data that are difficult or inefficient to collect in person, we purchase them from third-party data providers. Currently we primarily purchase two types of third-party data. First, we purchase data related to advertising activities of real estate developers, such as the frequency, format and channels of advertisements. Through these data we are able to better understand the marketing strategies and costs of developers, which helps us improve the CRIC real estate decision making consultation software and our research reports. Second, we purchase aggregated data related to specific demographics, such as life habits, online behaviors and consumption preferences. These data help us improve our CRIC data marketing system and provide better marketing advice to our developer customers. These third-party data are a useful supplement to, but not core components of, our CRIC Systems and do not contain personal information. In addition, we also aggregate publicly available data from government authorities and other organizations. We do not collect or store personal information of individuals, such as names, contact information or ID numbers, in our CRIC Systems.

Leveraging the powerful CRIC Systems, we provide our customers with a wide range of data services. Our core data product is the CRIC real estate decision-making consultation software. In addition, we have also launched several other products to cater to our customers' diverse needs, including the CRIC data marketing system, the CRIC investment decision making system and the Zhuxiang system.

For our data services, we generally enter into agreements with terms ranging from a few months to one year. Upon the expiration of an agreement, we negotiate with the client for a new agreement, which may include new pricing terms and different coverage. The service fee usually is a fixed amount depending on the number of cities covered, modules subscribed and user accounts, as well as the amount and type of additional services we provide. The payment can be made in a lump-sum or by instalments depending on the nature and scope of services we provide in each case.

1. CRIC real estate decision-making consultation software

Our CRIC real estate decision-making consultation software has six modules. Our clients can subscribe to one or more of these modules based on their specific needs.

The following table summarizes the functions of these six modules:

<u>Modules</u>	<u>Main Functions</u>
CRIC Market Adviser.....	<ul style="list-style-type: none"> • Quick search of information relating to real estate transactions covering 156 cities across China • Multi-dimensional statistical analysis and comparison on the real estate market • Monitoring of competitors' transaction data; comparison with other competing projects/products • Search of the latest information on new real estate projects and rankings of project and land transactions across China • Professional tools facilitating easy and quick generation of market reports
CRIC Land Adviser.....	<ul style="list-style-type: none"> • Various search and smart mapping tools enabling our developer clients to keep up with the latest land-related information • Multidimensional land statistics and proprietary ranking of available land parcels covering 387 cities across China from various angles • Professional land analysis reports facilitating land acquisition by our developer clients
CRIC Commercial Adviser.....	<ul style="list-style-type: none"> • Comprehensive database covering 42 major cities in China, enabling our clients to obtain one-stop commercial information across China • Thorough analysis of commercial market from multiple levels and dimensions • Leveraging our proprietary risk assessment system to evaluate the commercial risks of a given city • Extensive commercial brand library enabling a comprehensive search of business information
CRIC Enterprise Adviser.....	<ul style="list-style-type: none"> • Comprehensive and thorough analysis of real estate development enterprises in China on various dimensions, from development strategies, sales and marketing to land acquisitions, project development, stock price analysis and financial performance • Accurate and in-depth analysis of competing enterprises' strategies • Customized real-time comparisons against well-known real estate enterprises
CRIC Project Adviser.....	<ul style="list-style-type: none"> • Providing developer clients with professional property price analysis and transaction data monitoring • Providing developer clients with analysis of their competitors' transaction prices and marketing information of competing projects via timely push notifications
CRIC PLUS.....	<ul style="list-style-type: none"> • Integrating the most popular functions of the CRIC Systems • Emphasizing the correlation between residential transactions and basic information • Improved search of land, businesses and office buildings with more comprehensive data coverage • Additional enterprise database search with more detailed information

2. CRIC data marketing system

Our CRIC data marketing system helps our developer customers achieve more precise marketing and pinpoint targeted customers. Upon request by our developer customers, our CRIC data marketing system constructs base profiles of prospective property buyers by aggregating and analyzing the behavior and consumption habits of the visitors to on-site sales offices of the projects developed by our developer customers. Based on these profiles and other data resources, our CRIC data marketing system captures more prospective property buyers in the general population with similar attributes to those of the base profiles, which significantly improves the efficiency of our clients' marketing activities. Our CRIC data marketing system continuously supplements and adjusts the prospective property buyers' profiles by monitoring the actual effectiveness of the suggested marketing strategies. The suggested marketing strategies will also be updated based on the updated profiles to ensure the marketing efforts are effective and timely. This online marketing system can also provide our developer clients with strategies for their offline marketing and thus improve the effectiveness and efficiency of their overall marketing efforts.

Our CRIC data marketing system has two modules: precise marketing module and visitor analysis module. The precise marketing module analyses incoming phone calls and online clickthroughs by different groups of individuals to help our customers increase the efficiency of online marketing. The visitor analysis module mainly conducts deep analysis on the visitors to the customers' on-site sales offices to ensure the accuracy of prospective buyer characteristics that are used by the precise marketing module.

3. CRIC investment decision-making system

To facilitate our clients' investment decision-making, we developed the CRIC investment decision-making system to provide our clients with insightful information and smart tools for their investment decision-making. Our CRIC investment decision-making system provides assistance to our clients throughout the three major steps in a real estate investment process, namely, city selection, sector selection and land identification:

- *City selection.* By applying over 400 parameters, our decision-making system first helps our clients narrow down the number of cities that fit their development strategies. These parameters cover a variety of aspects that our clients usually consider when determining whether to enter a geographical market, including the general condition of a city, its land market, as well as the current development status of its real estate industry. After narrowing down the possible choices, our system can perform a comparative assessment of all potential cities and generate a ranking of those cities. Our smart tools present such ranking, together with other related information, directly on a map to facilitate our clients' decision-making.
- *Sector selection.* Using multi-dimensional model analysis, our decision-making system evaluates the investment opportunities for various real estate sectors they are interested in. It also enables our clients to compare and analyze the sectors and monitors the changes of relevant data. As in the case of city selection, our smart tools can present relevant information and analysis results on a map to help our clients easily digest the information.
- *Land identification.* Our decision-making system can present the land market condition of a city conveniently on the map. It can also present the historical information and current status of a specific land parcel, nearby real estate projects, as well as other related information to enable a comprehensive evaluation of that piece of land. The system keeps our clients abreast of the latest land market trends, predicts future development and helps our clients manage risks and make strategic planning. In addition, the system can conveniently present a comprehensive land report by virtue of our rich data support and a variety of functional modules.

4. Zhuxiang system

Our Zhuxiang system mainly provides software and data services and related consulting services to developer clients during the project design stage and the project development stage. As of June 30, 2020, our Zhuxiang system has more than 10,556 users in the real estate industry, including certain top real estate developers in China as measured by sales. As of June 30, 2020, the industry chain data in our Zhuxiang system covers information on over 42,330 suppliers and more than 102,600 parts and materials. Through our Zhuxiang system, we provide two types of services: product standardization services and material procurement consulting and brand database services.

Product standardization services. We offer product standardization services and consulting services to help our clients streamline project management. Relying on our proprietary CPA 1.0 standard application platform and CPA 2.0 full life cycle management platform, we help our clients realize dual-track management and control of standard product data and project development progress, improve project quality and reduce the cost of construction and installation.

Material procurement consulting and brand database services. Leveraging our proprietary procurement database, we provide procurement consulting services, such as consultation on technical specifications of various raw materials. Our professional advice can serve as the technical basis for our clients to assess the bids they received from suppliers, which greatly facilitates their procurement process. Our supplier brand database contains a vast amount of supplier information and is able to sort and recommend suitable suppliers and raw materials to our developer clients. While satisfying real estate developers' procurement demands, our services also help suppliers pinpoint their targeted customers.

Rating and ranking services

Leveraging our strength in real estate data, we began to offer real estate rating and ranking services. After more than a decade's efforts on and commitment to in-depth research and analysis on the real estate industry, we have established an authoritative data research and analysis system and published various research reports and rankings for seven consecutive years.

The following table summarizes our main rating and research reports:

Rating and research reports	Description
Rating and Research Report on Top 500 Real Estate Developers in China	Comprehensive research on the top 500 real estate developers in China from seven aspects, namely, enterprise scale, risk management, profitability, development potential, operational performance, innovation and social responsibility
Rating and Research Report on Listed Chinese Real Estate Companies	Comprehensive research on China-based real estate companies publicly listed in, among others, China, Hong Kong, Singapore and the United States from eight aspects, namely, operational scale, risk-resistance ability, profitability, development potential, management efficiency, innovation ability, social responsibility and capital market performance
Rating and Research Report on the Brand Value of Chinese Real Estate Enterprises	Scientific research on the brand value of real estate developers and other related enterprises in the industrial chain
Rating and Research Report on Real Estate Development Potential of Tier 3 and Tier 4 Cities in China	Comprehensive research on the development potential of real estate markets in Tier 3 and Tier 4 cities in China based on analysis of real estate property supply and demand arising from the cities' development needs and various external factors

The following table sets forth our main rankings and their publication frequencies:

Rankings	Frequency
Sales Ranking of Top 200 Real Estate Companies in China in 2017 (2017年中國房企銷售排行榜TOP200).....	Monthly
Ranking of Top 30 Real Estate Companies in China by Commercial Value of New Land Reserve (中國房地產企業新增貨值排行榜TOP30)	Monthly
Brand Recognition Ranking of Top 100 Real Estate Companies in China (中國房地產企業品牌傳播力排行榜TOP100).....	Monthly
Operating Revenue Ranking of Top 30 Real Estate Developers in China in 2017 (2017年中國房企運營收入排行榜TOP30).....	Quarterly
Sales Ranking of Top 100 Real Estate Projects in China (中國房地產項目銷售排行榜TOP100).....	Monthly

Our research reports and rankings are well regarded and influential among China’s real estate industry participants. For example, our “Rating and Research Report on Top 500 Real Estate Developers in China” is routinely cited to demonstrate a developer’s industry status, particularly during capital market transactions. Our top developer ranking is also used by the Shanghai Stock Exchange and the Shenzhen Stock Exchange as one of the criteria for screening issuers of domestic corporate bonds.

We strive to produce objective, independent reports and rankings, and we do not charge any developer for being included in our reports and rankings. We generate revenue from our rating and ranking services by providing value-added services after we have completed the relevant reports or rankings. For example, we can help customers compile media reports on our ratings and rankings related to the customers for use in their marketing activities. We can also conduct more in-depth studies on a specific customer to supplement our main rating reports and help it analyze its market positioning and brand awareness. We generally enter into agreements with terms no more than one year. Customers are generally required to pay all or a majority of the service fees shortly after the agreement is signed.

Consulting services

Leveraging our powerful data systems, we are able to provide real estate consulting services that are tailored to meet the needs of our developer clients throughout the design, development and sales stages and address specific issues encountered by them. In addition to developer clients, we also provide real estate consulting services to commercial banks, real estate trade associations and governmental property and planning agencies, as well as investors interested in investing in the real estate industry.

We provide consulting services to real estate developer clients at various stages of the development of a project. At the initial stage, we advise real estate developers on and facilitate the transfer of land development rights. After real estate developers acquire the right to develop a piece of land, we offer a variety of services. For example, we conduct project feasibility studies which include general information on market conditions and trends and information concerning the demographics and the existing and projected amenities in the area where the project will be located. We also provide a comprehensive analysis of the real estate transaction history of nearby development projects, including average sales prices and sales activities, marketing and advertising campaigns employed, amenities and services offered and demographics targeted by these projects. We work with developers to define the targeted demographic and determine the optimal unit size, price schedule, interior and landscaping design criteria, construction material and the services and amenities for each development phase. After the development of a project, we provide marketing and advertising consulting services on the sale of the project.

Our core real estate consulting services primarily focus on five types of properties:

- Tourism properties. We provide developer clients with one-stop consultation services to help them make correct decisions, realize successful sales and long-term operation, and achieve their strategic goals.
- Senior care properties. We provide developer clients with strategic research on the senior care property market, senior care product line, market feasibility, strategic positioning, project development and operation, as well as supplier management.
- Commercial properties. We provide commercial real estate developers with full-spectrum consulting services including market research and project positioning analysis at the initial stage, business consulting and promotion consulting at the middle stage, and operation and management consulting at the last stage.

- Industrial properties. Relying on our rich resources, we provide governments and real estate developers with consulting services that help them with the overall strategic positioning and development and operation strategies of industrial parks.
- City operations. We rely on the latest research results in the industry to provide governments and real estate developers with highly integrated professional consulting services relating to city development and operation strategies, such as city development plans, operation model, and investment and economic budget for the development of new city areas.

For our consulting services, we generally enter into agreements with terms no more than one year. The service fee is charged at a pre-negotiated fixed amount determined based on the content of our consulting report, as well as the human resources and time we devoted in the provision of the consulting services. The service fee can be made in a lump sum or by instalments after certain specified project milestones.

In addition, we also provide comprehensive transaction advisory services to real estate developers to help them complete real estate transactions with other developers. The services we provide primarily include project related research and analysis, such as local real estate market research and strategic positioning of the development project, and transaction related facilitation services, such as searching interested purchasers of specific real estate development projects, as well as drafting, negotiating and executing transaction agreements. After execution of the transaction agreements and the settlement of transaction price, we receive commissions from the developer who engaged us.

In addition to residential properties, we also offer transaction services relating to commercial properties. In January 2018, we launched a mobile app, YiLou, to streamline such services. YiLou is an information platform where potential sellers, through us, may post information relating to the commercial property to be sold. Agents of potential investors can access basic information of such real estate on a free basis through the YiLou app. Agents can also have access to more information of such property, such as detailed information of the seller and risk alerts relating to the property. If they are interested in any posting, agents can approach us. Upon request, our research team can issue an evaluation report regarding the property to facilitate their further decision-making and organize face-to-face discussion and negotiation. We do not charge any fees for posting information on the app but we will charge fees for issuing evaluation reports, and organizing face-to-face discussion and negotiation.

Real Estate Brokerage Network Services

We launched our real estate brokerage network services under the “Fangyou” brand in January 2016 to integrate small and medium-sized real estate brokerage firms in China. We believe a large and active network of Fangyou-branded stores is an attractive value proposition to potential business partners in need of an effective marketing channel to reach a large number of individual customers. These business partners may include various vendors and service providers in the real estate and other related industries. As the first major initiative to generate revenue from the Fangyou network, we currently utilize the Fangyou network to source buyers of new properties for our developer customers. In the future, we may also explore other revenue sources through our Fangyou network, such as by offering apartment rental, real estate financing, relocation and home decoration provided by our business partners.

To attract small and medium-sized real estate brokerage firms to become Fangyou-branded stores, we empower them with resources and services they can use in their business operations. These small and medium-sized brokerage firms primarily provide real estate brokerage services in the secondary market, but may also provide real estate agency services in the primary market and other ancillary services if they have the relevant resources. Leveraging our full spectrum of resources within the industry and our brand recognition, we allow small and medium-sized real estate brokerage firms to carry out business under our “Fangyou” brand name, and to take advantage of our services and resources to provide more professional and efficient services to their individual customers, which eventually improves their overall competitiveness. As of June 30, 2020, we provided services to over 13,000 Fangyou-branded stores in 56 cities across China.

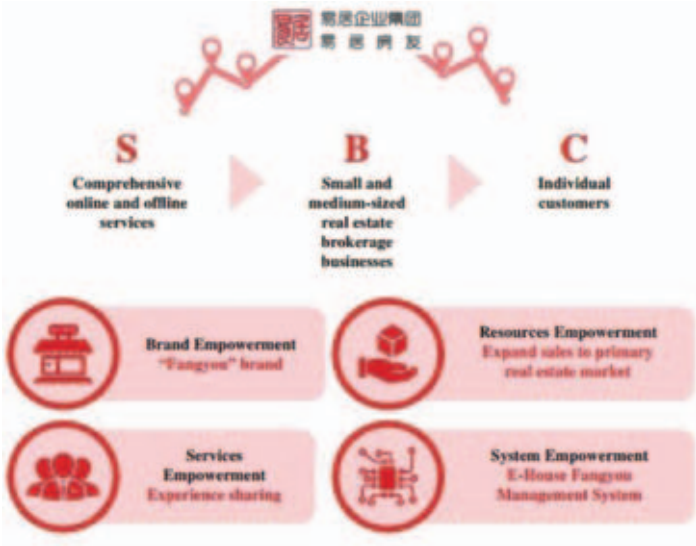
The following diagram illustrates how our Fangyou real estate brokerage network connect our business partners, real estate brokerage firms and their individual customers.



Note: Apartment rental service, real estate financing service and relocation and home decoration services are resources we plan to offer Fangyou-branded stores in the future.

Our services to real estate brokerage firms

We have adopted the “S2B2C” business model to attract real estate brokerage stores to become Fangyou-branded stores. That is, we provide comprehensive online and offline services (“S”) to small and medium-sized real estate brokerage businesses (“B”) to help them better serve their individual customers (“C”). Under this business model, we do not open our own real estate brokerage stores, nor do we directly carry out our own real estate brokerage business in the secondary market. In essence, we operate a service-based empowerment network that helps small and medium-sized real estate brokerage firms achieve success in the secondary real estate market and generate additional revenue from the primary real estate market.



Our cooperation agreements with Fangyou-branded stores generally have terms ranging from two to three years. Under these agreements, we authorize the brokerage firms to use the “Fangyou” brand, and we provide software, training and other related services. We do not charge the brokerage firms for these services, but we generally require them to pay a security deposit. We are entitled to deduct part or all of the security deposit in case of certain breaches by the brokerage firms, such as not using the “Fangyou” brand or using other brands to conduct their business, failure to redecorate stores with “Fangyou” signage, legal non-compliance or damaging the reputation of the “Fangyou” brand. We do not act as an agent or intermediary in any real estate transaction in the secondary market, and we do not have any contractual relationship with customers of Fangyou-branded stores, other than as a provider of transaction services if such customers complete their transactions at an E-House Real Estate Transaction Service Centre, as further described below.

We believe that our Fangyou network empowers small and medium-sized real estate brokerage firms mainly in the following respects:

- *Brand name.* We allow small and medium-sized real estate brokerage firms to use our “Fangyou” brand name to carry out their business. When a new store joins the “Fangyou” network, we decorate the store at our cost to ensure that the “Fangyou” logo is displayed properly and the store has an appearance that is consistent with other Fangyou-branded stores. We also encourage individual brokers to use the mobile apps we developed for real estate brokerage services in the secondary market and wear “Fangyou” uniforms to improve their professional image.
- *Services.* To help Fangyou-branded stores operate their business efficiently, we regularly share with them our experience in business operations and internal management. For example, we regularly hold information sharing sessions through which we share with them our interpretations on certain government policies and conduct case analysis.
- *Resources.* We make available various types of resources that are otherwise unavailable to our Fangyou-branded stores. A major resource is access to the primary real estate agency market. Leveraging our leading position and resources in the primary real estate agency market, we allow Fangyou-branded stores to expand their revenue source by selling real estate property units in the primary market. We also plan to offer our Fangyou-branded stores other resources, such as apartment rental, real estate financing, relocation and home decoration services provided by our business partners. Fangyou-branded stores can earn commissions by recommending these related services to the home buyers or sellers.
- *System.* Fangyou-branded stores also benefit from the E-House Fangyou Management System and related mobile apps we designed for Fangyou-branded stores. The E-House Fangyou Management System helps Fangyou-branded stores realize digitalized efficient management of various aspects of their business operations, such as property inventory management, financial management and human resources management. Related mobile apps help brokers manage their property inventory. They can upload pictures of the properties to the system on the go while taking customers to view the properties.

To enable Fangyou-branded stores to provide professional services to individual customers and facilitate real estate transactions in the secondary market, we have established E-House Real Estate Transaction Service Centers. We station professionally trained employees in these centers to help individual customers properly transfer property titles and complete transactions. These services allow Fangyou-branded stores to more effectively compete with self-owned and franchised stores in major brokerage chains, which generally enjoy infrastructural and service support from their parent companies or franchisors. When a real estate transaction in the secondary market is completed at an E-House Real Estate Transaction Service Centers, we may charge service fees to the relevant brokerage firm or the individual customer. Such transaction service fees amounted to RMB9.4 million, RMB16.9 million, RMB27.3 million and RMB7.0 million (US\$1.0 million) in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

Our services to business partners

We believe a large and active network of Fangyou-branded stores is an effective marketing channel that helps various vendors and service providers in the real estate and other related industries promote their products and services to individual customers. We charge commissions or other forms of service fees to our business partners for the marketing services provided by our Fangyou brokerage network.

Currently, we mainly generate revenue from our real estate brokerage network services by sourcing off-site buyers of new properties for our developer customers through real estate brokerage firms. These real estate brokerage firms include Fangyou-branded stores as well as other brokerage firms. Unlike

Fangyou-branded stores, which benefit from our comprehensive empowerment services described above, the other brokerage firms cooperate with us only in the area of sourcing property buyers for the primary real estate market. In this area, the terms of our cooperation with Fangyou-branded stores and other real estate brokerage firms are largely the same. They earn commissions by sourcing potential off-site buyers and bringing them to the sales offices of our developer customers upon completion of a successful sale. These brokerage firms form a strong nationwide network and broaden our channels for selling property units in the primary real estate market.

Our Fangyou network operates its real estate sales in the primary market independently from our real estate agency division, and enters into its own agreements with real estate developers, charging separate commissions. Our agreements with real estate developers with respect to sales of real estate units in the primary market through our Fangyou brokerage network are entered into on a project-by-project basis and typically have short service terms of a few months. For our property buyer sourcing services provided to our developer customers through the Fangyou network, we usually receive commissions either at a fixed percentage or a progressive percentage based on our sales performance or at a fixed amount for each successful sale. Where commissions are based on a percentage of property value, the average commission rates are generally higher than the average commission rates for our real estate agency services in the primary market. Upon completion of a successful sale, we charge a real estate developer commissions for bringing off-site real estate buyers to the developer's sales office. Typically, 80% of such commissions are then paid to the relevant brokerage firms that facilitated the sales.

The buyer sourcing services provided by our Fangyou network are different from, and do not compete with, real estate agency services in the primary market, and commissions for such services are in addition to any commissions charged by the relevant real estate agent in the primary market, if any. For any new real estate sales project, a developer customer may use our real estate agency services to formulate and execute marketing and sales strategies, promote the project to prospective buyers, and facilitate contract signing and other aspects of sales transactions at the developer's on-site sales office. As part of a developer customer's marketing efforts, the developer may simultaneously engage our Fangyou brokerage network and/or real estate brokerage firms outside our Fangyou network to source potential buyers and bring them to the sales office. If a transaction facilitated by the Fangyou network is completed at the project site where our real estate agency services division is contracted to serve the developer for the same project, our real estate agency services division is generally entitled to separate commissions pursuant to the relevant agency agreement with the developer in addition to the commissions received by the Fangyou network.

In 2017, 2018, 2019 and the six months ended June 30, 2020, we cooperated with brokerage firms mainly in 28 cities to source buyers of new properties for our developer customers. The number of Fangyou-branded stores increased from 4,075 in 22 cities as of December 31, 2017 to 10,210 in 56 cities as of December 31, 2018 to 12,613 in 56 cities as of December 31, 2019, and further to 13,026 in 56 cities as of June 30, 2020. In addition, we intend to cooperate with brokerage firms in all these 56 cities to source buyers of new properties for our developer customers. In cities where the Fangyou network has established operations, we expect to benefit from word-of-mouth referrals by current Fangyou-branded stores that are satisfied with our services. We also expect to grow with current Fangyou-branded stores when their owners open additional stores to expand their businesses. In addition, our employees in these cities will continue to develop relationships with other small and medium-sized brokerage firms. In new cities we plan to enter, we plan to first conduct comprehensive research on the local real estate brokerage market. Based on market data, we plan to send our employees to visit target brokerage stores to discuss potential cooperation with their owners. We also plan to utilize our relationships with real estate industry associations and key opinion leaders to organize promotional events and introduce Fangyou's S2B2C business model to local real estate brokerage firms.

Furthermore, the Company has recently signed strategic cooperation agreements with 58.com and Suning Financial Services (Shanghai) Company Limited (蘇寧金融服務(上海)有限公司) ("Suning Financial") to comprehensively enhance the empowerment level and provide more services for cooperative brokerage companies. Pursuant to the agreements, the Company will commence cooperation with 58.com in property inventory, joint activities, recruitment, finance and other areas and will develop the Genuine 10,000-Property Inventory Scheme (萬套真房源計劃) to comprehensively expand the resource channels and platform property inventory reserves of cooperative stores; while the Company will cooperate with Suning Financial in areas such as financial products and payment and will develop the Ten-Billion Advanced Commissions Scheme (十億墊佣計劃) to efficiently address issues concerning commission settlement, clearing potential obstacles for cooperative stores in generating income through our joint efforts.

In the future, we may also explore other revenue sources through our Fangyou network, such as by offering apartment rental, real estate financing, relocation and home decoration services provided by our business partners. As individual customers of Fangyou-branded brokerage stores often require ancillary services before, during or after they complete a real estate transaction, our target business partners are service providers in the real estate and related industries that are in need of an effective marketing channel to reach a large number of individual customers. For example, we plan to develop cooperation relationships with national and regional home decoration service providers in the geographic markets where we operate our Fangyou network. We believe our Fangyou network can help them promote their services to real estate buyers, many of whom need home decoration services.

For our customer sourcing and promotional services, we plan to charge our business partners service fees, either in a fixed amount or a percentage of the transaction value depending on the nature of the service provided by the business partner and the relevant industry practice. We expect that a portion of service fees we receive from our business partners will be paid to the relevant brokerage firms.

For each new service area we enter, we generally plan to pilot the business in one or a few geographic markets and evaluate the costs and benefits before expanding to all geographic markets where we operate our Fangyou network. For each service area, we plan to first conduct in-depth research on the relevant market, through which we aim to identify the major players and their customer acquisition needs. Afterwards, we plan to approach service providers with good operational records to explore opportunities for cooperation. We also plan to take advantage of our existing business relationships with real estate developers and other customers to establish connections with these potential business partners. As of June 30, 2020, our Fangyou network had not yet established any significant cooperation with business partners other than real estate developers.

Risk management

Although Fangyou-branded stores operate their businesses independently and do not serve individual customers on our behalf, their conduct may affect the reputation of the “Fangyou” brand and our business in general. See the section headed “Risk Factors — Risks Related to Our Business and Industry — If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities.” As such, we have established certain standards and procedures for the selection of Fangyou-branded stores. We require each Fangyou-branded store to maintain its own valid business license with a business scope covering real estate brokerage, sales, leasing and other related businesses permitted to be engaged in by real estate brokerage firms under applicable regulations. In addition, we conduct reviews on each Fangyou-branded store’s legal compliance and reputation in the local market. Our Directors confirm that during the three years ended December 31, 2019 and the six months ended June 30, 2020, there was no inappropriate conduct of Fangyou-branded stores which led to a material adverse effect on our business and results of operations.

Sales and Marketing

We do not maintain a marketing team exclusively for marketing and advertising of our brand to enhance our brand recognition and attract developer customers or real estate buyers, primarily because we have established our brand recognition over the years of development and certain of our business activities have the natural effect of marketing and advertising of our brand. For example, we hold annual conferences to release certain industry rankings and research reports on various hot topics and sectors in the real estate industry. Although the primary purposes of this type of business activity are not marketing and advertising of our brand, it has an objective effect of brand promotion.

Customers

Our customers are mainly real estate developers in China, from whom we have historically derived a significant majority of our revenue. Our customers also include banks, investors and government that use our real estate data and consulting services, as well as real estate brokerage firms and their customers that use our services provided at the E-House Real Estate Transaction Service Centers. See the subsection headed “Our Services” for details of terms of the agreements with our customers.

In 2017, 2018, 2019 and June 30, 2020, we generated revenue of RMB1,626.5 million, RMB1,871.4 million, RMB1,640.1 million and RMB677.1 million (US\$95.8 million), respectively, from our single largest customer, Evergrande, representing 35.1%, 31.5%, 18.0% and 23.9%, respectively, of our total revenue in the respective periods. Some of our major customers, including Evergrande and Vanke, are our shareholders. During the same periods, we generated revenue of RMB2,045.2 million, RMB2,594.5 million, RMB3,813.5 million and RMB1,394.0 million, respectively, from our top five customers, representing 44.1%, 43.7%, 41.9% and 49.2%, respectively, of our total revenue in the respective periods. All of our top five customers in 2017, 2018, 2019 and the six months ended June 30, 2020 are real estate developers in China. On average they have over nine years of business relationship with us. As of June 30, 2020, we had entered into strategic cooperation agreements with 66 leading real estate developers. For details of such agreements, see the subsection headed “— Our Services — Real Estate Agency Services in the Primary Market” above.

Suppliers

During the three years ended December 31, 2019 and the six months ended June 30, 2020, our largest suppliers were labor dispatch agencies as some of our PRC subsidiaries historically used a significant number of dispatched employees for their principal business activities. Four of our five largest suppliers in 2017 and 2018 and two of our five largest suppliers in 2019 and one of our five largest suppliers in the six months ended June 30, 2020 were labor dispatch agencies. Our labor dispatch agreements with labor dispatch agencies generally have a term of one to three years or have an indefinite term but can be terminated with prior notice. We pay labor dispatch agencies on a per-person and monthly basis. In addition, we usually transfer salary and social welfare amounts to be paid to a dispatched employee on a monthly basis to the relevant labor dispatch agency, which in turn is responsible for the payment of salary and social welfare to the dispatched employee. We can terminate the dispatch of certain workers under certain circumstances, such as incompetency for the job or material dereliction of duty which causes significant damages to us.

Apart from labor dispatch agencies, our suppliers also include, among others, brokerages that facilitated the real estate brokerage network services, office space providers, renovation service providers, advertising companies, as well as real estate brokerage firms that assist us in the selling of real estate units in the primary market.

In 2017, 2018, 2019 and the six months ended June 30, 2020, the purchases we made from the single largest supplier was RMB354.0 million, RMB231.6 million, RMB262.7 million and RMB0.4 million (US\$0.1 million), respectively, representing 10.0%, 5.4%, 3.6% and 1.5%, respectively, of our total purchases in each corresponding period. During the same periods, the purchases we made from the five largest suppliers was RMB592.1 million, RMB376.2 million, RMB542.9 million and RMB108.9 million (US\$15.4 million), respectively, representing 16.7%, 8.8%, 7.4% and 4.63%, respectively, of our total purchases in each corresponding period. During the three years ended December 31, 2019 and the six months ended June 30, 2020, none of our suppliers was also our major customer.

Research and Development

As of June 30, 2020, we had a research and development team who conducts research, develop new products and upgrade existing products for all our business segments. The team is experienced in real estate, information technology and/or other related industries, and many of them hold bachelor’s or higher degrees. Relying on our seasoned professional research and development team, we are able to develop in-house core technologies used in our products and develop products customized to the specific needs of our clients. As of June 30, 2020, we have obtained three patents granted by the State Intellectual Property Office of the PRC and registered 105 software copyrights in the PRC. Starting from 2008, Shanghai Zhuxiang Information Technology Co., Ltd., one of our subsidiaries, has been named consecutively as a “high and new technology enterprise”. In 2017 and 2018 and 2019 and the six months ended June 30, 2020, we spent RMB40.6 million, RMB68.2 million, RMB95.0 million and RMB38.8 million (US\$5.5 million), respectively, on our research and development activities.

Our research and development team also supports the operations of our services. They are actively involved in project related studies both for internal use and for our clients. Our research staff also collect, compile and analyze market and project data to update and verify information on the CRIC Systems. They produce periodic and topical reports on a weekly, monthly and annual basis for distribution on our CRIC Systems. Our research team also developed the CRIC data marketing system and the CRIC investment decision-making system. These products not only directly serve our clients through our real estate data and consulting services, but also significantly improve the efficiency and effectiveness of our real estate agency services in the primary market.

For our real estate brokerage network services, our research team has developed a comprehensive business management system suitable for real estate brokerage firms. This system supports brokerage firms' management of real estate transactions in the secondary market and sales in the primary real estate market. Apart from streamlining the management of property inventories and prospective customers with standardized procedures, it also realizes the integration of the management of transactions, payments, commissions, and logistics.

Competition

The real estate services industry in China is rapidly evolving, and is highly fragmented and competitive. Compared to real estate development, real estate services require a smaller commitment of capital resources. This relatively lower barrier to entry permits new competitors to enter our markets quickly and compete with us. Competition in the real estate services industry is primarily based on brand recognition, quality and breadth of services and overall client experience. While we face competition in each geographic market in which we operate, we believe none of our competitors offers as broad a range of services and geographic coverage as we provide in the real estate services market.

With respect to real estate agency services in the primary market, we compete with other major service providers with sales networks in multiple cities in China. In each geographic market where we have a presence, we also compete with local real estate agency service providers in the primary market. In the real estate data and consulting services market, we compete with both real estate information service providers and real estate consulting service providers in China. We offer our real estate brokerage network services with an innovative "S2B2C" business model, which we believe has not yet been successfully adopted by any major competitor in China. However, Fangyou-branded stores compete with established real estate brokerage firms in China. As the success of our business depends in part on the success of Fangyou-branded stores, we are impacted by the competition from these other real estate brokerage firms in China. Overall, we believe that none of our competitors is able to compete effectively with us in terms of the comprehensiveness and quality of services.

Awards and Recognition

We have received numerous awards and recognitions since our establishment in recognition of the quality of the services we provide and the outstanding achievements of we have accomplished. The following table sets forth some of the significant awards and recognition we have received since 2017.

Year	Award/Recognition	Awarding Organization	Awarded Entity
2019.....	Most Valued Consumer and Service Company (最具價值大消費及服務股公司)	Fourth Annual Golden Hong Kong Stocks Awards Ceremony (第四屆金港股年度頒獎盛典)	PRC Holdco
2019.....	Greater China Most Innovative award for Hong Kong listed Companies (港股上市公司最具創新力獎)	Gelonghui 1st Greater China Best listed Companies Awarding Ceremony (格隆匯首屆大中華區最佳上市公司頒獎典禮)	PRC Holdco
2019.....	Top Ten Health Employer (中國十佳健康僱主)	China Human Resources Management Research Association (中國人力資源管理研究會), International WELL Building Institute (a member of the United Nations Global Compact)	PRC Holdco
2019.....	2019 Top Graduate Employers in China (2019中國大學生喜愛僱主)	51job.com (前程無憂), YingJieSheng.com (應屆生求職網)	PRC Holdco
2018.....	Preferred Service Provider (Marketing and Agency Category) of Top 500 Real Estate Developers in China in 2018 Enterprises (2018中國房地產開發企業500強首選服務商品牌•營銷代理類)	China Real Estate Association (中國房地產協會), E-House China R&D Institute (上海易居房地產研究院), China Real Estate Appraisal Centre (中國房地產測評中心)	PRC Holdco
2018.....	2018 China Real Estate Annual Award for Contribution to Education Public Welfare (2018中國房地產年度教育公益貢獻獎)	Fangjiao China (房教中國)	PRC Holdco
2018.....	2018 Extraordinary Employer Top 101 (2018非凡僱主101)	Liepin (獵聘)	PRC Holdco

<u>Year</u>	<u>Award/Recognition</u>	<u>Awarding Organization</u>	<u>Awarded Entity</u>
2018.....	2018 Top Graduate Employers in China (2018中國大學生喜愛僱主)	51job.com (前程無憂), YingJieSheng.com (應屆生求職網)	PRC Holdco
2017.....	Preferred Service Provider (Marketing and Agency Category) of Top 500 Real Estate Developers in China in 2017 (2017中國房地產開發企業500強首選服務商品牌•營銷代理類)	China Real Estate Association (中國房地產協會), E-House China R&D Institute (上海易居房地產研究院), China Real Estate Appraisal Centre (中國房地產測評中心)	PRC Holdco
2017.....	Employer Excellence of China in 2017 (2017年中國典範僱主)	51job.com (前程無憂)	PRC Holdco
2017.....	“Golden Bridge Award” for Data and Information Services Enterprises in 2016 (2016年度數據和信息服務企業“金橋獎”)	Shanghai Real Estate Brokerage Industry Association (上海市房地產經紀行業協會)	PRC Holdco
2017.....	“Golden Bridge Award” for Marketing and Agency Enterprises in 2016 (2016年度營銷代理企業“金橋獎”)	Shanghai Real Estate Brokerage Industry Association (上海市房地產經紀行業協會)	E-House Xiangyue
2017.....	“Golden Bridge Award” for Marketing and Agency Enterprises in 2015 (2015年度營銷代理企業“金橋獎”)	Shanghai Real Estate Brokerage Industry Association (上海市房地產經紀行業協會)	PRC Holdco

Employees

As of June 30, 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.

We primarily recruit our employees through job fairs and other recruitment activities in universities, job search websites and referrals by current employees. We have established internal policies and procedures for the recruitment, training and evaluation of our employees. We place special emphasis on the training of our employees, whom we consider to be our most valuable assets. All newly hired employees must undergo intensive training during their probation. We also invite outside experts, including experts from the E-House Research and Training Institute, to provide ongoing training to our employees. We have put in place internal policies on allocating training resources, implementing training plans, and collecting feedbacks. We conduct annual performance evaluations for all employees and use both performance-based bonuses and job promotions as incentives to encourage good performance. We primarily rely on internal training provided by our in-house training professionals and senior employees. In addition, in relation to employee training programs provided by external parties, we incurred expenses of RMB5.5 million, RMB7.9 million, RMB8.1 million and RMB1.7 million (US\$0.2 million) in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

We have established a labor union and our employees may join the labor union voluntarily. We believe that we maintain a good working relationship with our employees. To promote a healthy and vibrant working environment, we periodically organize recreational activities, such as basketball competitions and photography exhibition. During the three years ended December 31, 2019 and the six months ended June 30, 2020 and up to the date of this offering memorandum, we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations.

For our real estate agency services in the primary market, we rely on our sales and marketing employees to promote and facilitate the sales of property units. We cannot fully control the interactions our employees have with prospective property buyers and other relevant parties. While we have adopted internal policies and have entered into relevant contracts to regulate the behavior of our employees, if our employees nevertheless engage in inappropriate or illegal conduct, our reputation could be harmed. Furthermore, we could be held liable for actions taken by our employees, which could expose us to regulatory investigations and penalties. See the section headed “Risk Factors — Risks Related to Our Business and Industry — If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities.” Our Directors confirm that during the three years ended December 31, 2019 and the six months ended June 30, 2020, there was no improper conduct of our employees which led to regulatory investigations and penalties that had a material adverse effect on our business and results of operations.

As required by the PRC laws and regulations, we participate in the employee social welfare plan administered by local governments. Such plan consists of housing provident fund, pension, medical insurance, social insurance, maternity insurance and unemployment insurance. We generally enters into employment contracts with employees in accordance with applicable PRC laws. Such contracts typically include provisions on wages, vacation, employee benefits, health and safety and grounds for termination.

Insurance

We maintain certain third-party liability insurance. We also make social insurance contributions for our employees and purchase supplemental health insurance for our mid-level management. In line with general industry practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties.

Properties

Owned Properties

We own certain properties primarily because some of our real estate developer clients transfer certain properties they developed to meet a portion of their payment obligation under the marketing and sales agreements for our services. We owned 89 properties in ten cities in China as of June 30, 2020.

Leased Properties

As of June 30, 2020, we had leased 178 properties primarily as our office space for our business operations in China, including eight properties that were used for our headquarters in Shanghai.

Intellectual Property

The “E-House” series of brands, our proprietary CRIC Systems and other intellectual property rights contribute to our competitive advantage in the real estate services industry in China. To protect our brands, our CRIC Systems and other intellectual property, we rely on a combination of trademarks, trade secret and copyright laws in China as well as imposing procedural and contractual confidentiality and invention assignment obligations on our employees, contractors and others. Certain of our software copyrights relate to our CRIC Systems.

As of June 30, 2020, we had (i) 2 registered patents, (ii) 105 software copyrights, (iii) 255 registered trademarks in the PRC and three trademark registration applications in Hong Kong, and (iv) 40 registered domain names.

Health, Safety and Environment Matters

We are a service provider and we rely on our employees to provide services to our clients. We do not operate any production facilities or otherwise impose any material threats to the environment. Therefore, we are not subject to significant health, safety or environmental risks. To ensure compliance with relevant laws and regulations, we would seek legal advice as appropriate and consider making adjustments to our internal policies from time to time. During the three years ended December 31, 2019 and the six months ended June 30, 2020 and up to the date of this offering memorandum, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

Data Protection

In the ordinary course of providing our real estate agency services in the primary market and real estate brokerage network services, we collect certain personal information voluntarily provided by prospective and actual property buyers. This information will be used mainly for two purposes: (i) sending updates to property buyers throughout the property purchasing transaction; and (ii) compiling sales summary table for developers' confirmation of successful sale of each property units. The information collected are stored in our internal sales management system, the access to which is strictly based on the scope of authority to limit unnecessary accesses to such property buyer information. Each of our relevant staff who is necessary to access such information has a user name and passcode to access the internal sales management system. All property buyer information is centrally managed by our IT department and stored in our cloud-based data center. Our internal sales management system and our CRIC Systems are separate systems under independent management. We do not collect or store personal information of individuals (e.g. identity card numbers) in our CRIC Systems, nor do we use our internal property buyer databases to facilitate the provision of real estate data and consulting services.

A small number of customers of our CRIC Systems are located outside of the PRC, primarily including Hong Kong-based financial institutions and professionals conducting research on the PRC real estate industry. In addition, a very small number of property buyers from whom we collect personal information for our internal property buyer databases are non-PRC citizens. As such, we may be subject to relevant overseas laws for the protection of personal information. However, given that (i) our overseas customers can only access our CRIC Systems, which do not contain personal information, (ii) we collect certain personal information for our internal property buyer databases solely within the PRC and not outside the PRC and such personal information is not accessible by customers of our CRIC Systems, including overseas customers, (iii) among property buyers from whom we collect personal information for our internal property buyer databases, only a very small fraction are non-PRC citizens; (iv) during the three years ended December 31, 2019 and the six months ended June 30, 2020 and up to the date of this offering memorandum, we had not received any investigations, penalties or reprimands from any relevant overseas regulators in relation to our collection, storage and use of the personal information of non-PRC citizens, (v) all our data are stored on servers located within the PRC and not outside the PRC, (vi) we do not collect personal information from customers of our CRIC Systems, whether they are based within or outside the PRC, and (vii) we have adopted relevant internal policies and implemented measures in relation to the collection, use and storage of personal information as described in further detail below, which are generally applicable to all personal information, including information we collected from non-PRC citizens, the Directors are of the view that the risks related to potential violation of overseas laws for the protection of personal data and their potential impact on our business are insignificant and remote. Nevertheless, we will continue to monitor the development of relevant overseas laws for the protection of personal data and demographic changes in prospective and actual property buyers by conducting monthly review of our internal property buyer databases. If we notice that citizens of a particular foreign country are entered into our internal property buyer databases, we will further enhance our internal procedures in accordance to the relevant data protection laws of that country in a timely manner.

We have adopted internal policies and implemented measures in relation to the collection, use and storage of personal information to ensure that we comply with the requirements under applicable laws and regulations. We have adopted internal security measures to prevent, detect and deal with potential issues

relating to data leakage, security breach and unauthorized access to our systems and the data stored therein. Specifically, we require all of our employees to keep confidential personal information. Upon joining us, each employee has to sign relevant undertakings and pass our internal training and tests. For any employees who need to access our internal sales management system, an application has to be made based on our internal procedures and unauthorized copy or transmission of such information is strictly prohibited. In the case of change of position or termination of employment, access authorization will be revoked. Data collection and data storage are managed by different internal teams. We review our data back-up systems from time to time in order to ensure that they are well-maintained and functional. We take internal discipline measures, such as termination of employment, to penalize violation of our internal data protection policies. In the case of serious violations, we may also resort to legal measures.

Our Internal Control Consultant conducted a review on the design and implementation of our internal policies relating to IT systems, procedures and controls, and no material findings have been identified.

Our Directors are of the view that our internal control systems are adequate and effective in ensuring compliance with relevant personal information protection laws based on (i) the segregation between our internal sales management system and our commercially available CRIC Systems, (ii) our comprehensive measures for safeguarding personal information and preventing their abuse by our employees, and (iii) lack of material findings by our Internal Control Consultant with respect to our internal policies relating to IT systems, procedures and controls.

Legal Proceedings and Compliance

We are involved in legal or other disputes in the ordinary course of our business with various parties involved in the operations of our business, including developers, contractors, suppliers, customers and business partners. Most of the legal proceedings are contract claims initiated by us to enforce our rights entitled under the contracts. For example, some of our business partners encountered financial difficulties and failed to pay the agency fee. Relevant sub-contractors brought lawsuits to the local courts against those business partners and we were included as a joint party. As of the date of this offering memorandum, these lawsuits are still pending before the relevant courts. For details, please refer to “Risk Factors — Risks Relating to Our Business — If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities.”

Except as otherwise disclosed above, during the three years ended December 31, 2019, the six months ended June 30, 2020 and up to the date of this offering memorandum, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. We have not incurred legal costs and expenses in connection with such proceedings that are significant in the context of our overall operating results.

We are primarily regulated by state and local housing administrative authorities. These regulatory authorities conduct inspections from time to time. Our Directors confirm that during the three years ended December 31, 2019, the six months ended June 30, 2020 and up to the date of this offering memorandum, there was no non-compliance incidents which led to regulatory actions and penalties that had a material adverse effect on our business and results of operations.

Risk Management

Risk management is critical to the success of our business. We have established the following structures to manage our risks:

- Our Board is responsible for and has the general power to manage the operations of the Company, and is in charge of managing the overall risks of our Group.

- Our business management department for each of our business lines is responsible to managing risks involved in the daily operations of our businesses. In addition, we also have supporting departments responsible for managing certain specific risks, such as legal compliance risks and information risks.
- We have also established an internal audit department, which is responsible for our internal audit and compliance. The internal audit department is independent from other departments and directly reports to our Board.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant (the “Internal Control Consultant”) to conduct a review of our internal control system during the period from December 2016 to November 2017. The Internal Control Consultant has conducted review procedures on our internal control system based on the agreed scope, which includes revenue, purchase, fixed assets management, human resources, financial management and information technology. The Internal Control Consultant conducted on-site work in January 2018 and provided a number of findings and recommendations in its report. Material findings primarily include:

- deficiencies in internal rules and procedures, such as the lack of internal rules and procedures relating to, among others, (i) interactions with government officials, (ii) anti-money laundering, and (iii) consistent and unified management of related-party information; and
- employment related deficiencies, such as violation of regulatory requirements on labor dispatch, housing provident fund registration and contribution.

The internal control findings identified by the Internal Control Consultant did not result in any material misstatement to our consolidated financial information prepared in accordance with IFRS during the three years ended December 31, 2019 and the six months ended June 30, 2020 as set out in Appendix I after certain appropriate adjustments were made to address those internal control deficiencies.

We have subsequently taken remedial actions in response to such findings and recommendations:

- we have formulated relevant internal rules and procedures based on our Internal Control Consultant’s recommendations, such as Principles of Enterprise-Government Relations, Anti-Money Laundering Policies, E-House Related-Party Management Rules; and
- we have taken actions with respect to employment related deficiencies.

The Internal Control Consultant performed follow-up procedures on our system of internal control with regard to those actions taken by us and reported further commentary in April 2018. As of June 30, 2020, we confirm that there were no material internal control findings outstanding.

We have established an internal control function on the group level responsible for monitoring our on-going compliance with the relevant PRC laws and regulations that govern our business operations and overseeing the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and employees involved with continuing training program and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identifying any concerns and issues relating to potential non-compliance. Our chief financial officer and a joint company secretary, Mr. Zhou Liang, is responsible for ensuring our overall on-going compliance.

DIRECTORS AND SENIOR MANAGEMENT

Directors

The Board of Directors of the Company consists of twelve directors, of whom four are executive directors, four are non-executive directors and the remaining four are non-executive directors. The following table sets forth certain information regarding members of our Board of Directors:

Name	Age	Position
Mr. Zhou Xin (周忻)	52	Executive Director and Chairman
Mr. Huang Canhao (黃燦浩).....	62	Executive Director and Vice chairman
Dr. Cheng Li-Lan (程立瀾)	63	Executive Director
Dr. Ding Zuyu (丁祖昱)	46	Executive Director and Chief Executive Officer
Mr. Li So Long (李思龍).....	36	Non-executive Director
Mr. Zhang Hai (張海).....	50	Non-executive Director
Ms. Xie Mei (謝梅).....	53	Non-executive Director
Mr. Huang Haojun (黃浩俊).....	30	Non-executive Director
Mr. Zhang Bang (張磅)	52	Independent non-executive Director
Mr. Zhu Hongchao (朱洪超).....	60	Independent non-executive Director
Mr. Wang Liqun (王力群).....	66	Independent non-executive Director
Mr. Li Jin (李勁).....	53	Independent non-executive Director

The business and working experience of the Directors is summarized below:

Mr. ZHOU Xin (周忻) is a founder of our business, an executive Director of the Company and chairman of our Group. He is primarily responsible for formulating the overall development strategies and business plans of our Group. Mr. Zhou received his bachelor's degree in mechanical design and manufacturing from the Shanghai University (上海大學) in 1990.

Mr. Zhou has over 20 years of experience in China's real estate industry. He served as deputy general manager of Shanghai Jinfeng Investments Co., Ltd. (上海金豐投資股份有限公司) a company listed on the Shanghai Stock Exchange with stock code 600606. He has held many roles in E-House (China) Holdings, formerly listed on NYSE with stock code EJ, including as vice chairman and president of E-House Management since 2003, its chairman since 2005 and chief executive officer from 2003 to 2009 and again since 2012. Between 2009 and 2012, Mr. Zhou was the co-chairman and chief executive officer of CRE Corp during the time it was listed on NYSE until it was privatized by E-House (China) Holdings. He has also served as executive chairman of Leju since its inception. Mr. Zhou has also been the director of PRC Holdco since July 2006.

Currently, Mr. Zhou holds directorships in the following listed companies:

- director of Leju, a company listed on NYSE with stock code LEJU and which is partially held by E-House (China) Holdings, one of our principal shareholders, since its listing in April 2014; and
- director of Jupai, a company listed on NYSE with stock code JP and which is partially held by E-House (China) Holdings, one of our principal shareholders, from May 2014 to April 2015 and since July 2015.

Mr. Zhou was a director of E-House (China) Holdings, a company listed on NYSE with stock code EJ, from its listing in August 2007 to August 2016 when it was delisted.

Mr. Zhou was named the "Person of the Year of Chinese Economy" jointly by SINA Corporation and People's Daily in 2016, received the "China Business Leader Award" from the Eighth China Business Leader Forum in 2016, received the "Outstanding Entrepreneur Award" from Enterprise Asia in 2010, and was awarded the "Special Contribution Award in China's Real Estate Services Industry" in 2005.

Mr. Zhou currently serves as vice-chairman of China Real Estate Association, director of The Nature Conservancy China, vice-chairman of China Real Estate Developers and Investors Associations, and chairman of Real Estate Service Committee of China Real Estate Association. He is also chairman of Shanghai Real Estate Broker Industry Association, and rotating chairman of Shanghai Entrepreneur Association. Mr. Zhou is also a director of certain of our Controlling Shareholders and their subsidiaries and associates.

Mr. HUANG Canhao (黃燦浩) is an executive Director of the Company and vice chairman of our Group. He is primarily responsible for overseeing the management and strategic development of our Group. Mr. Huang received his diploma in economics management from the International Business School of Shanghai University in 1998.

In 2000, he joined our business, serving at E-House Management from 2000 to 2007 as vice president and serving at E-House (China) Holdings from 2007 to 2009 as head of operations. He has also held various roles in PRC Hold co, including vice president of the real estate agency services business division in the primary market from 2009 to 2015, and a director and vice chairman since 2016.

Mr. Huang has been a director of Leju, a company listed on NYSE with stock code LEJU and which is partially held by E-House (China) Holdings, one of our principal shareholders), since its listing in April 2014 and was a director of our principal shareholder, CRE Corp, from its listing in October 2009 to May 2012 when it was delisted. Additionally, Mr. Huang was previously a director of E-House (China) Holdings, a company listed on NYSE with stock code EJ, from its listing in August 2007 to August 2016 when it was delisted.

Dr. CHENG Li-Lan (程立瀾) is an executive Director of the Company. Dr. Cheng is primarily responsible for overseeing the management and strategic development of our Group. He received his bachelor's degree in economics from Swarthmore College in June 1989 and his doctorate in economics from Massachusetts Institute of Technology in September 1995. Dr. Cheng is a chartered financial analyst of the CFA Institute.

Prior to joining the Company, Dr. Cheng was a financial analyst of Prudential Investment Corporation and a senior analyst of National Economic Research Associates, Inc.. Dr. Cheng also served as an executive director and chief financial officer of SOHO China Limited, a real estate developer in Beijing. From 2005 to 2006, Dr. Cheng served as chief financial officer of SouFun Holdings Limited, a real estate internet company in China, before joining our Group as chief financial officer of E-House (China) Holdings (formerly listed on NYSE with stock code EJ) from 2006 to 2012 and as chief operating officer from 2012 onwards.

Dr. Cheng has been an independent director of 51 job, Inc., a human resource service provider listed on NASDAQ with stock code JOBS, since 2013, and acting chief financial officer of Leju, a company listed on NYSE with stock code LEJU and which is partially held by E-House (China) Holdings, one of our principal shareholders, since 2017, and its executive director from 2014 to 2017. He was also an independent director of Le GAGA Holdings Ltd., an agricultural products producer company formerly listed on NASDAQ with stock code GAGA, from 2010 to 2014, and an independent director of Country Style Cooking Restaurant Chain Co., Ltd., a China-based quick-service-restaurant chain formerly listed on NYSE with stock code CSCC, from 2010 to 2016.

Dr. DING Zuyu (丁祖昱) is an executive Director of the Company and chief executive officer of the Group. Dr. Ding is primarily responsible for overseeing the management and strategic development of our Group. He received his bachelor's degree in real estate business management in July 1998 and his doctorate in economics in December 2013, both from East China Normal University (華東師範大學).

Between September 2000 and November 2001, he served as manager of the research and development department of E-House Management, after which he served as vice president and technology director of E-House Management until January 2008. He also served as co-president of CRE Corp from September 2009 to September 2011 and as director from March 2011 to April 2012. Dr. Ding was the co-president of E-House (China) Holdings from April 2012 to August 2016. He has been the president of real estate data and consulting services division of PRC Holdco since July 2006 and chief executive officer of PRC Holdco since August 2016.

He serves as a vice principal of the E-House Research and Training Institute (易居研究院). He is also an executive member of the China Real Estate Association (中國房地產業協會) and served as an adviser on the real estate market for the China's Ministry of Housing and Urban-Rural Development (國家住房和城鄉建設房地產). He was named as "Shanghai Outstanding Young Merchant" (上海傑出青商) in 2012 and was named one of the "Top Ten Shanghai Young Economics Figures" (上海十大傑出青年經濟人物) for 2013. Dr. Ding currently also serves as the general manager Beijing CREA Technology Services Ltd. (北京中房研協技術服務有限公司).

Dr. Ding has been an independent director of Sanxiang Impression Co., Ltd (三湘印象股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 000863, since January 2012 and an independent non-executive director of Power long Real Estate Holdings Limited, a company listed on the SEHK with stock code 1238, since December 2014. Dr. Ding was also an independent director of Shanghai Chengtuo Holdings Co., Ltd (上海城投控股股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600649, from July 2011 to March 2017.

Mr. LI Silong (李思龍) is a non-executive Director of the Company. Mr. Li received his bachelor's degree in economics from Guangdong University of Foreign Studies in 2007. Mr. Li is currently a certified public accountant in the People's Republic of China.

Mr. Li is the general manager of the venture capital department at the headquarters of Country Garden Holdings Company Limited ("Country Garden"), a company listed on the Stock Exchange with stock code 2007 and a substantial Shareholder of the Company. Mr. Li has over 10 years of experience in financial management and investment and financing management. Before joining Country Garden, Mr. Li worked as an auditor at the Guangzhou branch of PricewaterhouseCoopers Zhong Tian LLP. Mr. Li joined Country Garden in June 2010. From June 2010 to April 2015, he worked in the finance & capital center of the Country Garden Group and was responsible for investor relations. Since July 2020, Mr. Li has been working in the venture capital department of Country Garden, and is responsible for foreign investment and post investment management related to the real estate industry chain.

Mr. ZHANG Hai (張海) is a non-executive Director of the Company. Mr. Zhang received his Bachelor of Engineering's degree in architecture from Zhengzhou University in 1992.

Mr. Zhang is the senior vice president of China Vanke Co., Ltd. ("Vanke"), a company listed on the Stock Exchange and the Shenzhen Stock Exchange with stock codes 2202 and 000002, respectively, and a substantial Shareholder of the Company, the chief executive officer of Vanke's Shanghai Regional Business Department, and the chairman of Shanghai China Vanke Co., Ltd. since June 2011. Mr. Zhang is a member of the 13th Shanghai Municipal Committee of the Chinese People's Political Consultative Conference. Since May 2020, he served as a director of Cura Investment Management (Shanghai) Co., Ltd. for a term of three years. Mr. Zhang joined Vanke in 1995. From January 2008 to June 2011, Mr. Zhang served as the general manager of Guangzhou Vanke Real Estate Co., Ltd. From January 2003 to January 2008, he was the general manager of Chengdu Vanke Real Estate Co., Ltd. From April 2001 to January 2003, Mr. Zhang served as the general manager of the planning and design department of Vanke Group. He previously worked as the deputy manager and general manager of Shenzhen Wanchuang Architectural Design Consulting Co., Ltd. from April 2000 to April 2001. From March 1995 to April 2000, he served as the architect and design supervisor of Shenzhen Wanchuang Architectural Design Consulting Co., Ltd.

Ms. XIE Mei (謝梅) is an independent non-executive Director of the Company. Ms. Xie has been a non-executive director of Yuzhou Properties Company Limited, a company listed on the SEHK (stock code: 1628), since September 2018. Ms. Xie joined Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司) (“OCT (Asia)”), a company listed on the SEHK (stock code: 3366), in 2004 and is currently the executive director and chief executive officer of OCT (Asia). Ms. Xie is also the assistant to the president of Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) (“OCT Ltd.”), the chairman of Xi’an OCT Land Co., Ltd. (西安華僑城置地有限公司) (a wholly-owned subsidiary of OCT (Asia)), the director of all the subsidiaries of OCT (Asia), the director and general manager of Overseas Chinese Town (HK) Company Limited (香港華僑城有限公司) (the beneficial owner of all the issued share capital in Pacific Climax Limited, which is the controlling shareholder of OCT (Asia)), the director of Pacific Climax Limited and the director of Overseas Chinese Town (Xi’an) Industry Company Limited (西安華僑城實業有限公司) and Yunnan OCT Industrial Co., Ltd. (雲南華僑城實業有限公司), both being the subsidiaries of OCT Ltd.. Ms. Xie joined Overseas Chinese Town Group Co., Ltd. (華僑城集團有限公司) (“OCT Group”) in 1994 and was the deputy director and director of the strategic development department of OCT Group. Ms. Xie graduated from the Department of Electrical Engineering of Xi’an Jiaotong University and obtained a bachelor’s degree in Engineering in 1989. She also obtained a master’s degree in Economics from the Renmin University of China in 1999.

Mr. HUANG Haojun (黃浩俊), is a non-executive Director of the Company. Mr. Huang received his bachelor’s degree in business administration (technical economics) from Jilin University in 2013.

Mr. Huang is the assistant to the general manager (Shenzhen) of the investment management centre at the headquarters of China Evergrande Group (“Evergrande”), a company listed on the Stock Exchange with stock code 3333 and a substantial Shareholder of the Company. Mr. Huang is responsible for the management and investment project management of the Evergrande group of holding companies and investee companies. From July 2017 to June 2019, Mr. Huang worked at the overseas business centre at Evergrande’s headquarters and was responsible for the development work of overseas projects. From July 2014 to June 2017, Mr. Huang worked at the United States of America office of Evergrande, where he was responsible for project expansion in the United States of America, acting in cooperation with Harvard University and Brigham and Women’s Hospital. From July 2013 to June 2014, Mr. Huang worked in the development department at the Guangdong office of Evergrande and was responsible for real estate project expansion and development and construction projects reporting related work in Guangzhou and Foshan.

Mr. ZHANG Bang (張磅) is an independent non-executive Director of the Company. Additionally, Mr. Zhang is both a fellow of the Chartered Institute of Management Accountants and a chartered global management accountant of the Association of International Certified Professional Accountants.

Mr. Zhang received his master’s degree in business administration in June 2001 from Jinan University in China. Mr. Zhang is currently the chief corporate officer of Octave (Shanghai) Enterprise Management Company Limited (音昱(上海)企業管理有限公司), having held that position since April 2018. Previously, Mr. Zhang served as the chief financial officer of DG Group (雙志偉集團) and Golden Jaguar Group (金錢豹餐飲集團). He was also the chief financial officer of MecoxLane Co. Ltd. (麥考林集團), a company previously listed on the NASDAQ with stock code MCOX, from July 2009 to December 2013. Between April 1994 and June 2009, Mr. Zhang was the chief financial officer of McDonald’s (China) Company Limited (麥當勞(中國)有限公司).

Over the past three years, Mr. Zhang has held directorships in the following listed companies:

- independent director of Jupai, a company listed on NYSE with stock code JP and which is partially held by E-House (China) Holdings, one of our principal shareholders, since July 2015; and
- independent director of Leju, a company listed on NYSE with stock code LEJU and which is partially held by the E-House (China) Holdings, one of our principal shareholders, since March 2017.

Mr. ZHU Hongchao (朱洪超) is an independent non-executive Director of the Company. Mr. Zhu received his bachelor's degree in law from Fudan University (復旦大學) in 1983 and his master's degree in foreign legal studies from Fudan University (復旦大學) in July 1996. In 1993, he obtained a Qualification Certificate for the Securities Law Consulting Business (中國證券監督管理委員會從事證券法律業務資格) by the CSRC.

Mr. Zhu serves as the head of office and senior partner at Shanghai United Law Firm, having held that position since 1986. He has previously served as the vice president and chief supervisor of the Shanghai Lawyers Association. Mr. Zhu also served as the vice president of the All-China Lawyers' Association, and between 2008 and 2018 Mr. Zhu served as a representative member of the 13th and 14th Shanghai Municipal People's Congress. Mr. Zhu is also an arbitrator at both the Shanghai Arbitration Commission and the Shanghai International Arbitration Centre since September 2008 and May 2015 respectively, and is an accredited mediator of the Shanghai Commercial Mediation Centre. He has been a part-time professor at the Lawyer Academy of East China University of Political Science and Law since September 2012, and part-time supervisor of postgraduates at Shanghai International Studies University since October 2015.

Over the past three years, Mr. Zhu has held directorships in the following listed companies:

- independent director of Sinochem International Corp, a company listed on the Shanghai Stock Exchange with stock code 600500, from November 2009 to May 2017;
- independent director of Tengda Construction Group Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600512, from October 2013 to November 2016;
- independent director of Shanghai Guangdian Electric Group Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 601616, from April 2014 to May 2017;
- independent director of Shanghai No. 1 Pharmacy Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600833, since June 2012;
- independent director of Wonders Information Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 300168, since December 2013;
- independent director of Jupai, a company listed on NYSE with stock code JP and which is partially held by E-House (China) Holdings, one of our principal shareholders, since July 2015; and
- independent director of Leju, a company listed on NYSE with stock code LEJU and which is partially held by E-House (China) Holdings, one of our principal shareholders, since March 2017.

Mr. Zhu was also an independent non-executive director of E-House Holdings Limited from 2007 to 2017, and an independent non-executive director of PRC Holdco since 2017.

Mr. WANG Liqun (王力群) is an independent non-executive Director of the Company. He received his diploma in economic management from the University of Shanghai Urban Construction College in July 1987, and received his bachelor's degree in economics in December 1993 from Correspondence Institute of the Party School of the Central Committee of the Communist Party of China (中國共產黨中央委員會黨校函授學院). Mr. Wang obtained the senior economist certificate issued by the Working Group for the National Reform of the Professional Ranking System of Shanghai (上海市職稱改革工作領導小組) in December 1992.

Mr. Wang is the chairman and founder of Stone Capital Co., Ltd., a private equity fund management company based in China, which he founded in September 2008. Prior to that, he was the chief executive officer of Shanghai Bus Corporation from 1992 to 2007, president of the Shanghai Urban Construction and Investment Corporation from 1999 to 2001, chairman of the Shanghai Public Transportation Card Corporation from 1999 to 2004 and chairman of the Shanghai Modern Rail Transit Corporation from 2000 to 2007.

Over the past three years, Mr. Wang has held directorships in the following listed companies:

- independent director of Talkweb Information System Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 002261, from May 2010 to June 2016;
- director of Shanghai Fortune Techgroup Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 300493, since March 2012;
- director of Shanghai Xintonglian Packaging Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 603022, from August 2011 to August 2017;
- non-executive director of China Yongda Automobiles Services Holdings Limited, a company listed on the SEHK with stock code 3669, since January 2012;
- independent non-executive director of Huayi Brothers Media Corporation, a company listed on the Shenzhen Stock Exchange with stock code 300027, since August 2014;
- independent director of Shanghai Jiao Yun Group Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600676, since November 2014; and
- independent director of Pengxin International Mining Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600490, since May 2015.

Mr. LI Jin (李勁) is an independent non-executive Director of the Company. Mr. Li received his juris doctor degree in law from Columbia University in May 1994.

Mr. Li serves as the chief financial officer of Inke Limited since March 2018. He also served as the executive director of China Linong International Limited from 2006 to 2013, as the chief financial officer of Sungy Mobile Limited from July 2013 to August 2014, and as chief financial officer of Baby Space Corporation from December 2015 to December 2016.

Mr. Li is an independent director of Leju, a company listed on the NYSE with stock code LEJU and which is partially held by E-House (China) Holdings, one of our principal shareholders, since April 2014. He is also an independent non-executive director of Kingbo Strike Ltd., a company listed on the SEHK with stock code 1421, since June 2017. He also served as a director of Le GAGA Holdings Ltd., an agricultural products producer company formerly listed on NASDAQ with stock code GAGA, from 2006 until it was delisted in 2014.

Senior Management

The table below sets forth information regarding our senior management:

Name	Age	Position
Ms. Yan An (嚴安)	49	Chief operating officer
Mr. Zhou Liang (周亮)	39	Chief financial officer
Mr. Zong Lei (宗磊)	47	President of real estate agency services in the primary market
Ms. Zhang Yan (張燕)	46	President of real estate data and consulting services division
Ms. Yang Wen Ting (楊雯婷)	46	President of real estate brokerage network services division

Ms. YAN An (嚴安) was our president from March 16, 2018 until her appointment as the chief operating officer of the Group on March 27, 2019 and was responsible for the overall management of our Group. Ms. Yan received her master's degree in human resources from Renmin University of China (中國人民大學) in 2010.

Since joining our Group in September 2000, Ms. Yan has served in numerous positions in our Group including as:

- deputy director of the operations management department of E-House Management from December 2002 to December 2009;
- vice president and deputy operating officer of E-House Management from January 2010 to December 2011;
- chief operating officer of E-House Management from January 2012 to July 2016;
- vice president and director of the operations department of E-House (China) Holdings from August 2016 to January 2018; and
- deputy general manager and secretary to the Board of PRC Holdco since August 2016.

Mr. ZHOU Liang (周亮) is our chief financial officer and is responsible for overseeing the overall financial management of our Group. He received his bachelor's degree in business administration from Shanghai Jiaotong University (上海交通大學) in July 2003.

Mr. Zhou Liang has been the chief financial officer of PRC Holdco since joining our Group in September 2016. Prior to joining our Group, Mr. Zhou previously worked at Ernst and Young (安永會計師事務所) from September 2003 to September 2016 including as a senior manager and as a partner.

Mr. ZONG Lei (宗磊) was our chief operating officer from March 16, 2018 until his redesignation as the president of the real estate agency service in the primary market of the Group on March 27, 2019 and was responsible for overseeing the Group's real estate agency services in the primary market. Mr. Zong received an executive master's degree in business administration from the University of Toronto in May 2007.

Since joining our business in September 2000, Mr. Zong has served in numerous positions in our Group including as:

- planning manager of E-House Management from September 2000 to February 2003;

- planning and project director of E-House Management from February 2003 to January 2007;
- general manager of E-House Management (Shanghai Branch) from January 2007 to February 2010;
- vice president and general manager of E-House Management (Wuhan and Changsha Branch) from February 2010 to December 2013;
- vice president and general manager of E-House Management (Hubei Branch) from January 2014 to December 2014;
- chief executive officer of E-House Management from January 2015 to July 2016; and
- chief operating officer of PRC Holdco since August 2016.

Ms. ZHANG Yan (張燕) is the president of the real estate data and consulting services division and is responsible for overseeing real estate data and consulting services division of the Group. She received her master's degree in law majoring in scientific socialism (科學社會主義) from the Sichuan Academy of Social Sciences (四川省社會科學院) in July 1999 and her executive master's degree in business administration from China Europe International Business School (中歐商學院) in August 2017.

Ms. Zhang has over 14 years of experience in the real estate industry, beginning in September 1999 as senior real estate editor for Shenzhen Special Zone Newspaper (《深圳特區報》房產部資深編輯), a position she remained in until September 2001. From May 2001 to January 2005, she was executive deputy editor of the Pioneer Weekly (先鋒·居周刊) at Chengdu Economic Daily (成都商報).

She joined our business in February 2006, she served as director of the promotion center from February 2006 to December 2010, with responsibility for the integration and promotion of our operations and brand. She also served as the general manager, vice president and president of our Northern-China division for real estate data and consulting services business from 2008 to 2016. Ms. Zhang has been an executive president of PRC Holdco since August 2016, primarily responsible for the real estate data and consulting services business.

Ms. YANG Wen Ting (楊雯婷) is our president of real estate brokerage network services business. She is responsible for overseeing the Group's real estate brokerage network services business. In 2012, she received her master's degree of executive master of business administration from Shanghai Fudan University.

Since joining our Group in November 2017, Ms. Yang Wen Ting has served as the vice president of PRC Holdco, responsible for the management of the Shanghai regional company. She also serves as the deputy general manager of the real estate brokerage network services business of PRC Holdco and is mainly responsible for the linkage distribution business. From 2010 to 2017, she worked at Leju (a company listed on NYSE with stock code of LEJU), her positions included vice president of Leju Group and general manager of the Shanghai regional company.

Joint Company Secretary

Mr. Zhou Liang (周亮) is our chief financial officer and joint company secretary. Please see his biography in the part headed “— Senior Management”.

Mr. Cheng Ching Kit (鄭程傑) was appointed on June 12, 2018 as our joint company secretary. Mr. Cheng is the Company Secretarial Executive of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over 5 years of experience in corporate secretarial field. He is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. In addition, he holds a Bachelor of Commerce degree in finance from the University of Queensland, Australia.

Management and Corporate Governance

Board Committees

Audit committee

We have established an audit committee. 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 and is our independent non-executive Director with the appropriate professional qualifications.

Remuneration committee

We have established a remuneration committee. The primary duties of the remuneration committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The remuneration committee consists of three members, namely Mr. Zhu Hongchao, Mr. Cheng Li-Lan, and Mr. Wang Liqun. Mr. Zhu Hongchao is the chairman of the remuneration committee.

Nomination committee

We have established a nomination committee. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The nomination committee consists of three members, namely Mr. Zhou Xin, Mr. Wang Liqun, and Mr. Zhu Hongchao. Mr. Zhou Xin is the chairman of the nomination committee.

Remuneration

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for the five highest paid individuals for the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2020 was approximately RMB16.11 million, RMB89.64 million, RMB74.59 million and RMB23.3 million, respectively.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the three years ended December 31, 2019 and the six months ended June 30, 2020 for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated.

As a listed company on the SEHK, we are subject to the requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time) (the “Listing Rules”), which require that certain “connected transactions” with “connected persons” be approved by a company’s independent shareholders. The related party transactions disclosed hereunder that constitute connected transactions within the meaning of the Listing Rules would have been subject to reporting, announcement and/or independent shareholders’ approval requirements had the Company been listed on the SEHK at the relevant times, unless such transactions would have been otherwise exempted from compliance under Chapter 14A of the Listing Rules.

We have recurring service transactions and non-trade transactions with our related parties. Amounts due from related parties of a non-trade nature and amounts due to related parties of a non-trade nature during the three years ended December 31, 2019 primarily represent advances between our Group and our related parties. All such advances have been settled in full as of June 30, 2020. During the three years ended December 31, 2019, our related parties have also provided guarantees and pledges of assets for our bank borrowings. All such guarantees and pledges have been released as of June 30, 2020.

Since March 5, 2018, our Shareholders have included subsidiaries of Country Garden, Evergrande and Vanke. As these related parties are also our customers and regularly enter into service transactions with us, the volume of our related party transactions has become significantly larger after March 5, 2018 compared with prior periods. Through these transactions, we derived revenue from the provision of advertising services, agency revenue and revenue from the provision of consulting services. For the six months ended June 30, 2020, we received nil, RMB1.2 billion (US\$169.8 million) and RMB3.3 million (US\$0.5 million) in revenues from advertising services, agency revenue and revenue from consulting services from our related parties.

On March 5, 2019, PRC Holdco entered into a capital increase agreement with Shanghai Vanke Company limited (上海萬科企業有限公司) (“Shanghai Vanke”), an indirect wholly-owned subsidiary of Vanke, and Shanghai Weijia Real Estate Consulting Co., Ltd. (“Shanghai Weijia”), an indirect wholly-owned subsidiary of the Company, pursuant to which (i) PRC Holdco agreed to inject RMB25.0 million in cash for the proposed increase in the registered capital of Shanghai Weijia and (ii) Shanghai Vanke agreed to inject RMB15.0 million in cash for the proposed increase in the registered capital of Shanghai Weijia. Upon completion of the capital increase, the registered capital of Shanghai Weijia will increase from RMB10.0 million to an aggregate amount of RMB50.0 million.

The Company and CRIC Commercial Information Co., Ltd., a company indirectly wholly-owned by Mr. Zhou, have joined force in building a smart asset operation management service platform in China that is supported by blockchain technology and big data technology (the “CAIC Asset Management Platform”). For this shared business vision, Shanghai Louyi Information Technology Co., Ltd. (“Shanghai Louyi”), a company indirectly owned by the Company as to 50% and CRIC Commercial Information Co., Ltd. as to 50%, was established as an operating entity of the CAIC Asset Management Platform. On June 30, 2019, the following transfer agreements were entered into to inject certain assets and intellectual property rights into Shanghai Louyi for the operation of the CAIC Asset Management Platform:

1. A commercial database transfer agreement was entered into between PRC Holdco and Shanghai Louyi, pursuant to which PRC Holdco agreed to transfer its proprietary rights and intellectual property rights in a commercial database product covering macro data, basic information, rental data and case data of commercial complexes, offices and hotel properties, which formed a part of the CRIC systems of the Company (which is a series of proprietary real estate databases and analysis systems developed and owned by the Company) prior to the entering into of the commercial database transfer agreement to Shanghai Louyi, for a total consideration of RMB16,500,000;

2. A software copyright transfer agreement was entered into between Shanghai Yunchuang Information Technology Co., Ltd. (上海鑒創信息技術有限公司) (“Shanghai Yunchuang”), a company indirectly owned by Mr. Zhou as to 70%, and Shanghai Louyi, pursuant to which Shanghai Yunchuang agreed to transfer its software copyrights in certain Qiushilian asset management platform software and all related rights in China to Shanghai Louyi, for a total consideration of RMB25,000,000; and
3. A software copyright transfer agreement was entered into between Shanghai CRIC Information Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and Shanghai Louyi pursuant to which Shanghai CRIC agreed to transfer its software copyrights in certain CRIC Yilou APP software and all related rights in China to Shanghai Louyi, for a total consideration of RMB8,500,000.

On March 20, 2020, Shanghai Jingshun Educational Technology Co., Ltd. (“Shanghai Jingshun”), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with Shanghai Fangjia Information Technique Co., Ltd. (上海方加信息技術有限公司) (“Shanghai Fangjia”), an indirect wholly-owned subsidiary of Mr. Zhou, pursuant to which Shanghai Fangjia agreed to transfer the entire equity interest in Shanghai Fangjiao Information Technology Co., Ltd. (上海房教信息技術有限公司) to Shanghai Jingshun, for a total consideration of RMB51,000,000.

On March 20, 2020, Shanghai Jingshun entered into an acquisition agreement with E-House Management, an indirect wholly-owned subsidiary of Mr. Zhou, pursuant to which E-House Management agreed to transfer 80% equity interest in Shanghai Yijin Culture Development Co., Ltd. (上海易進文化發展有限公司) to Shanghai Jingshun, for nil consideration.

On March 20, 2020, Shanghai Jingshun entered into acquisition agreements with three individual shareholders of Shanghai Yijin Culture Development Co., Ltd., all of whom are independent third parties, to acquire their respective 7%, 3% and 2% equity interest in Shanghai Yijin Culture Development Co., Ltd., for nil consideration.

On March 20, 2020, Shanghai Louyu Enterprise Management Co., Ltd. (“Shanghai Louyu”), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with E-House Management, pursuant to which E-House Management agreed to transfer the entire equity interest in Shanghai Shanglin Property Management Co., Ltd. (上海尚林物業管理有限公司) to Shanghai Louyu, for a total consideration of RMB84,920,000.

On March 20, 2020, Shanghai Louyu entered into an acquisition agreement with E-House Management, pursuant to which E-House Management agreed to transfer the entire equity interest in Shanghai Shangyou Property Management Co., Ltd. (上海尚友物業管理有限公司) to Shanghai Louyu, for a total consideration of RMB199,260,000.

Our Directors believe that each of the related party transactions set out above and in the notes to our financial statements included elsewhere in this offering memorandum was conducted in the ordinary course of business on an arm’s length basis.

Related Party Transactions following the Acquisition of a Majority Interest in Leju

Following the completion of the acquisition of a majority interest in Leju on November 4, 2020, the following existing transactions engaged in by Leju have become related party transactions for the Company.

Transactions with SINA Corporation Corporation and Tencent

On March 7 2014, SINA Corporation and Leju entered into an advertising inventory sale agency agreement for a term from March 7, 2014 to March 7, 2024. Under the advertising inventory sale agency agreement, Leju will have the exclusive right to sell advertising to real estate, home furnishing and

construction materials advertisers on all SINA Corporation non-real estate websites. Leju is required to pay SINA Corporation fees of approximately 15% of the revenues generated from sales of advertising on SINA Corporation non-real estate websites, subject to certain limitations on the amount of advertising that Leju may sell and fees payable by Leju to SINA Corporation based on the amount of advertising sold. In addition, Leju authorizes SINA Corporation as its exclusive agent to sell non-real estate-related advertising on its directly operated websites. Leju is entitled to receive approximately 85% of the revenues generated from these sales.

On March 7, 2014, Beijing SINA Internet Information Service Co., Ltd. (北京新浪互聯信息服務有限公司) (“Beijing SINA”) and Beijing Yisheng Leju Information Services Co., Ltd. (“Beijing Leju”) entered into the amended and restated domain name and content license agreement for a term from March 7, 2014 to March 7, 2024. Under the amended and restated domain name and content license agreement, Beijing SINA granted to Beijing Leju an exclusive license to use its five domain names, namely, house.sina.com.cn, jiaju.sina.com.cn, construction.sina.com.cn, dichan.sina.com.cn, and esf.sina.com.cn in connection with Leju’s real estate internet operations in China. In addition, the Beijing SINA also granted to Beijing Leju an exclusive license to use all contents, whose copyrights are owned by the Beijing SINA or owned by a third-party provider but is sub-licensable by the Beijing SINA without requiring payment of any additional fees and without violating the terms of any agreement with such third party provider, in connection with websites associated with the domain names licensed to Beijing Leju.

On March 7, 2014, Beijing SINA and Beijing Leju entered into the amended and restated trademark license agreement for a term from March 7, 2014 to March 7, 2024. Under the amended and restated trademark license agreement, Beijing SINA granted to Beijing Leju a non-exclusive license to use three SINA Corporation trademarks and an exclusive license to use four SINA Corporation related trademarks in connection with Leju’s real estate online operations in China through websites located at leju.com and the websites located at house.sina.com.cn, jiaju.sina.com.cn, construction.sina.com.cn, dichan.sina.com.cn and esf.sina.com.cn.

On March 7, 2014, SINA Corporation.com Technology (China) Co. Ltd. (新浪網技術(中國)有限公司) (“SINA Technology”) and Shanghai SINA Corporation Leju Information Technology Co. Ltd. (上海新浪樂居信息科技有限公司) (“Shanghai SINA Leju IT”) entered into the amended and restated software license and support services agreement for a term from March 7, 2014 to March 7, 2024. Under the amended and restated software license and support services agreement, SINA Technology granted to Shanghai SINA Leju IT a non-exclusive license to use (i) the proprietary software used for, among other things, internet content publishing, advertising publishing, sales management, procurement reimbursement, financial management flow, statistics, monitoring and censoring; (ii) certain current software products and interfaces necessary to facilitate Leju’s use of such current software products; (iii) the databases; (iv) certain improvements to the licensed software; and (v) related documentation and hardware, in each case to the extent such items (other than licensor improvements) exist and have been delivered to us under the software license and support service agreement executed in 2009. SINA Technology also provided to Leju infrastructure necessary to operate Leju’s websites and facilitate Leju’s use of the licensed software. In addition, SINA Technology also provided support services, including routine maintenance, technical support and hardware support. The licenses are free of any fees (subject to certain exceptions). However, to the extent that there are any reasonable, incremental costs for use of the licensed software or the infrastructure, or provision of the support services, due to a change in the business needs, we are required to reimburse the licensor for all such costs.

On March 21, 2017, SINA Corporation and Leju entered into the registration rights agreement for a term from March 21, 2017 until the earliest of (i) SINA Corporation, and any affiliate transferee of SINA Corporation and their affiliates ceasing to own certain equity securities, or (ii) termination by the parties in writing. The investor rights agreement granted SINA Corporation, among other things, certain registration rights with respect to Leju’s ordinary shares owned by it, including demand registration rights, shelf registration rights, and piggyback registration rights in relation to securities laws of the United States.

In January 2019, Leju entered into a series of exclusive advertising agency agreements with Tencent Holdings Ltd. (“Tencent”). Pursuant to the exclusive advertising agency agreements, Leju are the exclusive real property advertising agent of Tencent for selling advertising to real estate advertisers in certain areas of China, including, Tianjin and Sichuan, Anhui, Shanxi, Guangxi and Fujian provinces. In March 2019, Leju entered into an advertising agency agreement with Tencent, pursuant to which Leju is the real property advertising agent of Tencent in certain other areas of China. In January 2020, Leju renewed and entered into advertising agency agreements with Tencent, pursuant to which we are the real property advertising agent of Tencent in many areas of China. Pursuant to the exclusive advertising agency agreements signed in April 2020, such areas of China were Heilongjiang, Shanxi, Tianjin, Fujian, Guangxi, Guizhou, Chongqing, Sichuan and some cities in Jiangsu Province.

On March 31, 2014, E-House Holdings, THL O Limited and Leju entered into the investor rights agreement for a term from 31 March 2014 until the earliest of (i) Tencent, and any affiliate transferee of Tencent and their affiliates ceasing to own certain equity securities, or (ii) termination by the parties in writing. The investor rights agreement granted Tencent, among other things, certain registration rights with respect to Leju’s ordinary shares owned by it, including demand registration rights, shelf registration rights, and piggyback registration rights in relation to securities laws of the United States.

Transactions with E-House Holdings

On March 10, 2014, E-House Holdings and Leju entered into the master transaction agreement for a term from March 10, 2014 until the date that is five (5) years after the first date upon which members of the E-House Group (as defined therein) no longer collectively own at least twenty percent (20%) of the voting power of the then outstanding securities of Leju. The master transaction agreement contains provisions relating to Leju’s carve-out from E-House. The master transaction agreement provides for cross-indemnities that generally will place the financial responsibility on Leju for all liabilities associated with the current and historical real estate online services business and operations that have been conducted by or transferred to Leju, and generally will place on E-House Holdings the financial responsibility for liabilities associated with all of E-House Holding’s other current and historical businesses and operations, in each case regardless of the time those liabilities arise. The master transaction agreement also contains indemnification provisions under which Leju and E-House Holdings will indemnify each other with respect to breaches of the master transaction agreement or any related agreement.

On March 10, 2014, as amended on November 4, 2020, E-House Holdings and Leju entered into the offshore transitional services agreement for a term until December 31, 2025. Under the offshore transitional services agreement, E-House Holdings agrees that, during the service period, E-House Holdings will provide Leju with various corporate support services, including: accounting support; administrative support; marketing support; internal control support; customer service support; and legal support. The price to be paid for the services provided under the offshore transitional service agreement shall be the actual direct costs and indirect costs of providing such services. Direct costs include compensation and travel expenses attributable to employees, temporary workers, and contractors directly engaged in performing the services as well as materials and supplies consumed in performing the services. Indirect costs include occupancy, information technology supervision and other overhead costs of the department incurring the direct costs of providing the service.

On March 10, 2014, as amended on November 4, 2020, Shanghai Real Estate Sales (Group) Co., Ltd. (“E-House Shanghai”), on the one hand, and Shanghai SINA Corporation Leju Information Technology Co., Ltd., Beijing Yisheng Leju Information Services Co., Ltd., Shanghai Yi Yue Information Technology Co., Ltd., Shanghai Yi Xin E-Commerce Co., Ltd., Beijing Maiteng Fengshun Science and Technology Co., Ltd., Beijing Jiajujiu E-Commerce Co., Ltd., and Rehouse Real Estate Broker (Shanghai) Co., Ltd. (collectively, the “Leju Subsidiaries”), on the other hand, entered into the onshore transitional services agreement for a term until December 31, 2025. The onshore transitional services agreement adopts terms and conditions similar to those of the offshore transitional services agreement. Under the onshore transitional services agreement, E-House Shanghai, an indirectly wholly owned subsidiary of E-House Holdings, agrees, during the applicable service period, to provide the Leju Subsidiaries or the Leju PRC Entities (as defined therein), and/or their designated PRC affiliates, with various corporate support

services, including accounting support, administrative support, internal control and internal audit support, marketing support, customer service support and legal support. The price to be paid for the services provided under the onshore transitional services agreement shall be the actual direct costs and indirect costs of providing such services. Direct costs include compensation and travel expenses attributable to employees, temporary workers, and contractors directly engaged in performing the services as well as materials and supplies consumed in performing the services. Indirect costs include occupancy, information technology supervision and other overhead costs of the department incurring the direct costs of providing the service.

On March 10, 2014, E-House Holdings and Leju entered into the non-competition agreement for a term from March 10, 2014 until the later of (i) three years after the first date when E-House Holdings ceases to own in aggregate at least 20% of the voting power of Leju's then outstanding securities and (ii) five years after the date that the registration statement on Form F-1 for Leju's initial public offering is first publicly filed with the SEC. E-House Holdings agreed not to compete with Leju during the non-competition period in the business of providing real estate e-commerce, online advertising and listing services, anywhere in the world. Leju agreed not to compete with E-House Holdings during the non-competition period in any business conducted by E-House Holdings as described in its periodic filings with the SEC, other than the businesses Leju are engaged in as described in the prospectus for Leju's initial public offering. The non-competition agreement also provides for a mutual non-solicitation obligation.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

Working Capital Loans

We have entered into loan agreements with various PRC banks, including Bank of Communications, China CITIC Bank, SPD Bank, China Minsheng Bank and Xiamen International Bank. These loans typically are working capital loans or credit facilities and have a term ranging from one to two years. As of June 30, 2020, the aggregate outstanding amount under these working capital loans totaled approximately RMB2,101.8 million. Our working capital loans and credit facilities are typically secured by a pledge of deposits as well as guaranteed by certain of our other Hong Kong and PRC subsidiaries.

Interest

The principal amounts outstanding under the working capital loans and credit facilities primarily bear interest at fixed rates. Interest payments are payable quarterly and must be made on each payment date as provided in the particular loan agreement. As of June 30, 2020, the effective interest rate on the aggregate outstanding amount of our working capital loans and credit facilities ranged from 1.1% per annum to 5.22% per annum.

Events of Default

The working capital loans and credit facilities contain certain customary events of default, including insolvency and breaches of key terms of the loan agreements, such as covenants, representations, warranties, and use of loan proceeds. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loan principal, any accrued interest, and any default damages as provided in the loan agreement or credit facility upon the occurrence of an event of default.

Dividend Blocker

Some of the guarantee agreements associated with certain of our loan agreements contain provisions that limit our subsidiaries' ability to distribute dividends.

October 2019 Notes

On October 18, 2019, we entered into an indenture (the "October 2019 Notes Indenture") pursuant to which we issued an aggregate principal amount of US\$200,000,000 in aggregate principal amount of 7.625% senior notes due 2022. On August 14, 2020, we issued an additional US\$100,000,000 in aggregate principal amount of 7.625% senior notes due 2022, which have been consolidated and form a single class with the US\$200,000,000 7.625% senior notes due 2022 issued on October 18, 2019. The October Notes are listed on the SEHK. On November 3, 2020, we repurchased on the open market US\$1,800,000 in aggregate principal amount of the October 2019 Notes. As of the date of this offering memorandum, the US\$298,200,000 in principal amount of the October 2019 Notes remain outstanding.

Guarantee

The obligations pursuant to the October 2019 Notes are guaranteed by our existing subsidiaries, or the October 2019 Subsidiary Guarantors, and by our existing joint venture subsidiaries, or the 2019 JV Subsidiary Guarantors (if any), in each case other than those organized under the laws of the PRC and certain other subsidiaries specified in the October 2019 Notes Indenture. We refer to these as the October 2019 Subsidiary Guarantees and the 2019 JV Subsidiary Guarantees (if any), respectively. Under certain circumstances and subject to certain conditions, a October 2019 Subsidiary Guarantee required to be provided by one of our subsidiaries may be replaced by a limited-recourse guarantee, or 2019 JV Subsidiary Guarantee.

Each of the October 2019 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under the October 2019 Notes.

Interest

The October 2019 Notes bear interest at a rate of 7.625% per annum, payable semi-annually in arrears on April 18 and October 18 of each year, commencing on April 18, 2020.

Covenants

Subject to certain conditions and exceptions, the October 2019 Notes Indenture, each of the related October 2019 Subsidiary Guarantees and each of the 2019 JV Subsidiary Guarantees (if any) contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- (a) incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of Restricted Subsidiaries;
- (d) guarantee indebtedness by Restricted Subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (i) enter into transactions with shareholders or affiliates;
- (j) engage in any business other than Permitted Businesses; and
- (k) effect a consolidation or merger.

Events of default

The events of default under the October 2019 Notes include, among others: (a) default in the payment of principal of (or premium, if any, on); (b) default in the payment of interest or additional amounts and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of those covenants under the October 2019 Notes Indenture in relation to consolidation, merger and sale of assets, the failure by the Company to make or consummate an offer to purchase in a repurchase of note upon a change of control triggering event or in an asset sale, in accordance with the relevant covenants under the October 2019 Notes Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach by the Company or certain of its subsidiaries any other covenant or agreement in the October 2019 Notes Indenture or under the October 2019 Notes (other than a default specified in clause (a), (b), or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the October 2019 Notes; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$15.0 million; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged, with an aggregate amount exceeding US\$15.0 million; (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; and (i) any October 2019 Subsidiary Guarantor or 2019 JV Subsidiary Guarantor denies or disaffirms its obligations under its guarantees with respect to the obligations of the October 2019 Notes or, except as permitted by the October 2019 Notes Indenture, any such guarantee is determined to be unenforceable or invalid or for any reason ceases to be in full force and effect.

Redemption

At any time prior to April 18, 2022, we may redeem the October 2019 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the October 2019 Notes redeemed plus the premium and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to April 18, 2022, we may redeem up to 35% of the aggregate principal amount of the October 2019 Notes with the net cash proceeds of one or more sales of our shares in an equity offering at a redemption price of 107.625% of the principal amount of the October 2019 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the October 2019 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

February 2019 Notes

On February 28, 2019, we entered into an indenture (the “February 2019 Notes Indenture”) pursuant to which we issued an aggregate principal amount of US\$200,000,000 in aggregate principal amount of 7.75% senior notes due 2021. On May 16, 2019, we issued an additional US\$100,000,000 in aggregate principal amount of 7.75% senior notes due 2021, which have been consolidated and form a single class with the US\$200,000,000 7.75% senior notes due 2021 issued on February 28, 2019. The February 2019 Notes are listed on the SEHK. As of the date of this offering memorandum, the US\$300,000,000 in principal amount of the February 2019 Notes remain outstanding.

Guarantee

The obligations pursuant to the February 2019 Notes are guaranteed by our existing subsidiaries, or the February 2019 Subsidiary Guarantors, and by our existing joint venture subsidiaries, or the 2019 JV Subsidiary Guarantors (if any), in each case other than those organized under the laws of the PRC and certain other subsidiaries specified in the February 2019 Notes Indenture. We refer to these as the February 2019 Subsidiary Guarantees and the 2019 JV Subsidiary Guarantees (if any), respectively. Under certain circumstances and subject to certain conditions, a February 2019 Subsidiary Guarantee required to be provided by one of our subsidiaries may be replaced by a limited-recourse guarantee, or 2019 JV Subsidiary Guarantee.

Each of the February 2019 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under the February 2019 Notes.

Interest

The February 2019 Notes bear interest at a rate of 7.75% per annum, payable semi-annually in arrears on February 28 and August 28 of each year, commencing on August 28, 2019.

Covenants

Subject to certain conditions and exceptions, the February 2019 Notes Indenture, each of the related February 2019 Subsidiary Guarantees and each of the 2019 JV Subsidiary Guarantees (if any) contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- (a) incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- (b) declaring dividends on its capital stock or purchasing or redeeming capital stock;
- (c) making investments or other specified restricted investments;
- (d) issuing or selling capital stock of certain of its subsidiaries;
- (e) guaranteeing indebtedness of certain of its subsidiaries;
- (f) selling assets;
- (g) creating liens;
- (h) entering into sale and leaseback transactions;
- (i) engaging in certain business activities;

- (j) entering into agreements that restrict the ability of certain of its subsidiaries to pay dividends, transfer assets or make intercompany loans;
- (k) entering into transactions with shareholders or affiliates; and
- (l) effecting a consolidation or merger.

Events of default

The events of default under the February 2019 Notes include, among others: (a) default in the payment of principal of (or premium, if any, on); (b) default in the payment of interest or additional amounts and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of those covenants under the February 2019 Notes Indenture in relation to consolidation, merger and sale of assets, the failure by the Company to make or consummate an offer to purchase in a repurchase of note upon a change of control triggering event or in an asset sale, in accordance with the relevant covenants under the February 2019 Notes Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach by the Company or certain of its subsidiaries any other covenant or agreement in the February 2019 Notes Indenture or under the February 2019 Notes (other than a default specified in clause (a), (b), or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the February 2019 Notes; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$15.0 million; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged, with an aggregate amount exceeding US\$15.0 million; (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; and (i) any February 2019 Subsidiary Guarantor or 2019 JV Subsidiary Guarantor denies or disaffirms its obligations under its guarantees with respect to the obligations of the February 2019 Notes or, except as permitted by the February 2019 Notes Indenture, any such guarantee is determined to be unenforceable or invalid or for any reason ceases to be in full force and effect.

Redemption

At any time prior to February 28, 2021, we may redeem the February 2019 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the February 2019 Notes redeemed plus the premium and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to February 28, 2021, we may redeem up to 35% of the aggregate principal amount of the February 2019 Notes with the net cash proceeds of one or more sales of our shares in an equity offering at a redemption price of 107.75% of the principal amount of the February 2019 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the February 2019 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding ownership of our outstanding shares as at the date of this offering memorandum by those persons who beneficially own more than 5% of our outstanding shares and underlying shares, as recorded in the register maintained by us pursuant to Part XV of the SFO:

Name of substantial shareholder	Capacity/Nature of Interest	Number of Shares Held	Approximate percentage of interest in the Company
Mr. Zhou ⁽¹⁾	Interest of controlled corporations and beneficial owner	413,073,499	23.62%
CRE Corp ⁽¹⁾	Beneficial owner	228,920,000	16.45%
E-House (China) Holdings ⁽¹⁾	Interest of controlled corporations and beneficial owner	375,838,440	21.49%
E-House Holdings ⁽¹⁾	Interest of controlled corporations	375,838,440	21.49%
Country Garden (Hong Kong) Development Company Limited ⁽²⁾	Beneficial owner	171,690,000	9.82%
Smart World Development Holdings Ltd ⁽²⁾	Interest of controlled corporations	171,690,000	9.82%
Country Garden ⁽²⁾	Interest of controlled corporations	171,690,000	9.82%
Jovial Idea Developments Limited ⁽³⁾ ...	Beneficial owner	171,690,000	9.82%
Central Sino Global Limited ⁽³⁾	Interest of controlled corporations	171,690,000	9.82%
Tianji Holding Limited ⁽³⁾	Interest of controlled corporations	171,690,000	9.82%
Hengda Real Estate Group Company Limited (恒大地產集團有限公司) ⁽³⁾	Interest of controlled corporations	171,690,000	9.82%
Guangzhou Kailong Real Estate Company Limited (廣州市凱隆置業有限公司) ⁽³⁾	Interest of controlled corporations	171,690,000	9.82%
Guangzhou Chaofeng Land Company Limited (廣州市超豐置業有限公司) ⁽³⁾	Interest of controlled corporations	171,690,000	9.82%
ANJI (BVI) Limited (安基BVI有限公司) ⁽³⁾	Interest of controlled corporations	171,690,000	9.82%
Evergrande ⁽³⁾	Interest of controlled corporations	171,690,000	9.82%
Captain Valley (Cayman) Limited ⁽⁴⁾	Beneficial owner	171,690,000	9.82%
Climax Fame (BVI) Limited ⁽⁴⁾	Interest of controlled corporations	171,690,000	9.82%
Vanke Finance (Hong Kong) Limited ⁽⁴⁾	Interest of controlled corporations	171,690,000	9.82%
Vanke Property (Hong Kong) Company Limited ⁽⁴⁾	Interest of controlled corporations	171,690,000	9.82%
Shanghai Vanke Real Estate Company Limited ⁽⁴⁾	Interest of controlled corporations	171,690,000	9.82%
Shanghai Vanke Investment and Management Company Limited ⁽⁴⁾	Interest of controlled corporations	171,690,000	9.82%
Vanke ⁽⁴⁾	Interest of controlled corporations	171,690,000	9.82%
City Legend International Limited (華昌國際有限公司) ⁽⁵⁾	Beneficial owner	73,371,900	5.27%
Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司) ⁽⁵⁾	Interest of controlled corporations	73,371,900	5.27%
Overseas Chinese Town (HK) Company Limited (香港華僑城有限公司) ⁽⁵⁾	Interest of controlled corporations	73,371,900	5.27%

Name of substantial shareholder	Capacity/Nature of Interest	Number of Shares Held	Approximate percentage of interest in the Company
Pacific Climax Limited ⁽⁵⁾	Interest of controlled corporations	73,371,900	5.27%
Phoenix Ocean Developments Limited (華泰發展有限公司) ⁽⁵⁾	Interest of controlled corporations	73,371,900	5.27%
Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) ⁽⁵⁾	Interest of controlled corporations	73,371,900	5.27%
Chinese Town Group Company (華僑城集團有限公司) ⁽⁵⁾	Interest of controlled corporations	73,371,900	5.27%
Taobao China Holding Limited ⁽⁶⁾	Beneficial owner	145,588,000	8.32%
Taobao Holding Limited ⁽⁶⁾	Interest of controlled corporations	145,588,000	8.32%
Alibaba.com Hong Kong Limited ⁽⁶⁾ ...	Beneficial owner	99,508,197	5.69%
Alibaba.com Investment Holding Limited ⁽⁶⁾	Interest of controlled corporations	99,508,197	5.69%
Alibaba.com Limited ⁽⁶⁾	Interest of controlled corporations	99,508,197	5.69%
Alibaba Group ⁽⁶⁾	Interest of controlled corporations	245,096,197	14.01%

Convertible Note to the Alibaba Noteholder

Set out below is the shareholding structure of the Company (a) immediately after the allotment and issue of the consideration shares and the subscription shares to Alibaba Group; and (b) immediately after the allotment and issue of the consideration shares, the subscription shares and the conversion shares in full to Alibaba Group as contemplated under the note subscription agreement:

Shareholders	Immediately after the allotment and issue of the consideration shares and subscription shares		Immediately after the allotment and issue of the consideration shares, subscription shares and conversion shares in full	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Zhou	413,073,499	23.62	413,073,499	22.35
Alibaba Group	145,588,000	8.32	245,096,197	13.26
Country Garden	171,690,000	9.82	171,690,000	9.29
Evergrande	171,690,000	9.82	171,690,000	9.29
Vanke	171,690,000	9.82	171,690,000	9.29
SINA Parties ⁽⁷⁾	78,676,790	4.50	78,676,790	4.26
Other Shareholders ⁽⁸⁾	596,651,241	34.11	596,651,241	32.28
Total	1,749,059,530	100.00	1,848,567,727	100.00

Notes:

- CRE Corp is a wholly-owned subsidiary of E-House (China) Holdings, itself a wholly-owned subsidiary of E-House Holdings. E-House Holdings is wholly-owned by Mr. Zhou. Kanrich is wholly-owned by Mr. Zhou and Regal Ace is owned as to 51% by Mr. Zhou. Mr. Zhou is deemed to be interested in 228,920,000 Shares, 45,784,000 Shares and 18,566,975 Shares held by CRE Corp, Kanrich and Regal Ace, respectively. Mr. Zhou was granted options under the Company's pre-IPO share option scheme which entitle him to subscribe for 14,460,000 shares of the Company.
- Country Garden (Hong Kong) Development Company Limited is a wholly-owned subsidiary of Smart World Development Holdings Ltd, itself a wholly-owned subsidiary of Country Garden Holdings Company Limited (碧桂園控股有限公司). Country Garden Holdings Company Limited is a company listed on the Stock Exchange with stock code 2007.
- Jovial Idea Developments Limited is wholly-owned by Central Sind Global Limited (中華環球有限公司), which is in turn wholly-owned by Tianji Holding Limited (天基控股有限公司). Tianji Holding Limited is wholly-owned by Hengda Real Estate Group Company Limited (恒大集團有限公司), which is owned as to 63.46% by Guangzhou Kailong Real Estate Company Limited (廣州市凱隆置業有限公司), which is in turn wholly-owned by Guangzhou Chaofeng Land Company (廣州市超豐置業有限公司). Guangzhou Chaofeng Land Company (廣州市超豐置業有限公司) is wholly-owned by ANJI (BVI) Limited (安基BVI有限公司), which is wholly-owned by China Evergrande Group (中國恒大集團有限公司), a company listed on the Stock Exchange with stock code 3333.

- (4) Captain Valley (Cayman) Limited is wholly-owned by Climax Fame (BVI) Limited, which is in turn wholly-owned by Vanke Finance (Hong Kong) Limited. Vanke Finance (Hong Kong) Limited is wholly-owned by Vanke Property (Hong Kong) Company Limited, which is in turn wholly-owned by Shanghai Vanke Real Estate Company Limited. Shanghai Vanke Real Estate Company Limited is wholly-owned by Shanghai Vanke Investment and Management Company Limited, which is in turn wholly-owned by China Vanke Company Limited (萬科企業股份有限公司), a company listed on the Stock Exchange and the Shenzhen Stock Exchange with stock codes 2202 and 000002, respectively.
- (5) City Legend International Limited (華昌國際有限公司) is wholly-owned by Phoenix Ocean Developments Limited (華秦發展有限公司), which is in turn wholly-owned by Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司), a company listed on the Stock Exchange with stock code 3366. Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司) is 70.94%-owned by Pacific Climax Limited, which is in turn wholly-owned by Overseas Chinese Town (HK) Company Limited (香港華僑城有限公司), which is in turn wholly-owned by Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 000069, respectively. Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) is 46.99%-owned by Chinese Town Group Company (華僑城集團有限公司).
- (6) Alibaba.com Hong Kong Limited is a wholly-owned subsidiary of Alibaba.com Investment Holding Limited, which is in turn wholly-owned by Alibaba.com Limited. Alibaba.com Limited is 80.02%-owned by Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (NYSE Stock symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock code: 9988). Taobao China Holding Limited is a wholly-owned subsidiary of Taobao Holding Limited, which is in turn wholly-owned by Alibaba Group Holding Limited.
- (7) Pursuant to the terms of the equity transfer agreement with SINA Parties, the relevant consideration shares were issued to the SINA Parties' majority owned and controlled nominees as notified.
- (8) There is no other substantial shareholder who holds 10% or more of the shareholding interest in the Company.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to E-House (China) Enterprise Holdings Limited, and any successor obligor on the Notes, and not to any of its subsidiaries. Each Subsidiary of the Company which Guarantees the Notes (other than as a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor,” and each such guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined herein) is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of December 10, 2020, among the Company, the Subsidiary Guarantors, as guarantors, and The Hong Kong and Shanghai Banking Corporation Limited, as trustee (the “Trustee”).

The following is a summary of certain provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection on or after the Original Issue Date at the corporate trust office of the Trustee at Level 24, HSBC Main Building, 1 Queen’s Road, Central, Hong Kong.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the February 2019 Notes, the October 2019 Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under “— The Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees”;
- effectively subordinated to all existing and future secured obligations of the Company to the extent of the value of the collateral serving as security therefore; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (defined below).

The Notes will mature on June 10, 2023, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 7.60% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on June 10 and December 10 of each year (each, an “Interest Payment Date”), commencing June 10, 2021.

Interest on the Notes will be paid to the Holders of record at the close of business on May 26 or November 25 immediately preceding an Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. So long as the Notes are held in global form, each payment in respect of the Global Note (as defined below) will be made to the person shown as the holder of the Notes in the Note register close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under “Optional Redemption,” “Redemption for Taxation Reasons” and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company).

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day, then such payment need not be made in such place on such date but may be made on the next succeeding Business Day. Any payment made on such succeeding Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of the Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying and Transfer Agent, currently located at Level 24, HSBC Main Building, 1 Queen’s Road Central, Hong Kong), and the Notes may be presented for registration of transfer or exchange at such office or agency; provided that, at the option of the Company, payment of interest may be made by check mailed (at the expense of the Company) to the address of the Holders as such address appears in the Note register maintained by the Registrar or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Company has completed the registration of foreign debt in respect of the offering described in this offering memorandum and obtained a certificate of registration from the NDRC in accordance with the NDRC Notice on October 16, 2020.

The Company has (i) filed or caused to be filed with the NDRC or its local branch information concerning the offering described in this offering memorandum after the Original Issue Date in accordance with and within the time period prescribed by the NDRC Notice and (ii) ensured that the registration of foreign debt with the NDRC in respect of the offering described in this offering memorandum remains in full force and effect for so long as any of the Notes remains outstanding.

The Subsidiary Guarantees and JV Subsidiary Guarantees

As of the date of the Indenture, all of the Company’s Subsidiaries are “Restricted Subsidiaries.” However, under the circumstances described below under “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

The initial Subsidiary Guarantors that executed the Indenture on the Original Issue Date consist of all of the Company's Restricted Subsidiaries, other than (i) the Restricted Subsidiaries organized under the laws of the PRC (the "PRC Non-Guarantor Subsidiaries") and (ii) E-house Vietnam Real Estate Brokerage Joint Stock Company, CAIC Assets Management Holdings Limited, CAIC Limited, Status Overseas Ltd., Mosway Holdings Limited, Real Estate Education (China) Company Limited, E-house (China) Fangyou Holdings Limited, E-house (China) International Property Development Limited, E-house (China) Enterprises Holdings (HK) Limited, E-house (China) Real Estate Sales Holdings Limited, E-house (China) Real Estate Sales Limited, Ultrex Holdings Limited, Ultrex Holdings (HK) Limited, E-house China (Beijing) Holdings Limited, China PMLS Limited, China PMLS Holdings Limited, CRIC Holdings Limited, CRIC Holdings (HK) Limited, E-house International Estate Agency Limited, E-House China Inc., E-House China USA Corporation, Leju Holdings Limited, Branco Overseas Ltd, Omnigold Holdings Limited, China Commercial Real Estate Group Limited, China Real Estate Business Group Limited, China Online Housing Technology Corporation, China Online Housing (Hong Kong) Co. Limited, China E-Real Estate Holdings Ltd., China E-Real Estate Group Ltd., E-House China (Tianjin) Holdings Ltd., E-House Property Consultancy Ltd., E-House International Property Consultancy Limited, Vinta Assets Limited and Leju (Hong Kong) Co. Limited (the "Initial Offshore Non-Guarantor Subsidiaries" and, together with the PRC Non-Guarantor Subsidiaries, the "Initial Non-Guarantor Subsidiaries"). All of the initial Subsidiary Guarantors are holding companies that do not have significant operations.

None of the PRC Non-Guarantor Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC or Exempted Subsidiaries), as soon as practicable and in any event within 30 days after it becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which it will Guarantee the payment of the Notes. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary or ceases to be a Exempted Subsidiary (such Restricted Subsidiaries, the "New Offshore Non-Guarantor Subsidiaries" and, together with the Initial Non-Guarantor Subsidiaries, the "Non-Guarantor Subsidiaries"); provided that, after giving effect to the amount of Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries) that are not Subsidiary Guarantors do not exceed 15.0% of Total Assets.

Each Restricted Subsidiary that Guarantees the Notes after the Original Issue Date other than through a JV Subsidiary Guarantee is referred to as a "Future Subsidiary Guarantor" and, upon execution of the applicable supplemental indenture to the Indenture, will be a "Subsidiary Guarantor."

In the case of a Restricted Subsidiary (i) that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date, (ii) that is organized in any jurisdiction other than the PRC and (iii) in respect of which the Company or any Restricted Subsidiary (x) is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary, or (y) is proposing to purchase the Capital Stock of an entity from an Independent Third Party such that it becomes a non-Wholly Owned Subsidiary of the Company and designate such entity as a Restricted Subsidiary, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, cause the provision of a JV Subsidiary Guarantee instead of a Subsidiary Guarantee by (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of a JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any Restricted Subsidiary from providing a JV Subsidiary Guarantee or (b) requiring the Company or any Restricted Subsidiary to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company; provided that, no such appraisal is required if the sale, issuance or purchase of Capital Stock is made within 180 days after land use rights are acquired by such JV Restricted Subsidiary or any Restricted Subsidiary of such JV Subsidiary Guarantor;
- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into a JV Subsidiary Guarantor from the date of the sale of existing Capital Stock or issuance of new Capital Stock or purchase of Capital Stock as referred to above, shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and its Restricted Subsidiaries and (ii) such Independent Third Party in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor or on a basis more favorable to the Company;
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the “JV Subsidiary Guarantee”) and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary, and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers’ Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

As of June 30, 2020, the Company and its consolidated subsidiaries (including the Non-Guarantor Subsidiaries) had total consolidated indebtedness of approximately RMB5,708.3 million (US\$808.0 million), of which RMB1,100.0 million (US\$155.7 million) was secured.

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least *pari passu* with the subsidiary guarantee of such Subsidiary Guarantor for the February 2019 Notes, the October 2019 Notes and all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and

- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited and enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to the secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee;
- will rank at least pari passu in the right of payment with all other unsecured and unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and
- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes; provided that any JV Subsidiary Guarantors will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will (1) agree that their respective obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their respective right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including Guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees — Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees."

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "— Defeasance — Defeasance and Discharge";
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, disposition or merger of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants under the captions "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee.

In addition, in the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may, concurrently with the consummation of such sale or issuance of Capital Stock, instruct the Trustee in writing to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized under the laws outside the PRC will become new Offshore Non-Guarantor Subsidiaries (such that each new Offshore Non-Guarantor Subsidiary will no longer Guarantee the Notes); provided that, after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized under the laws outside the PRC (other than Exempted Subsidiaries) that are not Subsidiary Guarantors (including the new Offshore Non-Guarantor Subsidiaries) do not account for more than 15.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if, as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor. No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee

shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture. The Trustee shall be entitled to rely without liability upon such Officers' Certificate as sufficient evidence thereof.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released or replaced by a JV Subsidiary Guarantee following the sale or issuance by the Company or any of its Restricted Subsidiaries of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% and no more than 49.9% of the issued Capital Stock of the relevant Subsidiary Guarantor, provided that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee, (b) prohibiting the Company or such Restricted Subsidiary from providing such JV Subsidiary Guarantee, or (c) requiring the Company or such Restricted Subsidiary to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than such JV Subsidiary Guarantee;
- such sale has been made to an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;
- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into a JV Subsidiary Guarantor from the date of the sale of existing Capital Stock or issuance of new Capital Stock as referred to above, shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and its Restricted Subsidiaries and (ii) such Independent Third Party that purchased or subscribed for Capital Stock in the JV Subsidiary Guarantor in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor or on a basis more favorable to the Company;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the “Limitation on Asset Sales” covenant.

Under the circumstances described below under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company’s Unrestricted Subsidiaries will not Guarantee the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first interest period and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided that the issuance of any such Additional Notes shall then be permitted under the “— Certain Covenant — Limitation on Indebtedness” covenant described below.

Optional Redemption

The Company may at its option redeem the Notes, in whole but not in part, at any time prior to June 10, 2023, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to June 10, 2023, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 107.60% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption. If less than all of the Notes are to be redeemed at any time, the Notes will be selected for redemption as follows:

- (a) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed or, if the Notes are held through the clearing systems, in compliance with the requirements of the applicable clearing systems; or
- (b) if the Notes are not listed on any national securities exchange or held through the clearing systems, on a pro rata basis, by lot or by such other method as the Trustee in its sole and absolute discretion shall deem to be fair and appropriate unless otherwise required by applicable law.

Notices of redemption may, in the Company’s discretion, be subject to the satisfaction of one or more conditions precedent.

However, no Note of US\$200,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any Certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a “Change of Control Offer”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (as defined in clause (2) of the definition of “Offer to Purchase”).

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain debt documents of the Company. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company’s ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company’s then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors — Risks Relating to the Notes — We may not be able to repurchase the Notes upon a Change of Control Triggering Event.”

The definition of Change of Control includes a phrase relating to the sale of “all or substantially all” the assets of the Company. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder’s Notes as a result of a sale of less than all the assets of the Company to another person or group may be uncertain and will depend upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred.

Notwithstanding the foregoing, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner, at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event has occurred or may occur and shall be entitled to assume that no such event has occurred until it has received written notice to the contrary. The Trustee shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not

be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, premium (if any) and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees (if any) will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under “— Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein (each, as applicable, a “Relevant Taxing Jurisdiction”) or any jurisdiction through which payment is made by or on behalf of the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, or any political subdivision or taxing authority thereof or therein (together with the Relevant Taxing Jurisdictions, the “Relevant Jurisdictions”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (1) for or on account of:
 - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
 - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or

- (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor, addressed to the Holder, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (c) any tax, duty, assessment or other governmental charge to the extent such tax, duty, assessment or other governmental charge results from the presentation of the Note (where presentation is required) for payment and the payment can be made without such withholding or deduction by the presentation of the Note for payment elsewhere;
- (d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any current or future U.S. Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA;
- (e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or
- (2) to a Holder that is a fiduciary, partnership, limited liability company or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

The Company will (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. The Company will furnish to the Holders and the Trustee, within 60 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company will be obligated to pay Additional Amounts with respect to such payment, the Company will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying and Transfer Agent to pay such Additional Amounts to the Holders on such payment date.

In addition, the Company will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof. None of the Trustee nor any of the Agents (as defined below) shall be responsible for paying any Additional Amounts or for determining whether such Additional Amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Company, any Surviving Person, any Subsidiary Guarantor, or JV Subsidiary Guarantor, Holder or any third party to pay such Additional Amounts.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person (as defined under the caption “— Consolidation, Merger and Sale of Assets”), as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders and the Trustee (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the “Tax Redemption Date”) if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or, in the case of an official position, is announced (i) except as described in (ii) immediately below, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor or JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor or JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor or JV Subsidiary Guarantor or a Surviving Person (the “Assumption Date”) if such Person’s Relevant Taxing Jurisdiction had not been a Relevant Taxing Jurisdiction prior to the relevant Assumption Date, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Notwithstanding anything to the contrary herein, the Company or a Surviving Person may not redeem the Notes in the case that Additional Amounts are payable in respect of PRC withholding tax at the Applicable PRC Rate or less.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

- (1) an Officers’ Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and

- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall and is entitled to accept and rely upon such certificate and opinion as conclusive evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Repurchases and Cancellation of Notes

The Company or any Subsidiary Guarantor may purchase Notes in the open market or by tender or by any other means at any price, so long as such acquisition does not otherwise violate the terms of the Indenture; provided that all Notes redeemed or repurchased by the Company or such Subsidiary Guarantor may not be reissued or resold.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); provided that, the Company and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Restricted Subsidiary (other than a Subsidiary Guarantor) may Incur Permitted Subsidiary Indebtedness (including Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would not be less than 3.0 to 1.0 with respect to any Incurrence of Indebtedness.

Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor, so long as it is so held).

- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
 - (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (c) below; provided that such Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantors) shall be included in the calculation of Permitted Subsidiary Indebtedness;
 - (c) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; provided that (i) any event which results in (x) any Restricted Subsidiary to which such Indebtedness is owed ceasing to be a Restricted Subsidiary or (y) any subsequent transfer of such Indebtedness (other than to the

Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (c) and (ii) if the Company is the obligor on such Indebtedness and none of the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness (and none of the Company, any other Subsidiary Guarantor and any other JV Subsidiary Guarantor is the obligee), such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;

- (d) Indebtedness (“Permitted Refinancing Indebtedness”) of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have correlative meanings), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the proviso in paragraph (1) above or clause (a), (b), (k), (p) or (r) of paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); provided that (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is pari passu with, or subordinated in right of payment to, the Notes or any Subsidiary Guarantee or any JV Subsidiary Guarantee shall only be permitted under this clause (d) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is pari passu with the Notes or any Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made pari passu with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or any Subsidiary Guarantee or such JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, as the case may be, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;
- (e) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into to reduce or manage the exposure of the Company or any of its Restricted Subsidiaries to fluctuations in interest rates, currencies or the price of commodities;
- (f) any Pari Passu Guarantee;

- (g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently, except in the case of daylight overdrafts, drawn against insufficient funds in the ordinary course of business; provided that this Indebtedness is extinguished within five Business Days;
- (h) Indebtedness of the Company or any Restricted Subsidiary in respect of workers' compensation claims and claims arising under similar legislation, or in connection with self-insurance or similar requirements, in each case in the ordinary course of business;
- (i) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn-out or other similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in each case Incurred or assumed in connection with the disposition of any business, assets of the Company or of a Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of any of the Company's or a Restricted Subsidiary's business or assets for the purpose of financing an acquisition; provided that the maximum assumable liability in respect of all this Indebtedness shall at no time exceed the gross proceeds actually received by the Company and/or the relevant Restricted Subsidiary from the disposition of such business, assets or Restricted Subsidiary;
- (j) obligations with respect to trade letters of credit, performance and surety bonds and completion guarantees provided by the Company or any of its Restricted Subsidiaries securing obligations, entered into in the ordinary course of business, to the extent the letters of credit, bonds or guarantees are not drawn upon or, if and to the extent drawn upon is honored in accordance with its terms and, if to be reimbursed, is reimbursed no later than 30 days following receipt of a demand for reimbursement following payment on the letter of credit, bond or guarantee;
- (k) Indebtedness of the Company or any Restricted Subsidiary incurred in the ordinary course of business:
 - (i) representing Capitalized Lease Obligations; or
 - (ii) constituting purchase money Indebtedness incurred to finance all or any part of the purchase price of equipment, property or assets of the Company or any Restricted Subsidiary in a Permitted Business (including the purchase of Capital Stock of any Person holding such equipment, property or assets that is, or will upon such purchase become, a Restricted Subsidiary) or the cost of development, construction or improvement of equipment, property or assets to be used in the ordinary course of a Permitted Business by the Company or a Restricted Subsidiary in a Permitted Business;

provided that (A) such purchase money Indebtedness shall not exceed the purchase price of such equipment, property or assets so acquired, (B) such purchase money Indebtedness shall be Incurred no later than 180 days after the acquisition of such equipment, property or assets and (C) on the date of the Incurrence of any Indebtedness permitted by this clause, and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (k) (together with any refinancings thereof, but excluding any Guarantee Incurred under such clause to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses

(m), (o), (p) and (q) below (together with any refinancings thereof, but excluding any Guarantee Incurred under such clauses to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20.0% of Total Assets;

- (l) Guarantees by the Company and any Restricted Subsidiary of any Indebtedness of the Company or any Restricted Subsidiary; provided that the Indebtedness guaranteed is permitted to be Incurred under the Indenture (including “— Certain Covenants — Limitation on issuance of Guarantees by Restricted Subsidiaries”);
- (m) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less for working capital; provided that, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (m) (together with any refinancings thereof, but excluding any Guarantee Incurred under such clause to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clause (k) above and clauses (o), (p) and (q) below (together with any refinancings thereof, but excluding any Guarantee Incurred under such clauses to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20.0% of Total Assets;
- (n) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Staged Acquisition Agreement; provided that such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;
- (o) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than a Restricted Subsidiary) by the Company or such Restricted Subsidiary, provided that, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (p) (together with any refinancings thereof, but excluding any Guarantee Incurred under such clause to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses (k) and (m) above and clauses (p) and (q) below (together with any refinancings thereof, but excluding any Guarantee Incurred under such clauses to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20.0% of Total Assets;
- (p) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); provided that, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (p) (together with any refinancings thereof, but excluding any Guarantee Incurred under such clause to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the

aggregate principal amount outstanding of all Indebtedness Incurred under clauses (k), (m) and (o) above and clauses (q) below (together with any refinancings thereof, but excluding any Guarantee Incurred under such clauses to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20.0% of Total Assets;

- (q) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; provided that, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (q) (together with any refinancings thereof, but excluding any Guarantee Incurred under such clause to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses (k), (m), (o) and (p) above (together with any refinancings thereof, but excluding any Guarantee Incurred under such clauses to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20.0% of Total Assets; and
 - (r) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed US\$10.0 million (or the Dollar Equivalent thereof).
- (3) For purposes of determining compliance with this “Limitation on Indebtedness” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Permitted Indebtedness, or of Indebtedness described in the proviso in paragraph (1) of this covenant and one or more types of Permitted Indebtedness, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.
- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies; provided that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable solely in shares of the Company’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly Owned Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary or any direct or indirect parent of the Company (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Company or any Wholly Owned Restricted Subsidiary;

- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Wholly Owned Restricted Subsidiary); or
- (4) make any Investment, other than a Permitted Investment; if, at the time of, and after giving effect to, the proposed Restricted Payment:
 - (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
 - (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in paragraph (1) of the covenant described under “— Limitation on Indebtedness”; or
 - (c) such Restricted Payment, together with the aggregate amount of all (1) Restricted Payments made by the Company and the Restricted Subsidiaries after the Original Issue Date and (2) payments made by the Company and the Restricted Subsidiary after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date, shall exceed the sum (without duplication) of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on July 1, 2018 and ending on the last day of the Company’s most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile in a timely manner and which may be internal consolidated financial statements) are available; plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion by a Person who is not a Subsidiary of the Company of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company or any Restricted Subsidiary; plus
 - (iii) the amount by which Indebtedness of the Company or any of its Restricted Subsidiaries is reduced on the Company’s consolidated balance sheet upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any of its Restricted Subsidiaries convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company or any of its Restricted Subsidiaries from the Incurrence of such Indebtedness; plus

- (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person, or (E) any Person becoming a Restricted Subsidiary but only to the extent such Investments by the Company or any Restricted Subsidiary in such Person was a Restricted Payment made to the extent permitted under this paragraph (c).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, at least a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company;

- (6) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; provided that any such cash payment shall not be for the purpose of evading the limitation of this “Limitation on Restricted Payments” covenant (as determined in good faith by the Board of Directors of the Company);
- (7) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); provided that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US\$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);
- (8) the declaration and payment of dividends on the Common Stock of the Company by the Company in an aggregate amount not to exceed 20.0% of the profit for the year of the Company for each of the fiscal year ended December 31, 2018 and the fiscal year ended December 31, 2019; provided that the conditions of clauses (4)(a) and (4)(c) of the first paragraph of this “Limitation on Restricted Payments” would not be violated as a consequence of such declaration and payment of dividends,

provided that, in the case of clauses (2), (3), (4), (7) or (8) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein. Each Restricted Payment made pursuant to clauses (1), (7) and (8) of this paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this “— Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment (other than cash) or any such assets or securities (other than cash) must be based upon an opinion or an appraisal issued by an accounting, appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment (other than those made pursuant to clauses (5) through (8) of the second paragraph of this “— Limitation on Restricted Payments” covenant) in excess of US\$5.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “— Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

- (c) make loans or advances to the Company or any other Restricted Subsidiary; or
- (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture or Indebtedness of the Company or any Subsidiary Guarantor guaranteed by the Pari Passu Guarantee, or any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness of the type described under clause (2)(k), (n), (o), (p), (q) or (r) of the “— Limitation on Indebtedness” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company or any Subsidiary Guarantor to make required payment on the Notes or its Subsidiary Guarantee, as the case may be, and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

- (e) existing in customary provisions in shareholders agreements, joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee;

- (f) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its subsidiaries or the property or assets of such Unrestricted Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary or, in the case of a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, pro rata to its shareholders or incorporators or on a basis more favorable to the Company;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); provided that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "— Limitation on Asset Sales" covenant to the extent required thereunder; and
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer be a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale; provided that the Company complies with the "— Limitation on Asset Sales" covenant to the extent required thereunder.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness (“Guaranteed Indebtedness”) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full or (2) such Guarantee and such Guaranteed Indebtedness are permitted by clause 2(b), (c) or (o) (in the case of clause 2)(o), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of one or more bank accounts to secure any Bank Deposit Secured Indebtedness) under the “Limitation on Indebtedness” covenant.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness will rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness will be subordinated in right of payment to the Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee or the JV Subsidiary Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each, an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other compensation for the services as board members to directors of the Company or any Restricted Subsidiary who are not employees of the Company or such Restricted Subsidiary;
- (2) transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1) or (2) of the first paragraph of the covenant under “— Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to share option scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme; and
- (6) any purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement, so long as each such purchase is in compliance with the listing rules of the Hong Kong Stock Exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date and (iii) any transaction between or among (A) the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (B) the Company or a Restricted Subsidiary and any Jointly Controlled Entity or Associate; provided that, none of the other shareholders or other partners of or in such Restricted Subsidiary, Jointly Controlled Entity or Associate, as the case may be, is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Jointly Controlled Entity or Associate, as the case may be).

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are (or, in respect of any Lien on any Subsidiary Guarantor’s property or assets, any Subsidiary Guarantee of such Restricted Subsidiary is) secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien (without consent of Holders), for so long as such obligation or liability is secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; provided that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or such Restricted Subsidiary, as the case may be, could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under “— Limitation on Indebtedness” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under “— Limitation on Liens,” in which case, the corresponding Indebtedness will be deemed Incurred and the corresponding Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, the covenant described below under “— Limitation on Asset Sales.”

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of (determined on the date of the contractual arrangement for such Asset Sale); and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets (as defined below); provided that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company’s most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary, as the case may be, from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 60 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

- (4) Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company or any Restricted Subsidiary may apply such Net Cash Proceeds to:
- (a) permanently repay unsubordinated Indebtedness of the Company or any Restricted Subsidiary (and, if such unsubordinated Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
 - (b) acquire properties and assets (other than current assets), including any shares of Capital Stock in a Person holding such properties or assets that is primarily engaged in a Permitted Business, that will be used in the Permitted Businesses (“Replacement Assets”);

provided that, pending the application of Net Cash Proceeds in accordance with clauses (a) or (b) of this paragraph, such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments.

- (5) Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clause (5) will constitute “Excess Proceeds.” Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$10.0 million (or the Dollar Equivalent thereof), within ten days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:
- (a) accumulated Excess Proceeds, multiplied by
 - (b) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all pari passu Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale,

rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other pari passu Indebtedness) tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes will be purchased on a pro rata basis based on the principal amount of the Notes and such other pari passu Indebtedness tendered. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on business activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited under the “— Limitation on Restricted Payments” covenant.

Use of proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes issued and sold, in any amount, for any purpose other than (1) as specified under “Use of Proceeds” in the relevant offering memorandum (or in the case of Additional Notes, the offering document relating to the sale of such Additional notes, if any) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; provided that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) such Restricted Subsidiary does not own any Disqualified Stock of the Company or any Subsidiary Guarantor or Disqualified or Preferred Stock of a Restricted Subsidiary that is not a Subsidiary Guarantor or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under “— Limitation on Indebtedness” or such Lien would violate the covenant described under “— Limitation on Liens”; (3) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; (4) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary and none of the Company or any Restricted Subsidiary Guarantees or provides credit support for the Indebtedness of such Restricted Subsidiary; and (5) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “— Limitation on Restricted Payments.”

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under “— Limitation on Indebtedness”; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under “— Limitation on Liens”; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not organized under the laws of the PRC, such Restricted Subsidiary will upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under “— The Subsidiary Guarantees and the JV Subsidiary Guarantees.”

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply with would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the Indenture, the relevant Subsidiary Guarantee or the relevant JV Subsidiary Guarantee.

The Company has completed the registration of foreign debt in respect of the offering described in this offering memorandum and obtained a certificate of registration from the NDRC in accordance with the NDRC Notice. The Company has (i) filed or caused to be filed with the NDRC or its local branch information of the offering described in this offering memorandum after the Original Issue Date in accordance with and within the time period prescribed by the NDRC Notice and (ii) ensured that the registration of foreign debt with the NDRC in respect of the offering described in this offering memorandum remains in full force and effect for so long as any of the Notes remains outstanding.

Anti-layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees on substantially identical terms; provided that this requirement does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Maintenance of Insurance

The Company will, and will cause its Restricted Subsidiaries to, maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similarly situated businesses, including, without limitation, property and casualty insurance.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from both of the Rating Agencies and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from either Rating Agency, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “— Certain Covenants — Limitation on Indebtedness”;
- (2) “— Certain Covenants — Limitation on Restricted Payments”;
- (3) “— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;
- (5) “— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (6) “— Certain Covenants — Limitation on Business Activities”;
- (7) “— Certain Covenants — Limitation on Sale and Leaseback Transactions”; and
- (8) “— Certain Covenants — Limitation on Asset Sales”.

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under “— Certain Covenants — Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company’s common shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; provided that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Company, copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarters of the Company, copies of the unaudited financial statements (on a consolidated basis and in the English language) of the Company, including a statement of income, balance sheet and cash flow statement prepared in accordance with GAAP, and prepared on a basis consistent with the audited financial statements of the Company, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any Note remains outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers’ Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company’s external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; provided that the Company shall not be required to provide such auditor

certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenant described under "— Consolidation, Merger and Sale of Assets" or the failure by the Company to make or consummate an Offer to Purchase in the manner described under "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Certain Covenants — Limitation on Asset Sales";
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$15.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$15.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (8) the Company or any Significant Subsidiary, (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms in writing its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, shall declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of all the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security and/or pre-funding is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (2) above or (y) 60 days after the receipt of the offer of indemnity and/or security and/or pre-funding pursuant to clause (3) above, whichever occurs later; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under any Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year ending after the Original Issue Date, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under the Indenture and that the Company and each Restricted Subsidiary have fulfilled all of their respective obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

The Trustee is not obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. The Trustee may assume that no such event has occurred (except when there is failure by the Company to provide its annual compliance certificate to the Trustee) and that the Company and the Subsidiary Guarantors are performing all of their obligations under the Indenture and the Notes unless the Trustee has received written notice of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Company and the Subsidiary Guarantors are not performing all of their obligations under the Indenture and/or the Notes.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Company and the Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) unless each of the following conditions is satisfied:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company consolidated or merged, or that acquired or leased such property and assets (the “Surviving Person”) shall be a corporation organized and validly existing under the laws of the British Virgin Islands, the Cayman Islands or Hong Kong and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or from or through which payment is made, and the Indenture and the Notes shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso of paragraph (1) of the covenant described under “— Certain Covenants — Limitation on Indebtedness”;
- (5) the Company shall deliver to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and the NDRC registration described under “— Certain Covenants — Government Approvals and Licenses; Compliance with Law” remains valid and effective under PRC law;
- (6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under “— Consolidation, Merger and Sale of Assets”, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person, as the case may be, in accordance with the Notes and the Indenture; and
- (7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Subsidiary Guarantor and its Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless each of the following conditions is met:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor) concurrently with the transaction in accordance with the Indenture;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso of paragraph (1) of the covenant described under “— Certain Covenants — Limitation on Indebtedness”;
- (5) the Company shall deliver to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and the NDRC registration described under “— Certain Covenants — Government Approvals and Licenses; Compliance with Law” remains valid and effective under PRC law; and
- (6) no Rating Decline shall have occurred.

provided that this paragraph shall not apply to any sale or other disposition that complies with the “Limitation on Asset Sales” covenant or any Subsidiary Guarantor or any JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under “— The Subsidiary Guarantees and JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or any JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor survives such consolidation or merger. The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Company, the Subsidiary Guarantors or JV Subsidiary Guarantors that may adversely affect Holders.

No Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or any Subsidiary Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Subsidiary Guarantees in connection with an exchange or tender offer, the Company and the Subsidiary Guarantors may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company to comply with the registration requirements or other similar requirements under any securities laws of any jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee, in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) has delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive Lien over such trust;
- (2) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of the Restricted Subsidiaries is a party or by which the Company or any of the Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, each of the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of certain covenants

The Indenture will further provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3) and (4) under the first and second paragraphs under “— Consolidation, Merger and Sale of Assets” and all the covenants described herein under “— Certain Covenants,” other than as described under “— Certain Covenants — Government Approvals and Licenses; Compliance with Law” and “— Certain Covenants — Anti-Layering,” and (ii) clause (3) under “Events of Default” with respect to such clauses (3) and (4) under the first and second paragraphs under “— Consolidation, Merger and Sale of Assets” and with respect to such other events set forth in clause (i) above, clause (4) under “— Events of Default” with respect to such other covenants set forth in clause (i) above and clauses (5), (6), (7) and (8) under “— Events of Default” shall be deemed not to be Events of Default, upon, among other things, the deposit with the Trustee, in trust, of money and/or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company and the Subsidiary Guarantors will remain liable for such payments.

Amendments and Waiver

Amendments without consent of Holders

The Indenture or the Notes may be amended, without the consent of any Holder:

- (1) to cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;
- (2) to comply with the provisions described under “— Consolidation, Merger and Sale of Assets”;
- (3) to evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (5) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (6) to effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;
- (7) to add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;

- (8) to conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees; or
- (9) to make any other change that does not materially and adversely affect the rights of any Holder.

Amendments with consent of Holders

Amendments of the Indenture or the Notes may be made by the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture or the Notes; provided, however, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or premium, if any, on, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (8) release any Subsidiary Guarantor or any JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (9) amend, change or modify any Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale;
- (11) change the redemption date or the redemption price of the Notes from that stated under “— Optional Redemption” or “— Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees or JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

Concerning the Trustee, the Registrar and the Paying and Transfer Agent

The Hongkong and Shanghai Banking Corporation Limited is to be appointed as Trustee under the Indenture, and The Hongkong and Shanghai Banking Corporation Limited is to be appointed as paying agent and transfer agent (the “Paying and Transfer Agent”) with regard to the Notes and as registrar (the “Registrar” and together with the Paying and Transfer Agent, the “Agents”) under the Indenture. Except during the continuance of a Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and the Notes, and no implied covenant or obligation shall be read into the Indenture or the Notes against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture and the Notes as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

Pursuant to the Indenture and the Notes, the Trustee is entitled to be indemnified and/or secured and/or pre-funded to its satisfaction and to be relieved from responsibility in certain circumstances and to be paid its fees, costs, expenses, indemnity payments and all other amounts in priority to the claims of the Holders. Notwithstanding anything to the contrary in the Notes or the Indenture, whenever the Trustee is required or entitled by the terms or the conditions of the Notes and/or the Indenture to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Holders, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

The Trustee shall not be deemed to have knowledge of any event unless it has been actually notified in writing of such event, except where there is a failure by the Company to provide its annual compliance certificate to the Trustee. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification or legal opinion submitted to it by the Company and is entitled to rely exclusively on, and take action based on the information contained in, the certification or legal opinion. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Company or any Subsidiary Guarantor in the fulfillment of the Company’s or any Subsidiary Guarantor’s obligations under the Indenture.

The Trustee shall not be responsible for the performance by any other person appointed by the Company in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee in accordance with the instructions of the Holders.

In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to, those in relation to any proposed modification, waiver or authorization of any breach or proposed breach of the Indenture), the Trustee shall have regard to the interests of the Holders as a class and in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim from the Company, the Subsidiary Guarantors or the Trustee any indemnification or payment of any tax arising in consequence of any such exercise upon individual Holders.

Each Holder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Company and the Subsidiary Guarantors, and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Company and its Affiliates; provided, however, that if it becomes aware it has acquired any conflicting interest, it must eliminate such conflict or resign. The Trustee and the Agents may have an interest in, may be providing, or may in the future enter into business transactions with the Company, any Subsidiary Guarantor and any entity relating to any of them without accounting for any profit.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the “Global Notes”). On the Original Issue Date, an initial Global Note has been deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream. Any Additional Notes will be represented by additional Global Notes.

Global Notes

Ownership of beneficial interests in the Global Notes (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “— Certificated Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law, in which case additional amounts may be paid as described under “— Additional Amounts.”

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor and the Trustee will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant in connection with distributing the payments made by the Company or the Subsidiary Guarantors on the Global Notes.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, the Paying Agent will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by owners of book-entry interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of any Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for individual definitive Notes in certificated form, and to distribute such certificated Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global clearance and settlement under the book-entry system

Book-entry interests owned through Euroclear or Clearstream accounts will follow the applicable settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the Business Day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantor (if any), the Trustee, the Agents or any of their respective agents will have responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Certificated Notes

If (1) the common depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “— Events of Default” and the Company has received a written request from a Holder, the Company will issue certificated Notes in registered form in exchange for the Global Notes. Upon receipt of such notice from the common depository, Euroclear, Clearstream or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depository for the exchange of interests in the Global Notes for certificated Notes and cause the requested certificated Notes to be executed and delivered to the Registrar in sufficient quantities to be authenticated and delivered to the Holders. Persons exchanging interests in a Global Note for certificated Notes will be required to provide the Registrar, through the relevant clearing system, with written instructions and other information required by the Company and the Registrar to complete, execute and deliver such certificated Notes. In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Certificated Notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mails of the relevant jurisdiction (if intended for the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, at 11/F, Qiushi Building, 383 Guangyan Road, Jing'an District, Shanghai 200072, China, and (if intended for the Trustee) addressed to the Trustee at the corporate trust office of the Trustee and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures).

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each Subsidiary Guarantor will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee or the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc., for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, or the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities”, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after June 10, 2023, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable PRC Rate” means (i) in the case of deduction or withholding of PRC income tax, 10%, (ii) in the case of deduction or withholding of PRC value added tax (including any related local levies), 6.72%, or (iii) in the case of deduction or withholding of both PRC income tax and PRC value added tax (including any related local levies), 16.72%.

“Applicable Premium” means, with respect to a Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) the redemption price of such Note at June 10, 2023, plus (y) all required remaining scheduled interest payments due on such Note through June 10, 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis point, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; provided that “Asset Sale” shall not include:

- (1) any sale, transfer or other disposition of inventory, receivables or other current assets in the ordinary course of business;
- (2) any sale, transfer or other disposition of assets constituting a Permitted Investment or Restricted Payment permitted to be made by the covenant described under “— Certain Covenants — Limitation on Restricted Payments”;
- (3) a sale, transfer or other disposition of assets with a Fair Market Value not in excess of US\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;
- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the covenant described under “— Consolidation, Merger and Sale of Assets”; and
- (7) a sale, transfer or other disposition to the Company or a Restricted Subsidiary, including, without limitation, an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary.

“Associate” means any corporation, association or other business entity primarily engaged in a Permitted Business, of which at least 20% of the voting power of the outstanding Capital Stock is owned, directly or indirectly, by the Company or any Restricted Subsidiary and which is treated as an “associate” in accordance with GAAP, and such Associate’s Subsidiaries.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is secured by a pledge of one or more bank accounts or bank deposits of the Company or a Restricted Subsidiary or guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to effect exchange of U.S. dollars, Hong Kong dollars or other foreign currencies into Renminbi or vice versa, or to remit Renminbi or any foreign currency into or outside the PRC.

“Board of Directors” means the board of directors of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means a day (other than a Saturday, Sunday or public holiday) on which banking institution in the City of New York, London or Hong Kong (or in the place of business of the Paying Agent or any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders,) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the direct or indirect sale of all or substantially all the consolidated assets of the Company to another Person (other than one or more Permitted Holders);
- (2) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (3) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election or nomination to the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors on the Original Issue Date or whose election or nomination was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office; or
- (4) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and, provided that the Notes are rated by at least one Rating Agency, a Rating Decline.

“Clearstream” means Clearstream Banking S.A.

“Commodity Hedging Agreement” means any commodities swap agreement, commodities cap agreement, commodities floor agreement, commodities futures agreement, commodities option agreement or any other similar agreement or arrangement which may consist of one or more of the foregoing agreements, designed to manage commodities prices and commodities price risk.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to June 10, 2023 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to June 10, 2023.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is received by the Company) Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonably best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

“Consolidated EBITDA” means, with respect to any Person for any period, Consolidated Net Income of such Person for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income;

all as determined on a consolidated basis for such Person and its Subsidiaries (excluding Unrestricted Subsidiaries) in conformity with GAAP; provided that (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of the Restricted Subsidiaries; and (ii) in the case of any PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, with respect to any Person for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of such Person or any of its Restricted Subsidiaries held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly-Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, with respect to any Person for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, such Person or any of its Restricted Subsidiaries, only to the extent such interest has become payable by such Person or any Restricted Subsidiaries, and (7) any capitalized interest; provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any Person (the “Subject Person”) for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; provided that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (4) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution; and
 - (b) the Company’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of the Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of the Restricted Subsidiaries;
- (3) the cumulative effect of a change in accounting principles;
- (4) any net after tax gains realized on the sale or other disposition of (a) any property or asset of the Company or any Restricted Subsidiary that is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company or a Restricted Subsidiary realized on sales of Capital Stock of the Company or of any Restricted Subsidiary);
- (5) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (6) any net after-tax extraordinary or non-recurring gains.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semiannual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or any other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “— Limitation on Asset Sales” and “— Repurchase of Notes upon a Change of Control Triggering Event” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the covenants described under “— Certain Covenants — Limitation on Asset Sales” and “— Repurchase of Notes upon a Change of Control Triggering Event.”

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings; provided that such borrowings are not reflected on the consolidated balance sheet of the Company.

“Equity Offering” means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; provided that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means U.S. Securities Exchange Act of 1934, as amended.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; provided that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

“February 2019 Notes” means the 7.75% Senior Notes due 2021 issued by the Company.

“Fitch” means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the “Four Quarter Period”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) pro forma effect shall be given to any Indebtedness Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period; provided that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;
- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) pro forma effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) pro forma effect will be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

- (e) pro forma effect will be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation will be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means International Financial Reporting Standards as in effect from time to time.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; provided that (1) any Indebtedness and Disqualified Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest or the accrual of dividends shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and
- (10) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligation or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of property or assets to be used in a Permitted Business or Entrusted Loans; provided that such item is not reflected on the consolidated balance sheet of the Company and the Restricted Subsidiaries (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected on the balance sheet as borrowings or indebtedness will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided

- (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (3) that the amount of Indebtedness with respect to any Hedging Obligation shall be (i) zero if Incurred pursuant to paragraph 2(e) under the “Limitation on Indebtedness” covenant or (ii) equal to the net amount payable by such Person if the Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement giving rise to such Hedging Obligation were terminated at that time due to default by such Person if not Incurred pursuant to such paragraph.

“Independent Third Party” means any Person that is not an Affiliate of the Company.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or any other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in interest rates.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the covenants described under “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries” and “— Certain Covenants — Limitation on Restricted Payments”: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company’s proportionate interest in the assets (net of the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or an equivalent rating representing one of the four highest rating categories, by Lianhe Global or any of its successor or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P or Lianhe Global or both of them, as the case may be.

“Jointly Controlled Entity” means any corporation, association or other business entity primarily engaged in a Permitted Business, of which at least 20% of the voting power of the outstanding Capital Stock is owned, directly or indirectly, by the Company or any Restricted Subsidiary and which is treated as a “jointly controlled entity” in accordance with GAAP, and such Jointly Controlled Entity’s Subsidiaries.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor which is not a Subsidiary of another JV Subsidiary Guarantor, together with its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “— The Subsidiary Guarantees and the JV Subsidiary Guarantee.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“Lianhe Global” means Lianhe Ratings Global Limited and its successors.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Measurement Date” means February 28, 2019.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and the Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and
 - (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP and reflected in an Officers’ Certificate delivered to the Trustee; and
- (2) with respect to any Asset Sale consisting of the issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“NDRC” means the National Development and Reform Commission of the PRC.

“NDRC Notice” means the Notice on the Administrative Reform for the Registration of Offshore Debt Issuances (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) issued by the NDRC on September 14, 2015, as amended or supplemented from time to time.

“October 2019 Notes” means the 7.625% Senior Notes due 2022 issued by the Company.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the tender agent (the “Tender Agent”) at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or any amount in excess thereof which is an integral multiple of US\$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Tender Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Tender Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and upon receipt of written order of the Company signed by an Officer the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or any amount in excess thereof which is an integral multiple of US\$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to

Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

“Officers’ Certificate” means a certificate signed by two Officers; provided, however, with respect to the Officers’ Certificate required to be delivered by any Subsidiary Guarantor under the Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from legal counsel in form and substance reasonably acceptable to the Trustee.

“Original Issue Date” means December 10, 2020.

“Pari Passu Guarantee” means a Guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes), any Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be; provided that (1) the Company, such Subsidiary Guarantor and such JV Subsidiary Guarantor were permitted to Incur such Indebtedness by the covenant described under “— Limitation on Indebtedness” and (2) such Guarantee ranks pari passu with the Notes, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor or any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Payment Default” means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under “— Repurchase of Notes upon a Change of Control Triggering Event,” or an Offer to Purchase in the manner described under “— Limitation on Asset Sales” or (4) any Event of Default specified in clause (5) of the definition of Events of Default.

“Permitted Businesses” means any business which is conducted by the Company and the Restricted Subsidiaries on the Original Issue Date as described in this offering memorandum and any business incidental, substantially similar, ancillary or complementary thereto.

“Permitted Holders” means any or all of the following:

- (1) Mr. Zhou Xin;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) of the definition of Affiliate) of the Person specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

- (2) cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation entered into in the ordinary course business (and not for speculation) and designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens”;
- (9) loans or advances to vendors, contractors, suppliers or distributors, including advance payments for equipment and machinery made to the manufacturer thereof, of the Company or any Restricted Subsidiary in the ordinary course of business and dischargeable in accordance with customary trade terms;
- (10) Investments in existence on the Original Issue Date;
- (11) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers’ compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business of the Company or any Restricted Subsidiary;
- (12) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (13) repurchase of Notes;
- (14) Investments consisting of consideration received in connection with an Asset Sale made in compliance with the covenant described under “— Certain Covenants — Limitation on Asset Sales”;
- (15) an acquisition of assets, Capital Stock or other securities by the Company or a Restricted Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (16) any Investment (including without limitation any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) in any Person primarily engaged in a Permitted Business (such Person, an “Associate”); provided that:
 - (a) such Investment, together with (x) the aggregate of all other Investments made under this clause (16) since (1) the Original Issue Date and (2) after the

Measurement Date but on or before the Original Issue Date that would have been Permitted Investments made under this clause (16) had they been made after the Original Issue Date, less (y) an amount equal to the net reduction in all Investments made under this clause (16) since the Measurement Date resulting from (A) receipt of payments in cash by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on or repayments of loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee provided by the Company or any Restricted Subsidiary after the Measurement Date under this clause (16) of any obligation of such Person provided, (C) to the extent that an Investment made after the Measurement Date under this clause (16) is sold or otherwise liquidated or repaid for cash, the lesser of (i) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (ii) the initial amount of such Investment, or (D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of this “Permitted Investment” definition), not to exceed, in each case, the amount of Investments (other than Permitted investments) made by the Company or any Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (16), will not exceed an aggregate amount equal to 3.0% of Total Assets;

- (b) none of the other shareholders or partners in such Associate in which such Investment was made pursuant to this clause (16) is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under “— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates” covenant (other than by reason of such holder being an officer or director of the Company, a Restricted Subsidiary or Unrestricted Subsidiary or by reason of such shareholder or partner being a Subsidiary or a Monitory Joint venture of the Company);
- (c) no Default has occurred and is continuing or would occur as a result of such Investment; and
- (d) in the case of any Investment by the Company or any Restricted Subsidiary in a Person of which less than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by the Company or any of its Restricted Subsidiaries, at the time of such Investment the Company could Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant under the caption “— Certain Covenants — Limitation on Indebtedness”.

For the avoidance of doubt, the value of each Investment made pursuant to this clause shall be valued at the time such Investment is made; or

- (17) Guarantees permitted under clause (o), (p) or (q) of the second paragraph of the covenant permitted to be Incurred under the caption entitled “— Certain Covenants — Limitation on Indebtedness.”

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;
- (5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person (i) becomes a Restricted Subsidiary or (ii) is merged with or into or consolidated with the Company or any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets of such Person (if such Person becomes a Restricted Subsidiary) or the property or assets acquired by the Company or such Restricted Subsidiary (if such Person is merged with or into or consolidated with the Company or such Restricted Subsidiary); provided, further, that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (6) Liens in favor of the Company or any Restricted Subsidiary;
- (7) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that do not give rise to an Event of Default;
- (8) Liens securing reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (9) Liens existing on the Original Issue Date;
- (10) Liens securing Indebtedness which is Incurred to refinance Secured Indebtedness which is permitted to be Incurred under clause (2)(d) of the covenant described under "— Certain Covenants — Limitation on Indebtedness"; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (11) Liens securing Hedging Obligations permitted to be Incurred under clause (2)(e) of the covenant described under "— Certain Covenants — Limitation on Indebtedness"; provided that (i) Indebtedness relating to any such Hedging Obligation is, and is permitted under the covenant described under "— Certain Covenants — Limitation on Liens" to be, secured by a Lien on the same property securing such Hedging Obligation or (ii) such Liens are encumbering customary initial deposits or margin deposits or are otherwise within the general parameters customary in the industry and incurred in the ordinary course of business or (iii) such Liens secure obligations set forth under Interest Rate Agreements designed to reduce or manage interest expenses;
- (12) Liens securing Attributable Indebtedness that is permitted to be Incurred under the Indenture;

- (13) any interest or title of a lessor under any Capitalized Lease Obligation permitted to be Incurred under the Indenture; provided, however, that the Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;
- (14) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (15) any interest or title of a lessor in the property subject to any operating lease;
- (16) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims, welfare and social benefits, property maintenance and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (17) Liens on deposits securing trade letters of credit (and reimbursement obligations relating thereto) incurred in the ordinary course;
- (18) Liens securing Indebtedness of the type described under clause (2)(k) of the covenant described under “— Certain Covenants — Limitation on Indebtedness”; provided that such Lien (i) covers only the equipment, property or assets acquired, developed, constructed or improved with such Indebtedness and (ii) is created within 180 days of such acquisition; provided, further, that, in the case of clause (i), such Lien may cover other equipment, property or assets (instead of or in addition to such item of property or improvements) if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of equipment, property or assets (as reflected in the most recent available consolidated financial statements of the Company, which may be internal consolidated financial statements) or, if any such equipment, property or assets have been acquired since the date of such financial statements, the cost of such equipment, property or assets (other than, in each case, deposits of loan proceeds securing performance of obligations in relation to the use of such loan proceeds under a loan or similar agreement to which such loan proceeds relate to, entered into by the Company or any Restricted Subsidiary, if the Indebtedness Incurred under such agreement is otherwise permitted under the terms of the Indenture) subject to Liens incurred pursuant to this clause (18) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (19) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(n) of the covenant described under “— Certain Covenants — Limitation on Indebtedness”;
- (20) Liens incurred or deposits made to secure Entrusted Loans;
- (21) Liens securing Indebtedness which is permitted to be Incurred under clause (2)(m) of the covenant described under “— Certain Covenants — Limitation on Indebtedness”;
- (22) Liens securing Indebtedness permitted to be Incurred under clause (2)(p) of the covenant described under the caption entitled “— Limitation on Indebtedness”;
- (23) Liens incurred on one or more bank accounts or deposits to secure Bank Deposit Secured Indebtedness permitted to be Incurred under clause (2)(q) of the covenant described under the caption entitled “— Limitation on Indebtedness”; or

- (24) Liens on deposits made in order to secure the performance of payment obligations under a loan or similar agreement entered into by the Company or any Restricted Subsidiary, if such deposits are made no earlier than six months before the relevant amount becomes due under such agreement and the amount of any such deposits does not exceed the corresponding payment obligations under such agreement.

“Permitted Subsidiary Indebtedness” means Indebtedness of any Non-Guarantor Subsidiary; provided that, on the date of Incurrence of such Indebtedness, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Indebtedness of any Non-Guarantor Subsidiary permitted under clause (2)(c), (e), (l), (o) or (s) of the covenant described under “— Certain Covenants-Limitation on Indebtedness”) does not exceed an amount equal to 15.0% of Total Assets (or the Dollar Equivalent thereof).

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding, solely for the purpose of this definition, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

“PRC CJV” means any future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on September 3, 2016 and effective on October 1, 2016) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995 (as most recently amended on March 1, 2017 by the Decision of the State Council on Abolishing and Amending Some Administrative Regulation), as such laws and regulations may be amended from time to time.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Rating Agencies” means (1) S&P and (2) Lianhe Global; provided that if S&P or Lianhe Global or both of them shall not make a rating of the Notes publicly available, one or more nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Lianhe Global, or both of them, as the case may be.

“Rating Category” means (i) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (ii) with respect to Lianhe Global, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (iii) the equivalent of any such category of S&P or Lianhe Global used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Lianhe Global; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P and Lianhe Global, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change

of Control, or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under the caption “Consolidation, Merger and Sale of Assets,” the notification by either Rating Agency that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by both of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency shall be below Investment Grade; or
- (b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or
- (c) in the event the Notes are rated below Investment Grade by both of the Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Secured Indebtedness” means any Indebtedness of the Company or a Restricted Subsidiary secured by a Lien.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Significant Subsidiary” means any Restricted Subsidiary or any group of Restricted Subsidiaries that, taken together, would be a “significant subsidiary” using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture, if any of the conditions exceeds 5 percent.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted

Subsidiary agrees to acquire 50% or more of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor that is contractually subordinated or junior in right of payment to the Notes, to any Subsidiary Guarantee or to any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is “controlled” and consolidated by such Person in accordance with GAAP; provided, however, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of “Designation of Restricted and Unrestricted Subsidiaries” covenant.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means the initial Subsidiary Guarantors named herein and any other Restricted Subsidiary that Guarantees the obligations of the Company under the Indenture and the Notes; provided that “Subsidiary Guarantor” does not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, the State of the European Economic Area, the United Kingdom, Hong Kong, the PRC or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the State of the European Economic Area, the United Kingdom, Hong Kong, the PRC or any agency of any of the foregoing, in each case maturing within one year;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof, Hong Kong or the PRC and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P or Fitch;
- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit overnight or call deposits and money market deposits with any other bank, trust company or other financial institutions organized under the laws of the PRC, Hong Kong or another jurisdiction where the Company or any Restricted Subsidiary conducts business operations; and
- (8) investment or structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC or Hong Kong if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last date of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements); provided (1) that only with respect to clause (2)(k)(ii) of the “Certain Covenants — Limitation on Indebtedness” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all the equipment, property or assets the acquisition, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness; and (2) only with respect to clause (2)(o) of “— Limitation on Indebtedness” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving pro forma effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and (3) only with respect to any Person becoming a new Non-Guarantor Subsidiary, pro forma effect shall at such time be given to the consolidated assets of such new Non-Guarantor Subsidiary (including giving pro forma effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a new Non-Guarantor Subsidiary).

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Subsidiaries of the Company; provided that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Restricted Subsidiaries of such Person are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands and British Virgin Islands law. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Notes and the certificate evidencing the Notes. An instrument of transfer in respect of a Note or the certificate evidencing the Notes is stampable if executed in or brought into the Cayman Islands.

British Virgin Islands Taxation

Payments of interest and principal on the Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to British Virgin Islands income or corporation tax, *provided* that the payments are made to persons who are not resident in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Company.

If neither the Company nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the Notes or on an instrument of transfer in respect of the Notes.

Hong Kong Taxation

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “Inland Revenue Ordinance”) as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.
- Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside Hong Kong) of a Note.

PRC Taxation

Taxation on Interest and Capital Gains

PRC income tax at the rate of 10% (or lower treaty rate, if any) is withheld from interest payable to investors that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with the establishment or place of business, to the extent such interest is derived from sources within the PRC.

Any gain realized on the transfer of the Notes by such investors is subject to a 10% (or lower treaty rate, if any) PRC income tax if such gain is regarded as income of a “non-resident enterprise” derived from sources within the PRC.

As advised by Grandall Law Firm (Shanghai), our PRC legal adviser, there is uncertainty as to whether we will be treated as a PRC “resident enterprise” for the purpose of the EIT Law.

If we are considered a PRC resident enterprise, interest and capital gains realized by non-resident holders of the Notes may be treated as income derived from sources within the PRC and may be subject to PRC withholding tax at the rate of 10% where the holder is an enterprise pursuant to the EIT Law, or subject to PRC individual income tax at the rate of 20% (which in the case of interest may be withheld at source) where the holder is an individual pursuant to PRC individual income tax laws. See “Risk Factors — Risks Relating to the Notes-Interest payable by us to our foreign investors and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws.”

VAT

According to the Circular 36 issued by MOF and SAT on 23 March 2016, business tax will be completely replaced by VAT from 1 May 2016 and the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within PRC shall be subject to VAT. The services are treated as being provided within PRC where either the service provider or the service recipient is located in PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Notes may be treated as the holders of the Notes providing loans to the Company, which thus may be regarded as financial services subject to VAT. Further, given that the net proceeds from this offering will primarily be used for developing the Company’s business operations in the PRC. There is uncertainty whether the holders of the Notes would be regarded as providing the financial services within PRC and consequently, the holders of the Notes may be subject to VAT at the rate of 6% when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12% of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72%. Given that the Company pays interest income to Noteholders who are located outside of the PRC, the Company may be regarded as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Company does not have the obligation to withhold the VAT or the local levies.

The above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC) of a Note.

PLAN OF DISTRIBUTION

BOCI Asia Limited, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, Vision Capital International Holdings Limited, Admiralty Harbour Capital Limited, Merrill Lynch (Asia Pacific) Limited, Central Wealth Securities Investment Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, CRIC Securities Company Limited, DBS Bank Ltd., Haitong International Securities Company Limited, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and Valuable Capital Limited are acting as the joint lead managers and initial purchasers of the offering. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each Initial Purchaser named below has severally agreed to purchase, and we have agreed to sell to such Initial Purchaser, the principal amount of the Notes set forth opposite such Initial Purchaser's name.

Initial Purchaser	Principal Amount
BOCI Asia Limited	33,500,000
Citigroup Global Markets Limited	33,500,000
Credit Suisse (Hong Kong) Limited	33,500,000
Vision Capital International Holdings Limited	33,500,000
Admiralty Harbour Capital Limited	6,000,000
Merrill Lynch (Asia Pacific) Limited.....	6,000,000
Central Wealth Securities Investment Limited	6,000,000
China International Capital Corporation Hong Kong Securities Limited	6,000,000
CMB International Capital Limited	6,000,000
CRIC Securities Company Limited	6,000,000
DBS Bank Ltd.	6,000,000
Haitong International Securities Company Limited	6,000,000
Nomura International (Hong Kong) Limited.....	6,000,000
Orient Securities (Hong Kong) Limited.....	6,000,000
Valuable Capital Limited	6,000,000
Total.....	<u>200,000,000</u>

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions.

The purchase agreement may be terminated by the Initial Purchasers in certain circumstances prior to the delivery and payment of the Notes. The purchase agreement provides that the Company will pay the Initial Purchasers a customary commission. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes. In addition, we have agreed with the Initial Purchasers that we will pay a commission to private banks in connection with the purchase of the Notes by their private bank clients.

We have agreed that, for a period of 30 days from the Closing Date, we, the Subsidiary Guarantors, any other member of our Group or an person on our or their behalf will not, without the prior written consent of the Initial Purchasers, directly or indirectly, issue, sell, offer or contract to sell, pledge, make a short sale or otherwise dispose of, any other debt securities or preferred stock of us or any other member of our Group or debt securities guaranteed by us or any other member of our Group or securities of us or any other member of our Group that are convertible into, or exchangeable for, the Notes or such other debt securities or preferred stock.

The Initial Purchasers propose to resell the Notes at the Issue Price set forth on the cover page of this offering memorandum only outside the United States in offshore transactions in reliance on Regulation S. The price at which the Notes are offered may be changed at any time without notice. The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

The Notes will constitute a new class of securities with no established trading market. Application will be made to the SEHK for the listing and quotation of the Notes on the SEHK. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering.

In connection with this offering, BOCI Asia Limited, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, Vision Capital International Holdings Limited, Admiralty Harbour Capital Limited, Merrill Lynch (Asia Pacific) Limited, Central Wealth Securities Investment Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, CRIC Securities Company Limited, DBS Bank Ltd., Haitong International Securities Company Limited, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and Valuable Capital Limited as stabilizing managers, or any person acting for it, may engage in stabilizing transactions, syndicate covering transactions and penalty bids to the extent permitted by applicable laws and regulations. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit each of the stabilizing managers to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither we nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the Initial Purchasers makes any representation that any of the stabilizing managers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fifth business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding business day should consult their own advisor.

The Initial Purchasers or its affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers or its affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the Notes, each Initial Purchaser and/or its affiliate(s) may act as an investor for its own account and may take up the Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any of our other securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Initial Purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Initial Purchasers or their respective affiliates may, from time to time, engage in transactions with or perform services for us in the ordinary course of business for which they have received customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with the Initial Purchasers and their respective affiliates, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or their respective affiliates on behalf of us in such jurisdiction.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in compliance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA and UK retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), as amended or suspended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

Hong Kong

This offering memorandum neither constitutes a “prospectus” (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) (the “Companies (Winding Up and Miscellaneous Provisions) Ordinance”), nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “Securities and Futures Ordinance”). This offering memorandum is for distribution in Hong Kong only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder.

Each of the Initial Purchasers has represented, warranted and agreed, severally and not jointly, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder, or in circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning thereof, and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning ascribed to it in the Securities and Futures Ordinance and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the “FIEL”), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:
 - (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA — the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRC

The Initial Purchasers have acknowledged that this offering memorandum does not constitute a public offer of the Notes, whether by way of sale or subscription, in the PRC. Each of the Initial Purchasers has severally represented and agreed that, except to the extent consistent with applicable laws and regulations in the PRC, the Notes are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Company is listed on the Cayman Islands Stock Exchange.

British Virgin Islands

The Notes are not being offered within the British Virgin Islands, but may be acquired by British Virgin Islands persons who receive this offer outside the British Virgin Islands (in a manner which does not contravene the laws of the jurisdictions in which such offer is received) and *provided* that no representative of the Company, the Initial Purchasers or any distribution agent of the Notes physically attend the British Virgin Islands.

TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes. The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:
 - the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or any other applicable securities laws;
 - the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;
 - the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act; and
 - unless so registered, the Notes may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.
2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, you are not acting on our behalf, and you are purchasing the Notes in an offshore transaction in accordance with Regulation S.
3. You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us.
4. You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act.
5. You also acknowledge that each Note will contain a legend substantially to the following effect:

THIS NOTES, THE SUBSIDIARY GUARANTEES AND THE SUBSIDIARY GUARANTEES (IF ANY) HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

6. You acknowledge that we, the Initial Purchasers, the Trustee, the Registrar, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify us and the Trustee, the Registrar, the Transfer Agent, the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.
7. You understand that the Notes initially will be represented by a global note and that transfers thereto are restricted as described under “Description of the Notes — Book-Entry; Delivery and Form.”

RATINGS

The Notes have are expected to be rated “BB-” by S&P Global Ratings and “BB+” by Lianhe Global. The rating reflect the rating agency’s assessment of the likelihood of timely payment of the principal of and interest on the Notes. The rating does not constitute recommendations to purchase, hold or sell the Notes inasmuch as such rating does not comment as to market price or suitability for a particular investor. Such rating should be evaluated independently of any other rating on other securities of ours or on us. Additionally, we have been assigned a rating of “BB-” with a stable outlook by S&P Global Ratings and “BB+” with a stable outlook by Lianhe Global. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom as to matters of Hong Kong law, Skadden, Arps, Slate, Meagher & Flom LLP as to matters of United States federal and New York law, Grandall Law Firm (Shanghai) as to matters of PRC law, Maples and Calder (Hong Kong) LLP as to matters of Cayman Islands law and British Virgin Islands law. Certain legal matters will be passed upon for the Joint Lead Managers by Sidley Austin as to matters of United States federal and New York law and King & Wood Mallesons as to matters of PRC law.

CERTIFIED PUBLIC ACCOUNTANTS

The consolidated financial statements as of and for the three years ended December 31, 2017, 2018 and 2019 included in this offering memorandum, have been audited by Deloitte Touche Tohmatsu, independent auditors, as stated in the reports appearing herein. The condensed consolidated financial statements for the six months ended June 30, 2020 have been reviewed by Deloitte Touch Tohmatsu as stated in the reports appearing herein.

GENERAL INFORMATION

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture governing the Notes may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents.

For so long as any of the Notes are outstanding, copies of our audited financial statements for the last two financial years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents.

Clearing System and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream with an International Securities Identification Number of XS2260179762 and a Common Code of 226017976.

Authorizations and Consents

The Company and the Subsidiary Guarantors have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands, the PRC and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture governing the Notes and the issue of the Notes have been authorized by a meeting of the board of directors of the Company held on November 18, 2020. The entering into of the Subsidiary Guarantees have been authorized by meetings of the boards of directors of the Subsidiary Guarantors held on November 18, 2020.

No Material Adverse Change

There has been no material adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, prospects or results of operations of the Company or the Group since June 30, 2020.

Litigation

None of the Company and the Subsidiary Guarantors is involved in any litigation or arbitration proceedings which are material in the context of the Notes nor is the Company or any Subsidiary Guarantor aware that any such proceedings are pending or threatened.

Listing of Notes

Application will be made to the SEHK for the listing of the Notes by way of debt issues to Professional Investors only. A confirmation of the eligibility of the listing of the Notes has been received from the SEHK. Notes to be listed on the SEHK are required to be traded with a board lot size of at least HK\$500,000 (or equivalent in other currencies).

Auditors

The audited consolidated financial statements of the Group as at and for the years ended December 31, 2017, 2018 and 2019, which are included elsewhere in this offering memorandum, have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, as stated in the reports appearing herein. The condensed consolidated financial statements for the six months ended June 30, 2020 have been reviewed by Deloitte Touch Tohmatsu as stated in the reports appearing therein.

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Notes:

- (1) The audited consolidated financial statements and the unaudited condensed consolidated interim financial information set out herein are derived from our annual reports for the years ended December 31, 2018 and 2019 and our interim report for the six months ended June 30, 2020, and page references are references to pages set forth in such documents. The audited consolidated financial statements and the unaudited condensed consolidated interim financial information have not been specifically prepared for the inclusion in this offering memorandum.

- (2) The attached accountants’ report on our consolidated financial information as of and for the years ended December 31, 2015, 2016 and 2017 and as of and for the three months ended March 31, 2018 is a reproduction of Appendix I to the prospectus for our initial public offering dated July 10, 2018.

簡明綜合財務報表審閱報告

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

致：易居(中國)企業控股有限公司董事會
(於開曼群島註冊成立的有限公司)

引言

吾等已審閱載列於第38至101頁之易居(中國)企業控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)之簡明綜合財務報表，包括截至2020年6月30日之簡明綜合財務狀況表及截至該日止六個月期間之相關簡明綜合損益及其他全面收益表、權益變動表及現金流量表以及若干附註解釋。《香港聯合交易所有限公司證券上市規則》規定，中期財務資料報告之編製須符合其相關規定以及國際會計準則理事會頒佈的《國際會計準則》第34號「中期財務報告」(「《國際會計準則》第34號」)。貴公司董事負責根據《國際會計準則》第34號編製及呈列該等簡明綜合財務報表。吾等之責任為根據吾等之審閱對該等簡明綜合財務報表作出結論，並按照委聘之協議條款僅向整體董事會作出報告，除此之外，本報告並無其他目的。吾等概不會就本報告內容向任何其他人士負責或承擔責任。

審閱範圍

吾等根據國際審計與鑒證準則理事會頒佈之國際審閱委聘準則第2410號「由實體獨立核數師審閱中期財務資料」進行審閱。該等簡明綜合財務報表之審閱範圍主要包括向財務及會計事宜之負責人作出查詢，及進行分析與其他審閱程序。由於審閱工作涵蓋之範圍遠較根據《國際審計準則》進行之審計工作為小，故吾等不保證已知悉所有應於審計工作中可能發現之重大事項。因此，吾等不會發表任何審計意見。

To the Board of Directors of E-House (China) Enterprise Holdings Limited
(Incorporated in the Cayman Islands with Limited Liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of E-House (China) Enterprise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 101, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

簡明綜合財務報表審閱報告
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

結論

按照吾等之審閱結果，吾等並無發現任何事項，令吾等相信簡明綜合財務報表在任何重大方面未根據《國際會計準則》第34號編製。

德勤•關黃陳方會計師行
執業會計師

香港
2020年8月31日

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
31 August 2020

簡明綜合損益及其他全面收益表

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至2020年6月30日止六個月 For the six months ended 30 June 2020

		截至6月30日止六個月期間 For the six months period ended 30 June		
		2020年 人民幣千元 (未經審計)	2019年 人民幣千元 (未經審計)	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
	附註 Notes			
收入	Revenue	3	2,844,954	4,330,433
員工成本	Staff costs		(1,183,902)	(1,824,898)
宣傳及推廣開支	Advertising and promotion expenses		(102,577)	(140,390)
短期租賃及低價值資產 租賃租金開支	Rental expenses for short-term leases and low-value assets leases		(17,006)	(27,983)
折舊及攤銷開支	Depreciation and amortisation expenses		(65,792)	(40,489)
面臨預期信貸損失 (「預期信貸損失」)的金融 資產虧損撥備，扣除撥回	Loss allowance on financial assets subject to expected credit loss ("ECL"), net of reversal		(52,596)	(69,475)
終止確認按攤銷成本計量的 金融資產產生的虧損	Loss on derecognition of financial assets measured at amortised cost		-	(7,534)
終止確認按公允價值計量並 計入其他全面收益(「按公允 價值計量並計入其他全面 收益」)的應收款項產生的虧損	Loss on derecognition of receivables at fair value through other comprehensive income ("FVTOCI")		(7,643)	-
諮詢開支	Consultancy expenses		(79,325)	(93,691)
分銷開支	Distribution expenses		(968,380)	(1,160,504)
其他經營成本	Other operating costs		(97,974)	(181,471)
其他收入	Other income	5	62,192	33,562
其他收益及虧損	Other gains and losses		36,861	105,849
其他開支	Other expenses		(1,239)	(769)
應佔聯營公司業績	Share of results of associates		2,829	6,974
融資成本	Finance costs		(209,054)	(95,597)
稅前利潤	Profit before taxation		161,348	834,017
所得稅開支	Income tax expense	6	(56,690)	(179,958)
期內利潤	Profit for the period	7	104,658	654,059
其他全面(開支)收益	Other comprehensive (expense) income			
其後可能重新分類至損益 的項目：	Items that may be reclassified subsequently to profit or loss:			
按公允價值計量並計入其他 全面收益的應收款項 公允價值變動	Fair value changes on receivables measured at FVTOCI		(49,367)	-
按公允價值計量並計入其他 全面收益的應收款項 預期信貸損失變動淨額	Net changes in ECL of receivables measured at FVTOCI		49,367	-
期內全面收益總額	Total comprehensive income for the period		104,658	654,059

簡明綜合損益及其他全面收益表

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至2020年6月30日止六個月 For the six months ended 30 June 2020

		截至6月30日止六個月期間 For the six months period ended 30 June	
附註	2020年 人民幣千元 (未經審計)	2019年 人民幣千元 (未經審計)	
Notes	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
以下人士應佔期內利潤及 全面收益總額：	Profit and total comprehensive income for the period attributable to:		
本公司擁有人	29,934	577,868	
非控股權益	74,724	76,191	
	104,658	654,059	
每股盈利	Earnings per share		
– 基本(人民幣分)	9	– Basic (RMB cents)	
	2.17	39.70	
– 攤薄(人民幣分)		– Diluted (RMB cents)	
	2.17	39.62	

簡明綜合財務狀況表

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於2020年6月30日 At 30 June 2020

	附註	2020年6月30日 人民幣千元 (未經審計)	2019年12月31日 人民幣千元 (經審計)
	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
非流動資產	Non-current assets		
物業及設備	Property and equipment	10 251,671	108,603
使用權資產	Right-of-use assets	10 400,230	134,835
投資物業	Investment properties	10 697,529	35,211
商譽	Goodwill	5,109	5,109
無形資產	Intangible assets	81,172	23,918
於聯營公司權益	Interests in associates	284,235	281,406
應收關聯方款項	Amounts due from related parties	12 13,928	201,141
遞延稅項資產	Deferred tax assets	14 563,868	534,603
其他非流動資產	Other non-current assets	11 528,297	764,855
		2,826,039	2,089,681
流動資產	Current assets		
應收賬款及應收票據	Accounts receivables and bills receivables	11 –	5,546,823
其他應收款項	Other receivables	11 2,382,430	1,737,239
應收關聯方款項	Amounts due from related parties	12 27,459	2,614,160
按公允價值計量並計入 其他全面收益的應收款項	Receivables at FVTOCI		
– 應收賬款及應收票據	– accounts receivables and bills receivables	4,912,383	–
– 應收關聯方款項 – 應收賬款	– amounts due from related parties – accounts receivables	2,199,395	–
按公允價值計量並計入 損益(「按公允價值 計量並計入損益」)的 金融資產	Financial assets at fair value through profit or loss ("FVTPL")	1,364,160	1,708,599
受限制銀行結餘	Restricted bank balances	225,537	158,492
已抵押銀行存款	Pledged bank deposits	1,270,769	1,016,087
銀行結餘及現金	Bank balances and cash	2,413,099	2,294,435
		14,795,232	15,075,835
流動負債	Current liabilities		
應付賬款	Accounts payables	15 691,387	623,463
客戶墊款	Advance from customers	129,692	98,902
應計薪金及福利開支	Accrued payroll and welfare expenses	472,529	789,724
其他應付款項	Other payables	15 1,196,364	1,194,830
應付股息	Dividend payable	214,456	–
合約負債	Contract liabilities	168,406	95,842
應付稅項	Tax payables	839,665	808,600
應付關聯方款項	Amounts due to related parties	12 167,207	107,407
銀行借款	Bank borrowings	16 2,101,784	1,848,000
其他借款	Other borrowings	16 2,102,612	–
租賃負債	Lease liabilities	108,733	86,451
		8,192,835	5,653,219

簡明綜合財務狀況表

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於2020年6月30日 At 30 June 2020

	附註 Notes	2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年12月31日 人民幣千元 (經審計) 31 December 2019 RMB'000 (audited)
流動資產淨額		6,602,397	9,422,616
資產總值減流動負債		9,428,436	11,512,297
非流動負債			
遞延稅項負債	14	48,728	–
其他借款	16	1,379,198	3,406,130
租賃負債		66,807	41,919
按公允價值計量並計入 損益的金融負債		32,558	–
		1,527,291	3,448,049
資產淨值		7,901,145	8,064,248
資本及儲備			
股本	17	92	93
股份溢價		3,866,476	4,104,603
庫存股份		–*	–*
儲備		3,765,367	3,770,702
本公司擁有人應佔權益		7,631,935	7,875,398
非控股權益		269,210	188,850
權益總額		7,901,145	8,064,248

* 低於人民幣1,000元的金額。

* amount less than RMB1,000.

簡明綜合權益變動表

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2020年6月30日止六個月 For the six months ended 30 June 2020

		本公司擁有人應佔										
		Attributable to owners of the Company										
		按公允價值計量並計入										
		法定盈餘 其他全面										
		股本	庫存股份	股份溢價	合併儲備	儲備	收益儲備	其他儲備	保留溢利	小計	非控股權益	合計
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		Share capital	Treasury shares	Share premium	Merger reserve	Statutory surplus reserve	FVTOCI reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於2019年12月31日(經審計)	At 31 December 2019 (audited)	93	-*	4,104,603	925,478	176,070	-	525,590	2,143,564	7,875,398	188,850	8,064,248
期內利潤及全面收益總額	Profit and total comprehensive income for the period	-	-	-	-	-	-	-	29,934	29,934	74,724	104,658
購回股份	Repurchase of shares	(1)	-*	(23,671)	-	-	-	-	-	(23,672)	-	(23,672)
確認分派的股息(附註8)	Dividend recognised as distribution (note 8)	-	-	(214,456)	-	-	-	-	-	(214,456)	-	(214,456)
收購由本公司主要股東、主席兼執行董事周忻先生控制的實體附屬公司產生的視作資本分派(附註22)	Deemed capital distribution arising from acquisition of subsidiaries from entities controlled by Mr. Zhou Xin, a substantial shareholder, chairman and executive director of the Company (note 22)	-	-	-	-	-	-	(71,153)	-	(71,153)	-	(71,153)
確認以股權結算的股份付款開支	Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	38,580	-	38,580	-	38,580
按公允價值計量並計入其他全面收益的應收款項公允價值變動	Fair value changes on receivables measured at FVTOCI	-	-	-	-	-	49,367	-	-	49,367	-	49,367
按公允價值計量並計入其他全面收益的應收款項預期信貸損失變動淨額	Net changes in ECL of receivables measured at FVTOCI	-	-	-	-	-	(49,367)	-	-	(49,367)	-	(49,367)
非控股股東注資	Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	2,940	2,940
收購於附屬公司的額外權益	Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	(2,696)	-	(2,696)	2,696	-
於2020年6月30日(未經審計)	At 30 June 2020 (unaudited)	92	-*	3,866,476	925,478	176,070	-	490,321	2,173,498	7,631,935	269,210	7,901,145

* 低於人民幣1,000元的金額。

* amount less than RMB1,000.

簡明綜合權益變動表

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2020年6月30日止六個月 For the six months ended 30 June 2020

本公司擁有人應佔
Attributable to owners of the Company

		股本 人民幣千元	庫存股份 人民幣千元	股份溢價 人民幣千元	合併儲備 人民幣千元	法定盈餘			小計 人民幣千元	非控股權益 人民幣千元	合計 人民幣千元
						儲備 人民幣千元	其他儲備 人民幣千元	保留溢利 人民幣千元			
		Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
於2018年12月31日(經審計)	At 31 December 2018 (audited)	98	-	5,098,146	925,478	160,528	388,637	1,299,024	7,871,911	143,694	8,015,605
採納《國際財務報告準則》 第16號產生的影響	Effect arising from adoption of IFRS 16 第16號產生的影響	-	-	-	-	-	-	(790)	(790)	-	(790)
於2019年1月1日(經重列)	At 1 January 2019 (restated)	98	-	5,098,146	925,478	160,528	388,637	1,298,234	7,871,121	143,694	8,014,815
期內利潤及全面收益總額	Profit and total comprehensive income for the period	-	-	-	-	-	-	577,868	577,868	76,191	654,059
購回股份	Repurchase of shares	-	(5)	(710,093)	-	-	-	-	(710,098)	-	(710,098)
確認分派的股息(附註8)	Dividend recognised as distribution (note 8)	-	-	(277,571)	-	-	-	-	(277,571)	(99,213)	(376,784)
確認以股權結算的股份 付款開支	Recognition of equity-settled share-based payment expenses	-	-	-	-	-	89,148	-	89,148	-	89,148
行使購股權	Exercise of share option	-*	-	220	-	-	(72)	-	148	-	148
收購附屬公司	Acquisition of subsidiaries										
- 上海唯家(定義見附註22)	- Shanghai Vhome (as defined in note 22)	-	-	-	-	-	-	-	-	32,105	32,105
- 其他非重大附屬公司	- other insignificant subsidiaries	-	-	-	-	-	-	-	-	(26)	(26)
於2019年6月30日(未經審計)	At 30 June 2019 (unaudited)	98	(5)	4,110,702	925,478	160,528	477,713	1,876,102	7,550,616	152,751	7,703,367

* 低於人民幣1,000元的金額。

* amount less than RMB1,000.

簡明綜合現金流量表

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

		截至6月30日止六個月期間 For the six months period ended 30 June	
附註	2020年 人民幣千元 (未經審計)	2019年 人民幣千元 (未經審計)	
Notes	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
經營活動所得(所用)現金淨額	NET CASH FROM (USED IN) OPERATING ACTIVITIES	833,250	(244,692)
投資活動	INVESTING ACTIVITIES		
購買物業及設備以及收購物業及設備的按金	Purchase of and deposits placed for acquisition of property and equipment	(18,332)	(108,999)
購買無形資產	Purchase of intangible assets	(91)	(23,585)
購買按公允價值計量並計入損益的金融資產的預付款項	Prepayment for purchase of financial assets to be measured at FVTPL	-	(300,000)
購買按公允價值計量並計入損益的金融資產	Purchase of financial assets measured at FVTPL	(615,254)	(181,174)
出售按公允價值計量並計入損益的金融資產所得款項	Proceeds arising from disposal of financial assets measured at FVTPL	964,668	354,047
按公允價值計量並計入損益的金融資產的已收利息	Interest received on financial assets of FVTPL	28,700	-
按公允價值計量並計入損益的金融資產的已收現金股息	Cash dividend of financial assets of FVTPL received	-	1,068
向聯營公司注資	Capital injection to associates	-	(11,875)
就收購唐朝大酒店實體支付誠意金(定義見附註11(c))	Earnest deposit paid for acquisition of Tangchao Grand Hotel Entity (as defined in note 11(c))	11(c) (245,000)	-
就唐朝大酒店承債金額的部分抵押(定義見附註11(c))向唐朝大酒店實體墊款(定義見附註11(c))	Advance to Tangchao Grand Hotel Entity (as defined in note 11(c)) for the partial settlement of Tangchao Grand Hotel Debt Assumption Amount (as defined in note 11(c))	11(c) (127,030)	-
自獨立銷售代理提取收購唐朝大酒店實體按金(定義見附註11(c))	Withdrawal of deposits from an independent sales agent for acquisition of Tangchao Grand Hotel (as defined in note 11(c))	11(c) 250,000	-
購買按攤銷成本計量的其他應收款項	Purchase of other receivables measured at amortised cost	-	(100,000)
收回按攤銷成本計量的其他應收款項產生的所得款項	Proceeds arising from collection of other receivables measured at amortised cost	112,000	-
出售按攤銷成本計量的應收債券產生的所得款項	Proceeds arising from disposal of bond receivables measured at amortised cost	-	126,808
就按攤銷成本計量的應收債券的已收利息	Interest received on bond receivables measured at amortised cost	-	7,172
出售物業及設備所得款項	Proceeds from disposal of property and equipment	307	796
出售投資物業所得款項	Proceeds from disposal of investment properties	604	-
向關聯方墊款	Advance to related parties	(5,097)	(870)
關聯方還款	Repayments from related parties	2,433	10,244
就租賃按金付款	Payments for rental deposits	(12,406)	(4,548)
提取已抵押銀行存款	Withdrawal of pledged bank deposits	338,547	137,298
存放已抵押銀行存款	Placement of pledged bank deposits	(565,488)	(478,567)
透過收購附屬公司收購資產的現金流出淨額	Net cash outflow on acquisition of assets through acquisition of subsidiaries	21 (743,892)	-

簡明綜合現金流量表

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

		截至6月30日止六個月期間 For the six months period ended 30 June		
附註	2020年 人民幣千元 (未經審計)	2019年 人民幣千元 (未經審計)		
Notes	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)		
收購附屬公司的現金流入淨額	Net cash inflow on acquisition of subsidiaries	22	17,204	45,532
投資活動所用現金淨額	Net cash used in investing activities		(618,127)	(526,653)
融資活動	FINANCING ACTIVITIES			
新募集的銀行借款	New bank borrowings raised		1,101,784	891,000
新募集的其他借款	New other borrowings raised		-	2,014,670
償還銀行借款	Repayments of bank borrowings		(848,000)	(586,000)
就已發行優先票據已付發行成本	Issue costs paid for senior note issued		-	(65,739)
收回已終止確認應收款項	Collections of derecognised receivables		764,258	-
償還已終止確認應收款項	Repayments of derecognised receivables		(800,000)	-
已付保理佣金	Factoring commission paid		(14,593)	-
償還租賃負債	Repayments of leases liabilities		(57,314)	(36,298)
關聯方墊款	Advance from related parties		3,296	1,536
償還關聯方款項	Repayment to related parties		(20,063)	(862)
購回股份	Repurchase of shares		(23,672)	(710,098)
非控股股東注資	Capital injection by non-controlling shareholders		2,940	-
自受控有限合夥人的 有限合夥人獲得的注資	Contribution received from a limited partner of a controlled limited partnership		32,560	-
已付利息	Interest paid		(256,511)	(29,606)
派付予附屬公司非控股 股東的股息	Dividends paid to non-controlling shareholders of subsidiaries		-	(4,970)
行使購股權所得款項	Proceeds from exercise of share options		-	148
融資活動(所用)所得現金淨額	Net cash (used in) from financing activities		(115,315)	1,473,781
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS		99,808	702,436
期初	AT THE BEGINNING OF THE PERIOD		2,294,435	2,280,215
匯率變動的影響	EFFECT OF FOREIGN EXCHANGE RATE CHANGE		18,856	42,068
以銀行結餘及現金表示的 期末現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH		2,413,099	3,024,719

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

1. 一般資料及編製基準

1a. 一般資料

易居(中國)企業控股有限公司(「本公司」)於2010年2月22日於開曼群島根據開曼群島公司法註冊成立為獲豁免有限公司。本公司的股份已於2018年7月20日於香港聯合交易所有限公司(「聯交所」)主板上市。本公司的註冊辦事處及主要營業地點的地址分別為PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands及中華人民共和國(「中國」)上海靜安區廣延路383號秋實樓11樓。

本公司及其附屬公司(統稱「本集團」)在中國向房地產行業提供眾多服務，包括一手房代理服務、房地產數據及諮詢服務以及房地產經紀網絡服務。

該等簡明綜合財務報表以人民幣(「人民幣」)呈列，這亦為本公司的功能貨幣。

1b. 編製基準

簡明綜合財務報表已按國際會計準則理事會(「國際會計準則理事會」)頒佈的《國際會計準則》第34號(「《國際會計準則》第34號」)「中期財務報告」及聯交所證券上市規則(「《上市規則》」)附錄16的適用披露規定編製。

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”).

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

1. 一般資料及編製基準 (續)

1c. 於本中期期間的重要事項及交易

由於2019新型冠狀病毒(「Covid-19」)疫情爆發及中國政府後續採取的隔離措施和旅遊限制，導致經濟、商業環境受到不利影響並直接及間接影響到本集團的營運。因政府採取強制隔離措施以遏制疫情蔓延，故本集團自2020年2月至2020年3月停止提供服務。自2020年2月以來，本公司一面通過線上溝通，實現客戶追蹤及銷售信息反饋；一面快速反應。同時，本集團推出一項新的電子平台—在案場通行管理、保潔巡查管理、保安巡更管理、相關管理部門訪客健康數據匯總監控等方面收集有關數據以保障案場衛生安全。另一方面，部分地方政府也宣佈了多項財政措施，以支持企業渡過這波疫情帶來的負面影響。因此，本集團的財務狀況及財務表現亦受到不利影響，包括收入、淨利潤及就Covid-19相關補貼收到若干無條件政府補貼確認減少(如附註5披露)。

於本中期期間，根據中國有關主管部門發佈的通知表示，本公司若干境內附屬公司已獲取全部或部分豁免於2020年2月至6月期間承擔的多項社會保險(包括養老保險、失業保險、工傷保險等)，總額約人民幣73,123,000元。

此外，本集團亦於本中期期間完成許多收購，詳情載於附註21及22。

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

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 have 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, with details set out in notes 21 and 22.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

2. 主要會計政策

簡明綜合財務報表乃按歷史成本編製，惟於各報告期末按公允價值計量的若干金融工具除外。

除因應用《國際財務報告準則》(「國際財務報告準則」)修訂本而導致的會計政策變動外，截至2020年6月30日止六個月的簡明綜合財務報表所用會計政策及計算方法與本集團截至2019年12月31日止年度的年度財務報表所呈列者相同。

應用《國際財務報告準則》修訂本

於本中期期間，本集團首次應用由國際會計準則理事會頒佈的於2020年1月1日或之後開始之年度期間強制生效的《國際財務報告準則中對概念框架的提述的修訂》及下列《國際財務報告準則》修訂本編製本集團的簡明綜合財務報表：

《國際會計準則》第1號及 《國際會計準則》 第8號修訂本	重大的定義
《國際財務報告準則》 第3號修訂本	業務的定義
《國際財務報告準則》第9號、 《國際會計準則》第39號及 《國際財務報告準則》 第7號修訂本	利率基準 改革

於本期間應用《國際財務報告準則中對概念框架的提述的修訂》及該等《國際財務報告準則》修訂本對本集團於本期間及過往期間的財務狀況及表現及／或該等簡明綜合財務報表所載披露並無重大影響。

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.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

3. 收入

本集團的收入來自(1)一手房代理服務，(2)房地產數據及諮詢服務，及(3)房地產經紀網絡服務。這與根據《國際財務報告準則》第8號就各運營及呈報分部所披露的收入資料一致：

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:

		截至以下日期止六個月 Six months ended	
		2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年6月30日 人民幣千元 (未經審計) 30 June 2019 RMB'000 (unaudited)
一手房代理服務，在某一時點確認	Real estate agency services in the primary market, recognised at a point in time	1,267,049	2,577,554
房地產數據及諮詢服務	Real estate data and consulting services		
– 在某一時點確認的諮詢服務	– consulting services recognised at a point in time	382,328	357,713
– 在某一時段確認的數據服務	– data services recognised over time	93,335	85,031
		475,663	442,744
房地產經紀網絡服務	Real estate brokerage network services		
– 在某一時點確認的 一手聯動業務	– distribution business in the primary market recognised at a point in time	1,095,254	1,299,212
– 在某一時點確認的其他服務	– other services recognised at a point in time	6,988	10,923
		1,102,242	1,310,135
		2,844,954	4,330,433

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

4. 分部資料

以下按運營及呈報分部分析本集團收入及業績：

截至2020年6月30日止六個月（未經審計）

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)

		一手房 代理服務 人民幣千元	房地產數據及 諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	對銷 人民幣千元	合計 人民幣千元
		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
收入	REVENUE					
外部銷售額	External sales	1,267,049	475,663	1,102,242	–	2,844,954
分部內銷售額	Inter-segment sales	3,312	82	29,501	(32,895)	–
合計	Total	1,270,361	475,745	1,131,743	(32,895)	2,844,954
分部利潤	SEGMENT PROFIT	248,184	94,343	37,509	–	380,036
未分配開支	Unallocated expenses					(20,683)
未分配匯兌虧損淨額	Unallocated net exchange loss					(360)
按公允價值計量並計入 損益的金融資產的未分配 公允價值收益淨額	Unallocated net fair value gain on financial assets at FVTPL					23,001
按公允價值計量並計入 損益的金融負債的未分配 公允價值收益	Unallocated fair value gain on financial liabilities at FVTPL					2
應佔聯營公司業績	Share of results of associates					2,829
利息收入	Interest income					24,157
融資成本	Finance costs					(209,054)
以股權結算的股份付款開支	Equity-settled share-based payment expenses					(38,580)
稅前利潤	Profit before taxation					161,348

簡明綜合財務報表附註
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

4. 分部資料(續)

4. SEGMENT INFORMATION (Continued)

截至2019年6月30日止六個月(未經審計)

Six months ended 30 June 2019 (unaudited)

		一手房 代理服務 人民幣千元	房地產數據及 諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	對銷 人民幣千元	合計 人民幣千元
		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
收入	REVENUE					
外部銷售額	External sales	2,577,554	442,744	1,310,135	–	4,330,433
分部內銷售額	Inter-segment sales	185	1,987	15,816	(17,988)	–
合計	Total	2,577,739	444,731	1,325,951	(17,988)	4,330,433
分部利潤	SEGMENT PROFIT	806,174	82,844	5,650	–	894,668
未分配開支	Unallocated expenses					(4,315)
未分配匯兌虧損淨額	Unallocated net exchange loss					(12,285)
按公允價值計量並計入 損益的金融資產的未分配 公允價值收益淨額	Unallocated net fair value gain on financial assets at FVTPL					112,810
應佔聯營公司業績	Share of results of associates					6,974
利息收入	Interest income					20,910
融資成本	Finance costs					(95,597)
以股權結算的股份付款開支	Equity-settled share-based payment expenses					(89,148)
稅前利潤	Profit before taxation					834,017

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

4. 分部資料(續)

運營分部的會計政策與本集團截至2019年12月31日止年度的年度財務報表所呈列的本集團的會計政策相同。分部利潤為各分部的所得利潤，並未分配未分配開支、未分配匯兌虧損淨額、以公允價值計量並計入損益的金融資產的未分配公允價值收益淨額、以公允價值計量並計入損益的金融負債的未分配公允價值收益、應佔聯營公司業績、利息收入、融資成本及以股權結算的股份付款開支。此乃出於分配資源及評估表現的目的而向主要經營決策者(「主要經營決策者」)匯報的計量標準。

由於本集團並未定期向主要經營決策者提供分部資產及負債資料以進行資源分配及表現評估決策，故並無提供該等資料。

5. 其他收入

4. SEGMENT INFORMATION (Continued)

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 on 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 (the "CODM") for the purpose of resource allocation and performance assessment.

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

5. OTHER INCOME

截至以下日期止六個月
Six months ended

		2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年6月30日 人民幣千元 (未經審計) 30 June 2019 RMB'000 (unaudited)
銀行及其他利息收入	Bank and other interest income	24,157	17,852
政府補助(附註)	Government grants (note)	36,746	15,230
其他	Others	1,289	480
		62,192	33,562

附註：

該金額為就企業發展支持、財政補貼及各種稅收優惠而自不同中國政府部門收取的政府補助，有關中國政府部門並未施加任何條件。

於本中期期間，本集團確認Covid-19相關的政府補貼人民幣2,266,000元。

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.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

6. 所得稅開支

6. INCOME TAX EXPENSE

		截至以下日期止六個月 Six months ended	
		2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年6月30日 人民幣千元 (未經審計) 30 June 2019 RMB'000 (unaudited)
中國企業所得稅(「企業所得稅」)	PRC Enterprise Income Tax (“EIT”)		
即期稅項	Current tax	97,368	244,611
先前年度超額撥備	Overprovision in prior years	(9,189)	(5,363)
		88,179	239,248
遞延稅項抵免(附註14)	Deferred tax credit (note 14)	(31,489)	(59,290)
		56,690	179,958

香港

簡明綜合財務報表並無就香港利得稅計提撥備，因為本集團於兩個期間內並無應課香港利得稅的溢利。

Hong Kong

No provision for Hong Kong Profits Tax was made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax during both periods.

中國

除下文所披露的該等中國附屬公司外，根據《中華人民共和國企業所得稅法》及《中華人民共和國企業所得稅法實施條例》(「《企業所得稅法》」)，所有其他中國附屬公司於兩個期間內的法定稅率為25%。

PRC

Save as those PRC subsidiaries disclosed below, pursuant to the EIT Law and Implementation Regulations of the Law of the PRC (the “EIT Law”), the statutory tax rate of all other PRC subsidiaries is 25% for both periods.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

6. 所得稅開支(續)

中國(續)

根據《企業所得稅法》及相關法規，本集團的中國附屬公司北京中房研協技術服務有限公司(「中房研協」)符合高新技術企業資格，獲准享受15%的優惠稅率，優惠期由2018年7月19日至2021年7月18日為期三年。

根據《企業所得稅法》及相關法規，本集團的中國附屬公司上海築想信息科技股份有限公司(「上海築想」)符合高新技術企業資格，獲准享受15%的優惠稅率，優惠期由2017年11月23日至2020年11月22日為期三年。根據《企業所得稅法》及相關法規，上海築想符合軟件行業企業資格，獲准享受優惠稅收政策，優惠期由2015年至2019年為期五年，首兩個年度免繳所得稅，其後三年所得稅減免50%，按12.5%的稅率繳稅。

根據《企業所得稅法》及相關法規，本集團的中國附屬公司易居企業(中國)集團有限公司符合高新技術企業資格，獲准享受15%的優惠稅率，優惠期由2018年至2020年為期三年。

根據中國西部地區企業適用的相關法規，本集團全資中國附屬公司重慶易居投資顧問有限公司享受15%的優惠稅率，優惠期由2014年10月1日至2020年12月31日為期六年零三個月。於截至2019年及2020年6月30日止六個月，本集團若干同樣位於中國西部地區的附屬公司亦獲有關法規批准享受15%的優惠稅率。

英文名稱僅供識別。

6. INCOME TAX EXPENSE (Continued)

PRC (Continued)

Beijing CREA Technology Services Ltd.# (北京中房研協技術服務有限公司) (“Zhongfangyanxie”), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of three years from 19 July 2018 to 18 July 2021 in accordance with the EIT Law and relevant regulations.

Shanghai Zhuxiang Information Technology Co., Ltd.# (上海築想信息科技股份有限公司) (“Shanghai Zhuxiang”), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy preferential tax rate of 15% for a period of three years from 23 November 2017 to 22 November 2020 in accordance with the EIT Law and relevant regulations. Shanghai Zhuxiang was qualified as Software Industry Enterprise and approved to enjoy preferential tax policy of a period of five years from 2015 to 2019 in accordance with EIT Law and relevant regulations, to be exempted from income tax for its first two years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years.

E-House Enterprise (China) Group Co., Ltd.# (易居企業(中國)集團有限公司), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy preferential tax rate of 15% for a period of three years from 2018 to 2020 in accordance with the EIT Law and relevant regulations.

Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, Chongqing E-House Investment Consultancy Co., Ltd.# (重慶易居投資顧問有限公司), a wholly-owned PRC subsidiary of the Group, enjoys a preferential tax rate of 15% for a period of six years and three months from 1 October 2014 to 31 December 2020. Certain subsidiaries of the Group situated in the western regions of the PRC had also been approved by the relevant regulations to enjoy a preferential tax rate of 15% in the six months ended 30 June 2019 and 2020.

English name is for identification purpose only.

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截至2020年6月30日止六個月 For the six months ended 30 June 2020

7. 期內利潤

期內利潤及全面收益總額乃扣除(計入)以下各項後計算得出：

7. PROFIT FOR THE PERIOD

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

		截至以下日期止六個月 Six months ended	
		2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年6月30日 人民幣千元 (未經審計) 30 June 2019 RMB'000 (unaudited)
物業及設備折舊	Depreciation of property and equipment	9,948	9,359
使用權資產折舊	Depreciation of right-of-use assets	52,231	30,244
投資物業折舊	Depreciation of investment properties	577	355
無形資產攤銷	Amortisation of intangible assets	3,036	531
折舊及攤銷總額	Total depreciation and amortisation	65,792	40,489
以下各項的預期信貸損失：	ECL on:		
應收賬款及應收票據	Accounts receivables and bills receivables	–	60,455
應收關聯方貿易性質的款項	Amounts due from related parties of trade nature	173	9,352
按公允價值計量並計入其他 全面收益的應收款項	Receivables at FVTOCI	49,367	–
其他應收款項及其他非流動資產	Other receivables and other non-current assets	3,056	(332)
預期信貸損失總額，扣除撥回	Total ECL, net of reversal	52,596	69,475
計入其他收益及虧損的金額	Amounts included in other gains and losses		
按公允價值計量並計入損益的 金融資產的公允價值收益淨額	Net fair value gain on financial assets at FVTPL	(36,255)	(118,096)
按公允價值計量並計入損益的 金融負債的公允價值收益	Fair value gain on financial liabilities at FVTPL	(2)	–
匯兌(收益)虧損淨額	Net exchange (gain) loss	(471)	12,285
出售物業及設備的收益淨額	Net gain on disposal of property and equipment	(73)	(38)
出售投資物業的虧損淨額	Net loss on disposal of investment properties	29	–
終止使用權資產及租賃負債的收益淨額	Net gain on termination of right-of-use assets and lease liabilities	(89)	–
		(36,861)	(105,849)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

7. 期內利潤(續)

於本中期期間，根據中國有關主管部門發佈的通知表示，本公司若干境內附屬公司已獲取全部或部分豁免於2020年2月至6月期間承擔的多項社會保險(包括養老保險、失業保險、工傷保險等)，總額約人民幣73,123,000元。

8. 股息

於本中期期間，截至2019年12月31日止年度的末期股息每股普通股人民幣15.48分(2019年：截至2018年12月31日止年度22.67港仙(相當於人民幣19.39分))已宣派予本公司擁有人。於本中期期間宣派的末期股息總額為人民幣214,456,000元(2019年：315,529,000港元(相當於人民幣277,571,000元))。

本公司董事已決定不就截至2020年及2019年6月30日止六個月宣派股息。

9. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

7. PROFIT FOR THE PERIOD (Continued)

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:

		截至以下日期止六個月 Six months ended	
		2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年6月30日 人民幣千元 (未經審計) 30 June 2019 RMB'000 (unaudited)
盈利：	Earnings:		
就每股基本及攤薄盈利而言， 本公司擁有人應佔期內利潤	Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	29,934	577,868

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

9. 每股盈利(續)

9. EARNINGS PER SHARE (Continued)

		截至以下日期止六個月 Six months ended	
		2020年6月30日 千股 (未經審計) 30 June 2020 '000 (unaudited)	2019年6月30日 千股 (未經審計) 30 June 2019 '000 (unaudited)
股份數目： 就每股基本盈利而言， 普通股的加權平均數目	Number of shares: Weighted average number of ordinary shares for the purpose of basic earnings per share	1,385,439	1,455,667
攤薄潛在普通股的影響： 本公司購股權	Effect of dilutive potential ordinary shares: Share options of the Company	-	2,994
就每股攤薄盈利而言， 普通股的加權平均數目	Weighted average number of ordinary share for the purpose of diluted earnings per share	1,385,439	1,458,661

截至2019年及2020年6月30日止六個月，股份加權平均數經扣除本公司持有的庫存股份後計算得出。

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.

截至2020年6月30日止六個月，每股攤薄盈利的計算並無假設本公司所有(2019年：部分)尚未行使購股權獲行使，原因是該等購股權的固有價值(即於授出購股權當日未確認的以股份為基礎的付款開支另加每股股份的行使價)高於股份於截至2020年及2019年6月30日止期間的平均市價。

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

10. 物業及設備、使用權資產以及投資物業變動

於本中期期間，本集團收購物業及設備人民幣153,249,000元（2019年：人民幣40,092,000元），其中人民幣148,150,000元乃本集團透過收購附屬公司收購資產而產生，詳情載於附註21。

於本中期期間，本集團收購投資物業人民幣663,528,000元（2019年：人民幣1,528,000元）。於本中期期間，本集團完成收購上海灣居（定義見附註21），其中上海灣居物業（定義見附註11(c)）於完成日期的公允價值為人民幣633,528,000元。本集團擬持有上海灣居物業以賺取租金收入及資本增值，因此分類為上海灣居的投資物業，詳情載於附註11及21。於截至2019年6月30日止六個月，所添置的投資物業為先前獲得的抵押品，由物業開發商客戶轉讓，以結清本集團未收回的應收賬款人民幣1,528,000元，於本中期期間並無發生有關安排。

於本中期期間，本集團訂立若干新租賃協議，租賃期限為2至3年。本集團須於合約期內每月支付固定款項。於租賃開始時，本集團確認使用權資產及租賃負債人民幣39,352,000元（2019年：人民幣29,512,000元）。此外，於本中期期間，由於透過收購附屬公司收購資產以及收購附屬公司，故本集團分別以人民幣99,285,000元及人民幣183,000,000元以及相應的租賃負債人民幣20,394,000元及人民幣42,612,000元收購兩項使用權資產，詳情分別載於附註21及22。

10. MOVEMENTS IN PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the current interim period, the Group acquired property and equipment of RMB153,249,000 (2019: RMB40,092,000), RMB148,150,000 out of which arose from the Group's acquisition of assets through acquisition of subsidiaries as detailed in note 21.

During the current interim period, the Group acquired investment properties for RMB663,528,000 (2019: RMB1,528,000). As detailed in notes 11 and 21, during the current interim period, the Group completed the acquisition of Shanghai Wanju (as defined in note 21) of which the fair value of its Shanghai Wanju Property (as defined in note 11(c)) on date of completion amounted to RMB633,528,000. The Group intended to hold the Shanghai Wanju Property to earn rental income and for capital appreciation and was, therefore, classified as investment properties of Shanghai Wanju. During the six months ended 30 June 2019, the addition of investment properties were collateral previously obtained which were transferred from property developer customers as settlement of the Group's outstanding accounts receivables in the amount RMB1,528,000, while no such arrangement had been occurred in this current interim period.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2 to 3 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised RMB39,352,000 (2019: RMB29,512,000) of right-of-use assets and lease liabilities. Furthermore, during the current interim period, the Group acquired two right-of-use assets in the amount of RMB99,285,000 and RMB183,000,000, respectively with corresponding lease liabilities of RMB20,394,000 and RMB42,612,000, which were resulted from the Group's acquisition of assets through acquisition subsidiaries and acquisition of subsidiaries as detailed in notes 21 and 22, respectively.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11. 應收賬款、應收票據、
其他非流動資產及其他
應收款項

11. ACCOUNTS RECEIVABLES, BILLS
RECEIVABLES, OTHER NON-CURRENT
ASSETS AND OTHER RECEIVABLES

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
應收賬款及應收票據(附註a)	Accounts receivables and bill receivables (note a)	–	6,341,843
減：應收賬款及應收票據的虧損撥備	Less: Loss allowance for accounts receivables and bills receivables	–	(795,020)
應收賬款及應收票據總額	Total accounts receivables and bills receivables	–	5,546,823
已付物業開發商的按金(附註b)	Deposits paid to property developers (note b)		
– 即期	– current	1,951,856	1,535,155
– 非即期	– non-current	1,554	1,500
預付款項	Prepayments		
– 即期	– current	42,789	39,996
– 非即期(附註d)	– non-current (note d)	34,000	34,000
按金	Deposits		
– 即期	– current	29,438	18,644
– 非即期	– non-current	16,326	17,168
收購物業及設備的已付按金(非即期)(附註c)	Deposits paid for acquisition of property and equipment (non-current) (note c)	466,491	711,785
長期遞延開支(非即期)	Long-term deferred expenses (non-current)	10,423	1,256
其他應收款項—其他(即期)	Other receivables – others (current)	364,032	145,716
		2,916,909	2,505,220
減：按攤銷成本計量的其他應收款項及其他非流動資產虧損撥備	Less: Loss allowance for other receivables and other non-current assets measured at amortised cost	(6,182)	(3,126)
		2,910,727	2,502,094
應收賬款、應收票據、其他非流動資產及其他應收款項總額	Total accounts receivables, bills receivables, other non-current assets and other receivables	2,910,727	8,048,917

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11. 應收賬款、應收票據、
其他非流動資產及其他
應收款項 (續)

11. ACCOUNTS RECEIVABLES, BILLS
RECEIVABLES, OTHER NON-CURRENT
ASSETS AND OTHER RECEIVABLES
(Continued)

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
簡明綜合財務狀況表內所披露其他 非流動資產及其他應收款項：	Other non-current assets and other receivables disclosed in the condensed consolidated statement of financial position as:		
— 即期	— Current	2,382,430	1,737,239
— 非即期	— Non-current	528,297	764,855
		2,910,727	2,502,094

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11. 應收賬款、應收票據、其他非流動資產及其他應收款項(續)

附註：

- (a) 自2019年下半年起，作為本集團現金流量管理的一環，本集團管理部分應收賬款、應收票據及應收關聯方貿易性質款項－應收賬款的業務模式中，其目標為透過向獨立第三方出售(不附帶追索權)部分應收款項出售並收取該等應收款項合約現金流量，及倘本集團已轉讓絕大部分風險及回報予有關對手方，則終止確認該等應收款項(「保理安排」)。由於就本集團應收賬款、應收票據及應收關聯方貿易性質款項－應收賬款出售並收取合約現金流量的業務模式變動，根據《國際財務報告準則》第9號，於2020年1月1日(即重新分類日期，定義為業務模式變動後首個報告期間的首日)，本集團將該等應收款項自按攤銷成本計量的金融資產重新分類為載於附註13中的按公允價值計量並計入其他全面收益的金融資產。
- (b) 該款項主要指本集團支付予其物業開發商的誠意金，用以使本集團開展一手房代理服務項目，按金將於以下兩項的較早期間發還予本集團：(i)各協議協定的日期或(ii)於各協議完成後。本集團管理層預期所有誠意金將於一年內發還。本集團就位於中國及海外的項目向物業開發商支付70,000,000美元(「美元」)(相當於人民幣495,563,000元)(2019年12月31日：70,000,000美元(相當於人民幣488,336,000元))作為誠意金，亦預期於一年內悉數發還，而本集團同時自該物業開發商客戶收取人民幣483,000,000元(2019年12月31日：人民幣483,000,000元)作為抵押按金，其中確認為已收物業開發商客戶的可退還按金並計入其他應付款項。

11. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Notes:

- (a) 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 13 on 1 January 2020, being the reclassification date defined as the first day of the first reporting period following the change in business model.
- (b) Amount mainly represents earnest deposits paid by the Group to its property developers enabling the Group to carry out the real estate agency services in the primary market projects, which will be released to the Group at the earlier of (i) dates agreed in the respective agreements or (ii) upon completion of the respective agreements. The management of the Group expects all these earnest deposits will be released within one year. Included in the earnest deposits were United States Dollar ("US\$")70,000,000 (equivalent to RMB495,563,000 (31 December 2019: US\$70,000,000 (equivalent to RMB488,336,000))) paid to a property developer for projects situated in the PRC and overseas which is also expected to be fully released within a year, while the Group at the same time received RMB483,000,000 (31 December 2019: RMB483,000,000) from this property developer customer as the security deposit, of which is recognised as refundable deposits received from a property developer customer and included in other payables.

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11. 應收賬款、應收票據、 其他非流動資產及其他 應收款項(續)

附註：(續)

(c)

收購唐朝大酒店已付按金

於2018年12月20日，本集團與一名獨立銷售代理訂立買賣協議，據此，本集團同意購買位於上海嘉定區的唐朝大酒店，總對價為人民幣600,000,000元。於2019年12月31日，本集團向獨立銷售代理支付可退還按金人民幣250,000,000元，其分類為收購物業及設備的已付按金。本集團計劃將物業部分用作其房地產經紀人員的培訓及教育中心，並提供研討會及會議室以供本集團的員工及人員培訓。於2020年3月20日，本集團與持有唐朝大酒店(「唐朝大酒店實體」)的股東進一步訂立補充協議，據此，本集團將收購唐朝大酒店實體的全部股權，對價為人民幣245,000,000元，同時將承擔唐朝大酒店實體持有的負債人民幣355,000,000元(「唐朝大酒店承債金額」)，該等債務須於完成收購前由本集團全數結清。

於截至2020年6月30日止期間，本集團自獨立銷售代理收取可退還按金人民幣250,000,000元並向獨立賣方支付現金對價人民幣245,000,000元，並於2020年6月向唐朝大酒店實體就其部分債務清償墊款人民幣127,030,000元。於2020年7月，本集團向唐朝大酒店實體就其於2020年7月的債務清償墊款餘下負債人民幣227,970,000元。截至該等簡明綜合財務報表刊發日期，本集團已向唐朝大酒店實體的股東支付全數現金代價，並已將唐朝大酒店承債金額全數結清。唐朝大酒店及唐朝大酒店實體股份隨後已質押予一間銀行，以取得銀行貸款，其隨後於2020年7月支付人民幣355,000,000元全數結清後已解除質押，而本集團預期於2020年12月31日止年度前完成收購唐朝大酒店實體的100%股權。

收購上海灣居物業已付按金

截至2018年12月31日止年度，本集團與一名獨立第三方訂立買賣協議，據此，本集團有獨家權利於2020年4月11日或之前出售賣方擁有的位於上海楊浦區的52個寫字樓單位(「上海灣居物業」)。本集團(作為房地產代理商)同意及承諾出售上海灣居物業，總對價不少於人民幣660,000,000元，而倘上海灣居物業出售款合共超過人民幣660,000,000元，則本集團有權享有全部淨餘。倘於2019年2月28日(其後於截至2019年12月31日止年度內進一步延期至2020年4月30日)本集團出售上海灣居物業後的總對價少於人民幣660,000,000元，則本集團須即時支付差額。倘上海灣居物業於2020年4月11日部分出售，則本集團須購入未出售單位，對價相當於人民幣660,000,000元餘下部分減已出售單位的總金額。

11. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(c)

Deposit paid for acquisition of Tangchao Grand Hotel (唐朝大酒店)

On 20 December 2018, the Group entered into a sale and purchase agreement with an independent sales agent, pursuant to which the Group agreed to acquire Tangchao Grand Hotel located in Jiading District in Shanghai for a total consideration of RMB600,000,000. As at 31 December 2019, the Group paid a refundable deposit of RMB250,000,000 to the independent sales agent which was classified as deposit paid for acquisition of property and equipment. The Group planned to use the property in part for its own purposes as a training and education centre for its real estate agent personnel, providing seminar and conference rooms for the Group's staff and personnel trainings. On 20 March 2020, the Group and the shareholders of the entity holding Tangchao Grand Hotel ("Tangchao Grand Hotel Entity") further entered into a supplementary agreement pursuant to which the Group will acquire the entire equity interest of Tangchao Grand Hotel Entity at a consideration of RMB245,000,000 and, at the same time, will assume a liability of RMB355,000,000 held by Tangchao Grand Hotel Entity (the "Tangchao Grand Hotel Debt Assumption Amount"), which was required to be fully settled by the Group prior to its completion.

During the period ended 30 June 2020, the Group received the refundable deposit of RMB250,000,000 from the independent sales agent and paid cash consideration of RMB245,000,000 to the independent vendor and advanced RMB127,030,000 to Tangchao Grand Hotel Entity for its partial debt repayment settled in June 2020. In July 2020, the Group advanced the remaining RMB227,970,000 to the Tangchao Grand Hotel Entity for its debt repayment settled in July 2020. Up to the date of issuance of these condensed consolidated financial statements, the Group has paid all cash consideration to the shareholders of Tangchao Grand Hotel Entity and has fully settled the Tangchao Grand Hotel Debt Assumption Amount. The Tangchao Grand Hotel and share of the Tangchao Grand Hotel Entity has been pledged in favour of a bank to secure its bank borrowing, which has been subsequently released upon the full repayment of RMB355,000,000 settled in July 2020 and the Group's acquisition of 100% equity interest of Tangchao Grand Hotel Entity is expected to complete prior to the year ending 31 December 2020.

Deposit paid for acquisition of Shanghai Wanju Property

During the year ended 31 December 2018, the Group entered into a sales and purchase agreement with an independent third party, pursuant to which the Group had an exclusive right to sell 52 office building units owned by the vendor located in Yangpu District in Shanghai ("Shanghai Wanju Property") on or before 11 April 2020. The Group, as the real estate agency, agreed and committed to sell the Shanghai Wanju Property for an aggregate consideration of not less than RMB660,000,000, while the Group was entitled to all the surplus if the Shanghai Wanju Property were sold in aggregate over RMB660,000,000. If the total consideration of the Shanghai Wanju Property sold by the Group is less than RMB660,000,000 on 28 February 2019 (which was further extended to 30 April 2020 during the year ended 31 December 2019), the Group will need to pay for the shortfall immediately. If the Shanghai Wanju Property is partially sold on 11 April 2020, the Group will need to acquire the unsold units at the consideration equivalent to the remainder of RMB660,000,000 less the aggregate amounts of units already sold.

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11. 應收賬款、應收票據、其他非流動資產及其他應收款項(續)

附註：(續)

(c) (續)

收購上海灣居物業已付按金(續)

於2019年12月31日，本集團向其中一名上海灣居股東支付按金人民幣250,000,000元，其分類為向物業開發商支付的按金。本集團於2019年12月31日未有出售任何寫字樓單位，且本集團於2019年12月31日擁有未結付承擔人民幣410,000,000元。

截至2019年12月31日止年度，考慮到預期成本節省，本集團原本計劃收購上海灣居物業用作其房地產代理人員的培訓及教育中心。上海灣居物業亦將用於提供辦公空間，以適應本集團業務未來的預期增長和擴展。於2019年12月31日，該已付按金因而分類為收購物業及設備的已付按金。

於2020年3月20日，本集團、上海灣居股東及上海灣居進一步訂立補充協議，據此，本集團將向其股東收購上海灣居的全部股權，現金對價為人民幣100,000元，同時將承擔上海灣居持有的負債人民幣659,900,000元（「上海灣居承債金額」），且有關於本中中期期間完成收購前已由本集團全數結清。於本中中期期間，其中一名上海灣居股東已退還本集團已付按金人民幣100,000,000元。餘下已付按金人民幣150,000,000元於2020年6月30日重新分類至其他應收款項—其他，而全數隨後於2020年7月收取。於2020年6月22日完成交易後，經重新考慮使用上海灣居物業的成本及利益後，本集團管理層議決改變其意圖，出租上海灣居物業以賺取租金收入及資本增值。因此，於完成收購上海灣居後，上海灣居物業分類為本集團的投資物業。

(d) 於2019年12月，本集團訂立股權轉讓協議，據此，本集團建議收購成為本集團聯營公司的匯升資產管理有限公司額外30.01%的股權，對價為37,955,000港元（相當於人民幣34,000,000元）。於2019年12月31日及2020年6月30日，本集團悉數支付有關款項，其被分類為非流動預付款項，收購事項須待監管批准方告完成。截至該等簡明綜合財務報表刊發日期，監管批准仍在辦理中。

11. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(c) (Continued)

Deposits paid for acquisition of Shanghai Wanju Property (Continued)

As at 31 December 2019, the Group paid deposit of RMB250,000,000 to one of the shareholders of Shanghai Wanju which was classified as deposit paid to property developer. The Group did not sell any office building units as at 31 December 2019 and the Group had unsettled commitment of RMB410,000,000 at 31 December 2019.

During the year ended 31 December 2019, having considered the expected cost savings, the Group originally planned to acquire the Shanghai Wanju Property as a training and education centre for its real estate agent personnel. The Shanghai Wanju Property would also be used to provide office space to accommodate for the anticipated future growth and expansion of the Group's business. As at 31 December 2019, the deposit paid was therefore classified as deposits paid for acquisition of property and equipment.

On 20 March 2020, the Group, shareholders of Shanghai Wanju and Shanghai Wanju further entered into a supplementary agreement pursuant to which the Group will acquire the entire equity interest of Shanghai Wanju from its shareholders at a cash consideration of RMB100,000 and, at the same time, will assume a liability of RMB659,900,000 held by Shanghai Wanju (the "Shanghai Wanju Debt Assumption Amount"), and such has been fully settled by the Group prior to its completion of acquisition during the current interim period. During the current interim period, one of the shareholders of Shanghai Wanju had returned RMB100,000,000 of the deposit paid by the Group. The remaining deposit paid of RMB150,000,000 is reclassified as other receivables – others as at 30 June 2020 and the full amount is subsequently received in July 2020. Upon completion of the transaction on 22 June 2020, having reconsidered the costs and benefits in using the Shanghai Wanju Property, the management of the Group resolved to change their intention to lease out the Shanghai Wanju Property for the purpose of earning rental income and for capital appreciation. Therefore, upon completion of the acquisition of the Shanghai Wanju, Shanghai Wanju Property is classified as investment properties of the Group.

(d) In December 2019, the Group entered into an equity transfer agreement pursuant to which the Group proposed to acquire an additional 30.01% equity interest of Up Capital Asset Management Limited, becoming an associate of the Group, at a consideration of HK\$37,955,000 (equivalent to RMB34,000,000). As at 31 December 2019 and 30 June 2020, the Group paid such amount in full which is classified as non-current prepayments, the completion of the acquisition is subjected to regulatory approval. Up to the date of issuance of these condensed consolidated financial statements, the regulatory approval is still in progress.

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11. 應收賬款、應收票據、其他非流動資產及其他應收款項(續)

於符合有關協議的條款及條件並開具有關發票後，本集團允許其所有客戶享有30日的信貸期。

以下為應收賬款(扣除虧損撥備、按於報告期末提供服務的日期及更高佣金的銷售目標達成日期(該日期與各收入確認日期相近)呈列)的賬齡分析：

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
一年以內	Within 1 year	-	3,315,830
一至兩年	1 – 2 years	-	706,465
兩年以上	Over 2 years	-	13,221
		-	4,035,516

以下為應收票據(扣除虧損撥備、按於報告期末應收票據的剩餘到期日期呈列)的到期日分析。

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
180日以內	Within 180 days	-	811,735
181至365日	181 – 365 days	-	699,572
		-	1,511,307

11. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

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:

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.

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12. 應收(應付)關聯方款項

12. AMOUNTS DUE FROM (TO) RELATED PARTIES

本集團應收(應付)關聯方款項載列如下。

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

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
資產	Assets		
應收關聯方款項，分析如下：	Amounts due from related parties, analysed as:		
— 貿易性質結餘(附註11(a))	— Trade nature balance (note 11(a))	25,202	2,673,600
減：虧損撥備	Less: Loss allowance	(223)	(72,043)
		24,979	2,601,557
— 非貿易性質結餘(附註)	— Non-trade nature balance (note)	16,408	213,744
		41,387	2,815,301
簡明綜合財務報表內所披露：	Disclosed in the condensed consolidated statement of financial statement as:		
— 流動資產	— Current assets	27,459	2,614,160
— 非流動資產	— Non-current assets	13,928	201,141
		41,387	2,815,301
負債	Liabilities		
應付關聯方款項，分析如下：	Amounts due to related parties, analysed as:		
— 貿易性質	— Trade nature	116,348	102,284
— 非貿易性質	— Non-trade nature	50,859	5,123
		167,207	107,407
簡明綜合財務報表內所披露：	Disclosed in the condensed consolidated statement of financial statement as:		
— 流動負債	— Current liabilities	167,207	107,407

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12. 應收(應付)關聯方款項 (續)

附註：

截至2019年12月31日止年度，本集團與本集團關聯方易居(中國)企業管理集團有限公司(「易居管理」)訂立諒解備忘錄，據此，本集團擬收購上海易進文化發展有限公司92%的股權以及上海尚林物業管理有限公司(「尚林」)及上海尚友物業管理有限公司(「尚友」)100%的股權。於簽署諒解備忘錄後，本集團已就收購尚林及尚友100%股權向易居管理分別支付人民幣740,000元及人民幣199,260,000元(總計人民幣200,000,000元)作為誠意金。該金額於本中期間由收購尚林(詳情請參閱附註21)及尚友(詳情請參閱附註22)的對價完全抵銷。

於完成有關協議的條款及條件後，本集團就全部貿易性質交易允許其全部關聯方享有30日的信貸期。

以下為應收關聯方貿易性質款項－應收賬款(扣除虧損撥備且不包括其他應收款項及其他貿易性質的非流動資產，根據報告期末提供服務的日期及更高佣金的銷售目標達成日期(該日期與各收入確認日期相近)呈列)的賬齡分析：

12. AMOUNTS DUE FROM (TO) RELATED PARTIES (Continued)

NOTE:

During the year ended 31 December 2019, the Group and E-House (China) Enterprise Management Group Ltd.* (易居(中國)企業管理集團有限公司) ("E-House Management"), a related party of the Group, entered into a memorandum of understanding pursuant to which the Group intended to acquire 92% equity interest in Shanghai Yijin Culture Development Co., Ltd.* (上海易進文化發展有限公司), and 100% equity interest in Shanghai Shanglin Property Management Co., Ltd.* (上海尚林物業管理有限公司) ("Shanglin") and Shanghai Shangyou Property Management Co., Ltd.* (上海尚友物業管理有限公司) ("Shangyou"). Upon signing of the memorandum of understanding, the Group paid RMB740,000 and RMB199,260,000, totalling RMB200,000,000 as earnest deposits to E-House Management for the acquisition of 100% equity interest of Shanglin and Shangyou, respectively. Such amount is fully offset with consideration for acquiring Shanglin (see note 21 for details) and Shangyou (see note 22 for details) during the current interim period.

The Group allows all of its related parties a credit period of 30 days in respect of all trade nature transactions, upon the completion of the terms and conditions of the relevant agreements.

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:

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
一年以內	Within 1 year	–	2,425,002
一至兩年	1 – 2 years	–	153,482
兩年以上	Over 2 years	–	19,615
		–	2,598,099

英文名稱僅供識別。

English name is for identification purpose only.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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**12. 應收(應付)關聯方款項
(續)**

以下為應付關聯方貿易性質款項－應付賬款(主要指應付本集團一手房代理服務關聯方的諮詢費用，故並無授出一般信貸期且須按要求償還且不包括以貿易性質為目的的關聯方墊款)的賬齡分析。以下為於各報告期末根據本集團所獲服務呈列的應付關聯方貿易性質應付賬款的賬齡分析：

12. AMOUNTS DUE FROM (TO) RELATED PARTIES (Continued)

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:

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
一年以內	Within 1 year	1,474	25,697
一至兩年	1 – 2 years	20,686	–
		22,160	25,697

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13. 按公允價值計量並計入其他全面收益的應收款項

13. RECEIVABLES AT FVTOCI

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)
按公允價值計量並計入其他全面收益的應收款項包括：	Receivables at FVTOCI comprise:	
應收賬款	Accounts receivables	3,166,024
應收票據(附註)	Bills receivables (note)	1,746,359
應收關聯方款項－應收賬款	Amounts due from related parties – accounts receivables	2,199,395
		7,111,778

附註：

於2020年6月30日，納入本集團應收票據的賬面值為人民幣1,623,220,000元的票據為關聯方發行的商業票據。

於2020年6月30日，應收賬款、應收票據及應收關聯方款項－應收賬款計入預期信貸損失的公允價值分別為人民幣833,915,000元、人民幣4,183,000元及人民幣78,281,000元。

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.

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13. 按公允價值計量並計入其他全面收益的應收款項(續)

於符合有關協議的條款及條件並開具有關發票後，本集團允許其所有客戶享有30日的信貸期。

以下為應收賬款(包括應收獨立第三方及關聯方款項)(根據報告期末提供服務的日期及更高佣金的銷售目標達成日期(該日期與各收入確認日期相近)呈列)的賬齡分析：

13. RECEIVABLES AT FVTOCI (Continued)

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 (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:

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)
一年以內	Within 1 year	4,285,215
一至兩年	1- 2 years	1,034,726
兩年以上	Over 2 years	45,478
		5,365,419

以下為應收票據(包括獨立第三方及關聯方)(扣除虧損撥備、按於報告期末應收票據的剩餘到期日期呈列)的到期日分析。

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.

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)
180日以內	Within 180 days	683,444
181至365日	181-365 days	1,062,915
		1,746,359

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14. 遞延稅項資產／負債

以下為期內的主要遞延稅項變動：

14. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax movements thereon during the period:

		應計僱員 福利及佣金 人民幣千元	呆壞賬撥備 人民幣千元	業務合併產生 的無形資產 人民幣千元	業務合併產生 的使用權資產 ／租賃負債 人民幣千元	稅項虧損 人民幣千元	其他 人民幣千元	合計 人民幣千元
		Accrued staff welfare and commission RMB'000	Allowance for bad and doubtful debts RMB'000	Intangible assets arising from business combination RMB'000	Right-of-use assets/lease liabilities arising from business combination RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
於2019年1月1日(經審計)	At 1 January 2019 (audited)	205,175	145,783	-	-	128,294	8,751	488,003
計入(扣除自)損益(附註6)	Credit (charge) to profit or loss (note 6)	17,035	17,657	-	-	25,536	(938)	59,290
於2019年6月30日(未經審計)	At 30 June 2019 (unaudited)	222,210	163,440	-	-	153,830	7,813	547,293
(扣除自)計入損益	(Charge) credit to profit or loss	(55,095)	35,307	-	-	5,084	2,014	(12,690)
於2019年12月31日(經審計)	At 31 December 2019 (audited)	167,115	198,747	-	-	158,914	9,827	534,603
(扣除自)計入損益(附註6)	(Charge) credit to profit or loss (note 6)	(73,716)	13,534	386	1,400	92,603	(2,718)	31,489
收購附屬公司(附註22)	Acquisition of subsidiaries (note 22)	-	-	(15,050)	(35,902)	-	-	(50,952)
於2020年6月30日(未經審計)	At 30 June 2020 (unaudited)	93,399	212,281	(14,664)	(34,502)	251,517	7,109	515,140

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截至2020年6月30日止六個月 For the six months ended 30 June 2020

15. 應付賬款及其他應付款項 15. ACCOUNTS PAYABLES AND OTHER PAYABLES

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
應付賬款	Accounts payables	691,387	623,463
其他應付款項	Other payables		
應付利息	Interest payables	79,496	78,627
應付增值稅	Value added tax payables	268,031	307,245
其他應付稅項	Other tax payables	28,356	33,289
代物業賣家收款(附註i)	Receipts on behalf of property sellers (note i)	225,537	158,492
已收物業開發商可退還按金 (附註11(b))	Refundable deposits received from a property developer (note 11 (b))	483,000	483,000
自房地產經紀門店所收的 可退還按金(附註ii)	Refundable deposits received from real estate brokerage stores (note ii)	64,176	61,072
根據保理安排持有應收賬款收款 (附註iii)	Receipts of accounts receivables held under the Factoring Arrangement (note iii)	-	35,742
其他應付款項	Other payables	47,768	37,363
		1,196,364	1,194,830

附註

NOTES

- | | |
|---|---|
| <p>(i) 代物業賣家收款指自房地產經紀網絡服務分部的物業買家收取而尚未轉賬予物業賣家的銀行結餘。該等已收銀行結餘分類為受限制銀行結餘。</p> | <p>(i) Receipts on behalf of property sellers represent the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. Such bank balances received are classified as restricted bank balances.</p> |
| <p>(ii) 自房地產經紀門店收取的可退還按金指為達成相互合作而向本集團支付的誠意金。誠意金將於合作安排終止後發還予房地產經紀門店。</p> | <p>(ii) Refundable deposits received from real estate brokerage stores represent earnest deposits paid to the Group enabling the cooperation with each other. The earnest deposits will be released to the real estate brokerage stores upon termination of the cooperation arrangement.</p> |

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15. 應付賬款及其他應付款項 (續)

- (iii) 截至2020年6月30日止期間，本集團根據保理安排向獨立第三方出售無追索權的應收賬款人民幣500,000,000元(2019年：無)，詳情載於附註11(a)。緊接本報告日期前，保理安排項下全部結餘人民幣500,000,000元(2019年：無)已由本集團收取且悉數匯予獨立第三方。就於截至2019年12月31日止年度期間出售的應收賬款而言，本集團自其物業開發商客戶收取人民幣764,258,000元(2019年：無)且於截至2020年6月30日止六個月期間，匯予獨立第三方人民幣800,000,000元(2019年：無)。

以下為本集團於各報告期末按獲得服務日期呈列的應付賬款賬齡分析：

15. ACCOUNTS PAYABLES AND OTHER PAYABLES (Continued)

- (iii) During the period ended 30 June 2020, the Group sold accounts receivables amounted to RMB500,000,000 (2019: nil) without recourse to an independent third party under the Factoring Arrangement as detailed in note 11(a). The full amount of the balance of RMB500,000,000 (2019: nil) under the Factoring Arrangement had been received by the Group and remitted in full to the independent third party subsequently before the date of this report. For the accounts receivables sold in the year ended 31 December 2019, the Group received RMB764,258,000 (2019: nil) from its property developer customers and remitted RMB800,000,000 (2019: nil) to the independent third party during the six-month period ended 30 June 2020.

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:

		於2020年 6月30日 人民幣千元 (未經審計) At 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) At 31 December 2019 RMB'000 (audited)
一年以內	Within 1 year	686,272	610,062
一至兩年	1 – 2 years	5,115	13,401
		691,387	623,463

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16. 銀行及其他借款

(i) 銀行借款

於本中期期間，本集團取得新銀行貸款人民幣總計1,101,784,000元(2019年：人民幣891,000,000元)及已償還人民幣848,000,000元(2019年：人民幣586,000,000元)。取得之新銀行貸款所得款項用於本集團一般營運資金用途。

本集團的銀行借款以人民幣、美元及歐元計值，且須按貸款協議中規定的還款日期於一年內償還。

本集團銀行借款的實際利率範圍(亦等於合約利率)如下：

16. 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, 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:

		於2020年 6月30日 人民幣千元 (未經審計) As at 30 June 2020 RMB'000 (unaudited)	於2019年 12月31日 人民幣千元 (經審計) As at 31 December 2019 RMB'000 (audited)
實際利率：	Effective interest rate:		
固定利率借款	Fixed-rate borrowings	1.1%~5.22%	3.915% – 5.5%
浮動利率借款	Variable-rate borrowings	1.79%	–

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16. 銀行及其他借款(續)

(ii) 其他借款

優先票據

於2019年2月21日，本公司向獨立第三方發行於聯交所上市之於2021年2月28日到期的200百萬美元(相當於人民幣1,374,940,000元)的7.75%優先票據(「原有票據」)。於2019年5月9日，本公司進一步向獨立第三方發行亦於聯交所上市之於2021年2月28日到期的100百萬美元(相當於人民幣687,470,000元)優先票據(「額外票據」)，因此於本中期期間自非流動負債重新分類為流動負債。於各方面，發行日期及發行價格除外，額外票據已與於2019年2月21日發行的原有票據合併並組成單一系類。合併的2021年300百萬美元(相當於人民幣2,062,410,000元)之優先票據的票面年利率為7.75%。原有票據及額外票據的實際年利率分別為9.4%及9.3%。基於該優先票據於2020年6月30日於聯交所的買入價釐定的公允價值為人民幣2,123,850,000元(2019年12月31日：人民幣2,095,992,000元)(第一級公允價值層級)。

進一步說明上述優先票據，於2019年10月18日，本公司向獨立第三方發行亦於聯交所上市之於2022年4月18日到期的200百萬美元(相當於人民幣1,395,106,000元)的7.625%優先票據(「原有票據二」)。原有票據二的實際年利率為9.2%。基於原有票據二於2020年6月30日於聯交所的買入價釐定的公允價值為人民幣1,415,900,000元(2019年12月31日：人民幣1,356,169,000元)(第一級公允價值層級)。

於本中期期間，並無發行額外優先票據，於報告期末後，本公司於2020年8月14日額外發行於2022年到期100百萬美元之7.625%優先票據(將與附註24(2)所載原有票據二合併及構成單一系類)。

16. BANK AND OTHER BORROWINGS (Continued)

(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 was 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 reporting period on 14 August 2020, the Company issued additional US\$100 million 7.625% senior notes due 2022 (to be consolidated and form a single series with Original Notes II as set out in note 24 (2)).

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17. 股本

17. SHARE CAPITAL

		每股面值 美元	股份數目	股本 千美元	以人民幣 呈列的股本 人民幣千元
		Par value per share US\$	Number of shares	Share capital US\$'000	Share capital presented in RMB RMB'000
法定	Authorised				
於2019年1月1日(經審計)、 2019年6月30日(未經審計)、 2020年1月1日(經審計)及 2020年6月30日(未經審計)	At 1 January 2019 (audited), 30 June 2019 (unaudited), 1 January 2020 (audited) and 30 June 2020 (unaudited)	0.00001	5,000,000,000	50	350
已發行及繳足	Issued and fully paid				
於2019年1月1日(經審計)	At 1 January 2019 (audited)	0.00001	1,470,237,700	14	98
行使購股權	Exercise of share options	0.00001	16,500	—*	—*
於2019年6月30日(未經審計)	At 30 June 2019 (unaudited)	0.00001	1,470,254,200	14	98
於2020年1月1日(經審計)	At 1 January 2020 (audited)	0.00001	1,389,955,100	13	93
已購回及已註銷(附註)	Repurchased and cancelled (note)	0.00001	(4,580,400)	—*	—*
於2020年6月30日(未經審計)	At 30 June 2020 (unaudited)		1,385,374,700	13	92

* 低於1,000美元或人民幣1,000元的金額

* amount less than US\$1,000 or RMB1,000

附註：

於本中期期間，每股0.00001美元的3,657,000股本公司普通股已以介乎每股6.60港元至7.93港元的價格購回。於2020年6月30日，於2019年及本中期期間購回的總數為4,580,400股股份已被註銷。於刊發簡明綜合財務報表日期，於本中期期間回購的餘下498,000股股份其後悉數被註銷。於該期間結束日期後及截至本報告日期，本公司並無透過聯交所回購任何其自身已發行普通股股本中之任何股份。

NOTE:

During the current interim period, 3,657,000 ordinary shares of the Company at US\$0.00001 each were repurchased at prices ranging from HK\$6.60 to HK\$7.93 per share. As at 30 June 2020, total 4,580,400 shares repurchased in 2019 and the current interim period were cancelled. As at the date of issuance of the condensed consolidated financial statements, the remaining 498,000 shares repurchased during the current interim period were all subsequently cancelled. Subsequent to the period end date and up to the date of this report, the Company did not repurchase any shares of its own issued ordinary share capital through the Stock Exchange.

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18. 以股份為基礎的付款交易

首次公開發售前購股權計劃

於2018年4月20日，本公司批准本公司的首次公開發售前購股權計劃（「首次公開發售前購股權計劃」），主要旨在激勵合資格董事、管理層及僱員，並將於2028年4月20日到期。

根據首次公開發售前購股權計劃授出的購股權必須於授出日期起10個營業日內接納。

有關根據易居的首次公開發售前購股權計劃所授出的購股權的具體分類詳情如下：

18. SHARE-BASED PAYMENT TRANSACTIONS

Pre-IPO Share Option Scheme

On 20 April 2018, the Company approved the Company's pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the primary purpose providing incentives to eligible directors, management and employees, and will expire on 20 April 2028.

Options granted under the Pre-IPO Share Option Scheme must be taken up within 10 business days of the date of grant.

Details of specific categories of options granted under the Pre-IPO Share Option Scheme of E-House are as follows:

授出日期	承授人	授出購股權數目	歸屬期間	行使期	行使價	於授出日期的 公允價值
Date of grant	Grantee	Number of share options granted	Vesting period	Exercise period	Exercise price	Fair value at grant date
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2019年4月21日	2019年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2019	22 April 2019 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2020年4月21日	2020年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2020	22 April 2020 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2021年4月21日	2021年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2021	22 April 2021 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	僱員	6,737,200	2018年4月21日至 2019年4月21日	2019年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2019	22 April 2019 to 20 April 2028	HK\$10.37	HK\$4.92
2018年4月21日	僱員	6,737,200	2018年4月21日至 2020年4月21日	2020年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2020	22 April 2020 to 20 April 2028	HK\$10.37	HK\$4.92
2018年4月21日	僱員	6,737,200	2018年4月21日至 2021年4月21日	2021年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2021	22 April 2021 to 20 April 2028	HK\$10.37	HK\$4.92

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18. 以股份為基礎的付款交易 (續)

首次公開發售前購股權計劃 (續)

下表披露本集團僱員及董事持有的易居首次公開發售前購股權數目的變動：

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pre-IPO Share Option Scheme (Continued)

The following table discloses movements of the number of E-House's Pre-IPO share options held by employees and directors of the Group:

		於2020年 1月1日 尚未行使 千份 Outstanding at 1 January 2020 '000	期內授出 千份 Granted during the period '000	期內行使 千份 Exercised during the period '000	期內沒收 千份 Forfeited during the period '000	期內失效 千份 Lapsed during the period '000	於2020年 6月30日 尚未行使 千份 Outstanding at 30 June 2020 '000
首次公開發售前購股權計劃	Pre-IPO Share Option Scheme	88,876	-	-	(264)	-	88,612
期末可行使	Exercisable at the end of the period						59,245
加權平均行使價	Weighted average exercise price	10.37港元 HK\$10.37	-	-	10.37港元 HK\$10.37	-	10.37港元 HK\$10.37
		於2019年 1月1日 尚未行使 千份 Outstanding at 1 January 2019 '000	期內授出 千份 Granted during the period '000	期內行使 千份 Exercised during the period '000	期內沒收 千份 Forfeited during the period '000	期內失效 千份 Lapsed during the period '000	於2019年 6月30日 尚未行使 千份 Outstanding at 30 June 2019 '000
首次公開發售前購股權計劃	Pre-IPO Share Option Scheme	90,940	-	(17)	(2,047)	-	88,876
期末可行使	Exercisable at the end of the period						27,832
加權平均行使價	Weighted average exercise price	10.37港元 HK\$10.37	-	10.37港元 HK\$10.37	10.37港元 HK\$10.37	-	10.37港元 HK\$10.37

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18. 以股份為基礎的付款交易 (續)

首次公開發售後購股權計劃

於2018年7月4日，本公司批准本公司的首次公開發售後購股權計劃（「首次公開發售後購股權計劃」），主要旨在激勵合資格董事、管理層及僱員，並將於2028年7月4日到期。根據首次公開發售後購股權計劃，本公司董事會可向合資格僱員（包括本公司及其附屬公司董事）授出購股權以認購本公司股份。此外，本公司可不時就結算本公司獲提供的貨品或服務而向外部第三方授出購股權。

於2019年12月31日及2020年6月30日，概無購股權根據首次公開發售後購股權計劃授出。

於各報告期末，本集團已修改預期最終歸屬的購股權數目的估計。修訂估計的影響（如有）於損益中確認，並就股份購股權儲備作相應調整。

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Post-IPO Share Option Scheme

On 4 July 2018, the Company approved the Company's post-IPO share option scheme (the "Post-IPO Share Option Scheme") for the primary purpose providing incentives to eligible directors, management and employees, and will expire on 4 July 2028. Under the Post-IPO Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

As at 31 December 2019 and 30 June 2020, there were no share options granted under the Post-IPO Share Option Scheme.

At the end of each interim period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share option reserve.

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19. 金融工具的公允價值計量

本集團金融資產及金融負債的公允價值根據持續性基準按公允價值計量

本集團的部分金融資產及金融負債按於各報告期末的公允價值計量。下表載列有關如何釐定該等金融資產的公允價值(尤其是所使用的估值技術及輸入資料),以及按照公允價值計量的輸入資料的可觀察程度進行分類的公允價值層級(第一級至第三級)的資料。

- 第一級公允價值計量指以在活躍市場就相同資產或負債取得之報價(未經調整)所進行之計量。
- 第二級公允價值計量指以第一級報價以外之資產或負債之可觀察輸入資料,無論是直接(即價格)或間接(即按價格推算)所進行之計量。
- 第三級公允價值計量指透過運用並非基於可觀察市場資料之資產或負債輸入資料(不可觀察輸入數據)之估值技術所進行之計量。

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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19. 金融工具的公允價值計量 (續)

本集團金融資產及金融負債的公允價值根據持續性基準按公允價值計量 (續)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

金融資產/金融負債 Financial assets/Financial liability	於以下日期的公允價值 Fair value at		公允價值層級 Fair value hierarchy	估值技術及關鍵輸入數據 Valuation technique(s) and key input(s)	重大不可觀察輸入數據 Significant unobservable input(s)
	2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年12月31日 人民幣千元 (經審計) 31 December 2019 RMB'000 (audited)			
分類為強制按公允價值計量並計入損益的金融資產的聯交所上市股本證券 Equity securities listed in the Stock Exchange classified as financial assets mandatorily measured at FVTPL	367,891	352,960	第一級 Level 1	於活躍市場買入價。 Quoted bid prices in the active market.	不適用 N/A
分類為按公允價值計量並計入損益金融資產的結構性存款 Structured deposits classified as financial assets measured at FVTPL	508,000	809,000	第三級 Level 3	計算該等結構性存款擁有權產生的預期未來經濟利益現值的折現現金流量法。 Discounted cash flow method by calculating the present value of the expected future economic benefits to be derived from the ownership of these structured deposits.	結構性存款的預測收益率越高，結構性存款的公允價值就越高。 The higher the forecast yield of the structured deposits, the higher the fair value of the structured deposits will be.
分類為按公允價值計量並計入損益的金融資產的非上市債務及股本投資 Unlisted debt and equity investment classified as financial assets measured at FVTPL	300,000	300,000	第三級 Level 3	權益部分 計算可資比較實體的企業倍數乘以該實體除利息、稅項、折舊及攤銷前盈利的市場法。 債務部分 計算債務投資所有權產生的預期未來經濟利益現值的收入法。 Market approach by calculating the enterprise multiple of the comparable entities multiplied by the earnings before interest, taxes, depreciation and amortisation of the entity. Debt portion Income method by calculating the present value of the expected future economic benefits to be derived from the ownership of the debt investment.	權益部分 可資比較實體的企業倍數越高，權益部分的公允價值就越高。 債務部分 債務投資的隱含收益率越高，債務部分的公允價值就越高。 The higher the enterprise multiple of the comparable entities, the higher the fair value of the equity portion will be. Debt portion The higher the implicit rate of return to the debt investment, the higher the fair value of the debt portion will be.

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19. 金融工具的公允價值計量 (續)

本集團金融資產及金融負債的公允價值根據持續性基準按公允價值計量 (續)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

金融資產/金融負債 Financial assets/Financial liability	於以下日期的公允價值 Fair value at		公允價值層級 Fair value hierarchy	估值技術及關鍵輸入數據 Valuation technique(s) and key input(s)	重大不可觀察輸入數據 Significant unobservable input(s)
	2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年12月31日 人民幣千元 (經審計) 31 December 2019 RMB'000 (audited)			
分類為按公允價值計量並計入損益的金融資產的應收債券 Bond receivables classified as financial assets measured at FVTPL	43,893	211,164	第三級 Level 3	計算將流入本集團的預期未來經濟利益現值的折現現金流量法。 Discounted cash flow method by calculating the present value of the expected future economic benefits that will flow to the Group.	預期回報越高，應收債券的公允價值就越高。 The higher the expected return, the higher the fair value of the bond receivables will be.
分類為強制按公允價值計量並計入損益的金融資產的可換股票據 Convertible note classified as financial assets mandatorily measured at FVTPL	23,780	21,760	第三級 Level 3	計算現金二項式結點的兌換、贖回及持有價值的二項式點陣模式。 Lattice binomial model by calculating the conversion, redemption and holding value of cash binomial node.	投資對象的股價波動越高，可換股票據的公允價值就越高。 The higher the volatility of the share price of the investee, the higher the fair value of the convertibles will be.
分類為強制按公允價值計量並計入損益的金融資產的有限合夥投資 Investment in limited partnership classified as financial assets mandatorily measured at FVTPL	120,596	13,715	第三級 Level 3	私募股權基金相關資產的公允價值。 The fair value of the underlying assets of the private equity fund.	相關資產的公允價值越高，投資的公允價值就越高。 The higher the fair value of the underlying assets, the higher the fair value of the investment will be.
受控制有限合夥產生的按公允價值計量並計入損益的金融負債 Financial liabilities at FVTPL arising from a controlled limited partnership	(32,558)	-	第三級 Level 3	經參考相關資產及負債的公允價值及有關開支的調整(如有)而釐定的金融資產的資產淨值所佔份額。 Share of the net asset values of the financial asset, determined with reference to the fair value of underlying assets and liabilities and adjustment of related expenses, if any.	金融資產的資產淨值越高，金融負債的公允價值就越高。 The higher net asset values of the financial asset, the higher the fair value of financial liabilities will be.

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19. 金融工具的公允價值計量 (續)

本集團金融資產及金融負債的公允價值根據持續性基準按公允價值計量 (續)

第三層級公允價值計量對賬

下表呈列第三層級金融資產及金融負債的變動。

於2020年6月30日 (未經審計)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements

The following table represents the changes in Level 3 financial assets and financial liability.

As at 30 June 2020 (unaudited)

	受控有限夥 產生的 按公允價值計量 並計入損益的 金融負債 人民幣千元	分類為 按公允價值計量 並計入損益的 金融資產的 結構性存款 人民幣千元	分類為 按公允價值計量 並計入損益的 非上市債務 及股本投資 人民幣千元	分類為 按公允價值計量 並計入損益的 金融資產的 應收債券 人民幣千元	分類為強制 按公允價值計量 並計入損益的 金融資產的 可換股票據 人民幣千元	分類為 按公允價值計量 並計入損益的 金融資產的 有限合夥投資 人民幣千元	總計 人民幣千元	
	Financial liabilities at FVTPL arising from a controlled limited partnership RMB'000	Structured deposits classified as financial assets measured at FVTPL RMB'000	Unlisted debt and equity investment classified as financial assets at FVTPL RMB'000	Bond receivables classified as financial assets measured at FVTPL RMB'000	Convertible note classified as financial assets mandatorily measured at FVTPL RMB'000	Investment in limited partnership classified as financial asset measured at FVTPL RMB'000	Total RMB'000	
於2020年1月1日 (經審計)	At 1 January 2020 (audited)	-	809,000	300,000	211,164	21,760	13,715	1,355,639
添置	Addition	(32,560)	508,000	-	-	-	107,254	582,694
出售	Disposal	-	(809,000)	-	(155,669)	-	-	(964,669)
已收利息	Interest Received	-	(5,496)	(5,739)	(17,464)	-	-	(28,699)
於損益內確認的收益 (虧損) 總額	Total gains (loss) recognised in profit and loss	2	5,496	5,739	5,862	2,020	(373)	18,746
於2020年6月30日 (未經審計)	At 30 June 2020 (unaudited)	(32,558)	508,000	300,000	43,893	23,780	120,596	963,711

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19. 金融工具的公允價值計量 (續)

本集團金融資產及金融負債的公允價值根據持續性基準按公允價值計量 (續)

第三層級公允價值計量對賬 (續)

於2019年6月30日 (未經審計)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements (Continued)

As at 30 June 2019 (unaudited)

		分類為按公允價值計量並計入損益的金融資產的應收債券 人民幣千元	分類為按公允價值計量並計入損益的金融資產的私募股權基金投資 人民幣千元	分類為強制按公允價值計量並計入損益的金融資產的可換股票據 人民幣千元	總計 人民幣千元
		Bond receivable classified as financial asset measured at FVTPL RMB'000	Investment in private equity fund classified as financial asset measured at FVTPL RMB'000	Convertible note classified as financial asset mandatorily measured at FVTPL RMB'000	Total RMB'000
於2019年1月1日 (經審計)	At 1 January 2019 (audited)	–	–	18,200	18,200
添置	Addition	108,935	13,782	–	122,717
於損益內確認的收益總額	Total gain recognised in profit and loss	3,058	–	1,160	4,218
於2019年6月30日 (未經審計)	At 30 June 2019 (unaudited)	111,993	13,782	19,360	145,135

期間收益或虧損總額包括於各報告期末強制按公允價值計量並計入損益的金融資產及金融負債有關的未實現收益人民幣2,290,000元 (截至2019年6月30日止六個月：人民幣4,218,000元)。相關公允價值收益或虧損計入「其他收益及虧損」。

本公司董事認為，於簡明綜合財務報表按攤銷成本列賬的金融資產及金融負債賬面值與其公允價值相若，惟本集團優先票據除外 (其公允價值披露於附註16)。

The total gains or losses for the period included an unrealised gain of RMB2,290,000 (six months ended 30 June 2019: RMB4,218,000) relating to financial assets and financial liabilities mandatorily measured at FVTPL at the end of each reporting period. Such fair value gains or losses are included in "other gains and losses".

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities, except for the Group's senior notes of which their fair values are disclosed in note 16, recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

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20. 或然負債

於2019年12月31日，本集團就武漢的二手房轉讓為個人物業買家獲取按揭貸款批准向銀行提供財務擔保，總額為人民幣53,170,000元，於本中期期間並無發生有關安排，且於2020年6月30日並無財務擔保已提供予銀行。

本集團管理層經考慮擔保的性質及有關事實及情況後，認為違約概率較低，因此，於初步確認日期的公允價值並不重大，且於截至2020年6月30日止六個月初步確認後並無計提撥備。

21. 透過收購附屬公司收購資產

於本中期期間，本集團完成下列交易：

- (i) 於2020年6月22日，本集團以總對價人民幣660,000,000元自獨立第三方收購上海灣居投資合夥企業(有限合夥)(「上海灣居」)(即持有上海灣居物業的實體)100%股權。上海灣居的主要資產為上海灣居物業。由於所收購資產不符合業務的定義，故此交易已列作為收購資產。交易詳情載於本公司於2020年3月22日於聯交所網站刊發的公告。
- (ii) 於2020年3月31日，本集團以總對價人民幣84,920,000元自易居管理收購尚林100%股權。尚林的主要資產為位於中國上海有關租賃物業以及相應的租賃裝修及裝置及傢俱的使用權資產。由於所收購資產不符合業務的定義，故此交易已列作為收購資產。交易詳情載於本公司於2020年3月22日於聯交所網站刊發的公告。

英文名稱僅供識別。

20. CONTINGENT LIABILITIES

As at 31 December 2019, the Group provided financial guarantees to banks for individual property buyers in obtaining mortgage approval with aggregate amount RMB53,170,000 in relation to the secondary real estate transfer in Wuhan, while no such arrangement had been occurred in the current interim period and no financial guarantees had been provided to banks as at 30 June 2020.

The management of the Group has, taking into account the nature of the guarantee and relevant facts and circumstances, considered that the probabilities of default to be low and therefore, the fair value of which on initial date of recognition was insignificant and also there was no provision made subsequent to initial recognition during the six months ended 30 June 2020.

21. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During current interim period, the Group completed the following transactions:

- (i) On 22 June 2020, the Group acquired 100% equity interest of Shanghai Wanju Investment Partnership Enterprise (Limited Partnership)# 上海灣居投資合夥企業(有限合夥) (“Shanghai Wanju”), being the entity holding the Shanghai Wanju Property for an aggregate consideration of RMB660,000,000 from independent third parties. Shanghai Wanju’s major assets are the Shanghai Wanju Property. This transaction had been accounted for as an acquisition of assets as the assets acquired did not meet the definition of a business. Details of the transactions are set out in the Company’s announcement published on the website of the Stock Exchange on 22 March 2020.
- (ii) On 31 March 2020, the Group acquired 100% equity interest of Shanglin for an aggregate consideration of RMB84,920,000 from E-House Management. Shanglin’s major assets are the right-of-use asset in respect of a leased property and corresponding leasehold improvement and fixture and furniture located in Shanghai, the PRC. This transaction had been accounted for as an acquisition of assets as the assets acquired did not meet the definition of a business. Details of the transactions are set out in the Company’s announcement published on the website of the Stock Exchange on 22 March 2020.

English name is for identification purpose only.

簡明綜合財務報表附註

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截至2020年6月30日止六個月 For the six months ended 30 June 2020

21. 透過收購附屬公司收購資產(續)

於完成日期，該等交易收購的資產淨值的賬面值如下：

21. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

The carrying amounts of the net assets acquired in these transactions on date of completion were as follows:

		上海灣居 人民幣千元 Shanghai Wanju RMB'000	尚林 人民幣千元 Shanglin RMB'000	合計 人民幣千元 Total RMB'000
所收購資產淨值：	Net assets acquired:			
物業及設備	Property and equipment	6	148,144	148,150
投資物業	Investment properties	663,528	–	663,528
使用權資產	Right-of-use assets	–	99,285	99,285
其他非流動資產	Other non-current assets	72	–	72
銀行結餘及現金	Bank balances and cash	252	36	288
其他應收款項	Other receivables	–	3,771	3,771
可收回稅項	Tax recoverable	4,231	2,186	6,417
其他應付款項	Other payables	(3,539)	(648)	(4,187)
應付關聯方款項	Amounts due to related parties	(4,550)	(36,696)	(41,246)
應付本集團款項	Amount due to the Group	–	(110,764)	(110,764)
租賃負債	Lease liabilities	–	(20,394)	(20,394)
資產淨值	Net assets	660,000	84,920	744,920
由以下方式支付：	Satisfied by:			
現金對價	Cash consideration	100	84,920	85,020
結清上海灣居承債金額付款(附註11(c))	Payment to settle Shanghai Wanju Debt Assumption Amount (note 11(c))	659,900	–	659,900
		660,000	84,920	744,920
於收購時產生的現金流出淨額	Net cash outflow arising on acquisitions			
現金對價	Cash consideration	(100)	(84,920)	(85,020)
結清上海灣居承債金額付款(附註11(c))	Payment to settle Shanghai Wanju Debt Assumption Amount (note 11(c))	(659,900)	–	(659,900)
加：計入應收關聯方款項的收購之誠意金(附註12)	Add: earnest deposit for acquisition included in amounts due from related parties (note 12)	–	740	740
加：已收購銀行結餘及現金	Add: bank balances and cash acquired	252	36	288
		(659,748)	(84,144)	(743,892)

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

22. 收購附屬公司

截至2020年6月30日止六個月

於本中期期間，本集團完成下列收購交易：

- (i) 於2020年3月31日，本集團以總對價人民幣51,000,000元自本集團關聯方上海方加資訊技術有限公司收購上海房教資訊技術有限公司（「上海房教」）的全部股權。上海房教主要從事提供高端專業培訓服務，尤其是房地產相關行業。
- (ii) 於2020年3月31日，本集團以總對價人民幣199,260,000元自易居管理收購尚友的全部股權。尚友主要從事提供物業管理服務、物業管理諮詢服務及會議服務。

22. ACQUISITION OF SUBSIDIARIES

For the six months ended 30 June 2020

During the current interim period, the Group completed the following acquisition transactions:

- (i) On 31 March 2020, the Group acquired the entire equity interest of Shanghai Fangjiao Information Technology Co, Ltd# (上海房教資訊技術有限公司) (“Shanghai Fangjiao”) for an aggregate consideration of RMB51,000,000 from Shanghai Fangjia Information Technique Co, Ltd.# (上海方加資訊技術有限公司), a related party to the Group. Shanghai Fangjiao is principally engaged in providing high-end professional training services, particularly in the real estate related industries.
- (ii) On 31 March 2020, the Group, acquired the entire equity interest of Shangyou for an aggregate consideration of RMB199,260,000 from E-House Management. Shangyou is principally engaged in providing property management services, property management consulting services and conference services.

英文名稱僅供識別。

English name is for identification purpose only.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. 收購附屬公司(續)

22. ACQUISITION OF SUBSIDIARIES
(Continued)

已轉讓對價

Consideration transferred

		上海房教 人民幣千元 Shanghai Fangjiao RMB'000	尚友 人民幣千元 Shangyou RMB'000	合計 人民幣千元 Total RMB'000
現金	Cash	51,000	199,260	250,260

於收購日期確認的可識別資產
及負債的公允價值

Fair value of identifiable assets and liabilities
recognised at the date of acquisition

		上海房教 人民幣千元 Shanghai Fangjiao RMB'000	尚友 人民幣千元 Shangyou RMB'000	合計 人民幣千元 Total RMB'000
流動資產	Current assets			
銀行結餘及現金	Bank balances and cash	12,300	20,204	32,504
應收賬款及其他應收款項	Accounts and other receivables	4,960	34,632	39,592
可收回稅項	Tax recoverable	-	743	743
應收關聯方款項	Amounts due from related parties	6,379	18,948	25,327
非流動資產	Non-current assets			
物業及設備	Property and equipment	83	174	257
無形資產	Intangible assets	60,200	-	60,200
使用權資產	Right-of-use assets	-	183,000	183,000
其他非流動資產	Other non-current assets	1,100	4,448	5,548
流動負債	Current liabilities			
應付賬款及其他應付款項	Accounts and other payables	17,957	7,366	25,323
合約負債	Contract liabilities	5,667	-	5,667
應計薪金及福利開支	Accrued payroll and welfare expenses	626	-	626
應付稅項	Tax payables	77	-	77
應付關聯方款項	Amounts due to related parties	26,278	16,529	42,807
租賃負債	Lease liabilities	-	7,386	7,386
非流動負債	Non-current liabilities			
租賃負債	Lease liabilities	-	35,226	35,226
遞延稅項負債	Deferred tax liabilities	15,050	35,902	50,952
		19,367	159,740	179,107

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截至2020年6月30日止六個月 For the six months ended 30 June 2020

22. 收購附屬公司(續)

22. ACQUISITION OF SUBSIDIARIES (Continued)

收購附屬公司產生的視作資本分派

Deemed capital distribution arising from acquisition of subsidiaries

		上海房教 人民幣千元 Shanghai Fangjiao RMB'000	尚友 人民幣千元 Shangyou RMB'000	合計 人民幣千元 Total RMB'000
已轉讓對價	Consideration transferred	51,000	199,260	250,260
減：所收購可識別資產淨值的 已確認金額(100%)	Less: recognised amount of identifiable net assets acquired (100%)	(19,367)	(159,740)	(179,107)
收購附屬公司產生的視作資本分派 (附註i)	Deemed capital distribution arising from acquisition of subsidiaries (note i)	31,633	39,520	71,153

附註：

- (i) 由於收購上海房教及尚友的賣方均為受周忻先生(本公司的主要股東、主席兼執行董事)所控制的關聯方，因此所轉讓代價超出所收購可識別資產淨值的已確認金額部分作為周忻先生的聯屬公司的視作資本分派入賬，並自其他儲備扣除。

NOTE:

- (i) As both the vendors of the acquisition of Shanghai Fangjiao and Shangyou are related parties which are controlled by Mr. Zhou Xin (a substantial shareholder, chairman and executive director of the Company), the excess of consideration transferred over the recognised amount of identifiable net assets acquired are accounted for as deemed capital distribution to Mr. Zhou Xin's affiliates and debited to other reserve, accordingly.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

22. 收購附屬公司(續)

22. ACQUISITION OF SUBSIDIARIES
(Continued)

於收購時產生的現金(流出)
流入淨額

Net cash (outflows) inflow arising on acquisition

		上海房教 人民幣千元 Shanghai Fangjiao RMB'000	尚友 人民幣千元 Shangyou RMB'000	合計 人民幣千元 Total RMB'000
對價	Consideration	(51,000)	(199,260)	(250,260)
加：計入應收關聯方款項的 收購之誠意金(附註12)	Add: earnest deposit for acquisition included in amounts due from related parties (note 12)	-	199,260	199,260
加：獲豁免的應付關聯方款項(附註ii)	Add: amounts due to related parties waived (note ii)	35,700	-	35,700
加：已收購銀行結餘及現金	Add: bank balances and cash acquired	12,300	20,204	32,504
		(3,000)	20,204	17,204

附註：

- (ii) 根據本集團、上海樓煜企業管理有限公司(本集團附屬公司)及上海方加的三方抵銷協議，本集團同意於收購日期豁免應收上海房教款項人民幣35,700,000元，作為收購上海房教對價結算的一部分。

NOTE:

- (ii) Pursuant to the three-party offsetting agreement between the Group, Shanghai Louyu Enterprise Management Co., Ltd.* (上海樓煜企業管理有限公司), a subsidiary of the Group, and Shanghai Fangjiao, the Group agreed to waive the amount due from Shanghai Fangjiao of RMB35,700,000 as at the acquisition date as part of the consideration settlement for the acquisition of Shanghai Fangjiao.

簡明綜合財務報表附註

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截至2020年6月30日止六個月 For the six months ended 30 June 2020

22. 收購附屬公司(續)

收購對本集團業績的影響

產生自上海房教的虧損人民幣1,849,000元及產生自尚友的利潤人民幣2,032,000元計入中期期間的利潤。中期期間收入包括上海房教及尚友貢獻的人民幣1,000元及人民幣4,075,000元。

倘收購上海房教及尚友於中期期初已落實，則本集團於截至2020年6月30日止六個月來自持續經營業務的收入總額將為人民幣2,850,380,000元及人民幣2,849,151,000元，而中期期間來自持續經營業務的利潤金額將為人民幣103,449,000元及人民幣107,042,000元。備考資料僅供說明之用，並非旨在反映倘收購事項於中期期初完成，則本集團實際已取得的收入及經營業績，亦不旨在預測未來業績。

於釐定本集團在上海房教及尚友已於中期期初收購的情況下的「備考」收入及利潤時，本公司董事根據收購日期已確認的物業及設備、無形資產及使用權資產金額計算有關物業及設備的折舊及攤銷。

截至2019年6月30日止六個月

於2019年4月，本集團透過向上海唯家房地產諮詢有限公司(「上海唯家」)注資現金人民幣25,000,000元以及公允價值人民幣7,106,000元的無形資產收購上海唯家50%的權益。上海唯家餘下的50%權益由本集團的關聯方持有。上海唯家受本集團控制，乃因本集團在董事會具有五分之三席次而擁有營運及融資決策權，董事會對上海唯家的相關業務亦擁有控制權。上海唯家主要從事一手房地產業務，而收購上海唯家的目標乃為提高本集團於一手房地產市場的品牌價值。

英文名稱僅供識別。

22. ACQUISITION OF SUBSIDIARIES (Continued)

Impact of acquisition on the results of the Group

Included in the profit for the interim period is loss of RMB1,849,000 attributable to Shanghai Fangjiao and profit of RMB2,032,000 attributable to Shangyou. Revenue for the interim period includes RMB1,000 and RMB4,075,000 attributable to Shanghai Fangjiao and Shangyou.

Had the acquisition of Shanghai Fangjiao and Shangyou been effected at the beginning of the interim period, the total amount of revenue of the Group from continuing operations for the six months ended 30 June 2020 would have been RMB2,850,380,000 and RMB2,849,151,000 and the amount of the profit for the interim period from continuing operations would have been RMB103,449,000 and RMB107,042,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the “pro-forma” revenue and profit of the Group had Shanghai Fangjiao and Shangyou been acquired at the beginning of the interim period, the directors of the Company calculated depreciation and amortisation of property and equipment, intangible assets and right-of-use assets based on the recognised amounts at the date of the acquisition.

For the six months ended 30 June 2019

In April 2019, the Group acquired a 50% interest in Shanghai Vhome Real Estate Consulting Ltd.# (上海唯家房地產諮詢有限公司) (“Shanghai Vhome”) by capital injection into Shanghai Vhome of cash amounting to RMB25,000,000 and intangible assets with fair value of RMB7,106,000. The remaining 50% interest in Shanghai Vhome was held by a related party of the Group. The Group had control over Shanghai Vhome as the Group had control over decision-making of operating and financing by having three out of five seats on board of directors, which the board of directors had the power over the relevant activities of Shanghai Vhome. Shanghai Vhome was principally engaged in the primary real-estate business and was acquired with the objective of improving the Group’s brand value in the primary real-estate market.

English name is for identification purpose only.

簡明綜合財務報表附註

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22. 收購附屬公司(續)

22. ACQUISITION OF SUBSIDIARIES
(Continued)

向上海唯家注資

Capital injected into Shanghai Vhome

		人民幣千元 RMB'000
現金	Cash	25,000
無形資產	Intangible assets	7,106
		32,106

於收購日期確認的資產及負債

Assets and liabilities recognised at the date of acquisition

		人民幣千元 RMB'000
流動資產	Current assets	
銀行結餘及現金	Bank balances and cash	70,532
應收賬款及其他應收款項	Accounts and other receivables	5,310
應收關聯方款項	Amounts due from related parties	22,117
非流動資產	Non-current assets	
物業及設備	Property and equipment	1,715
無形資產(附註)	Intangible assets (note)	7,106
使用權資產	Right-of-use assets	2,737
流動負債	Current liabilities	
應付賬款及其他應付款項	Accounts and other payables	(2,148)
應計薪金及福利開支	Accrued payroll and welfare expenses	(30,950)
合約負債	Contract liabilities	(25)
應付稅項	Tax payables	(5,013)
應付關聯方款項	Amounts due to related parties	(4,433)
租賃負債	Lease liabilities	(1,358)
非流動負債	Non-current liability	
租賃負債	Lease liabilities	(1,379)
		64,211

附註：

向上海唯家注資的無形資產為本集團內部產生的無形資產，該無形資產先前已於本集團損益中確認為開支。

NOTE:

The intangible assets injected into Shanghai Vhome were internally generated intangible assets by the Group which were previously recognised as expenses in the profit or loss of the Group.

簡明綜合財務報表附註

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22. 收購附屬公司(續)

非控股權益

於收購日期確認上海唯家的非控股權益(50%)乃參照按比例應佔上海唯家資產淨值的已確認金額計量為人民幣32,105,000元。

收購產生的商譽

22. ACQUISITION OF SUBSIDIARIES (Continued)

Non-controlling interests

The non-controlling interest (50%) in Shanghai Vhome recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Shanghai Vhome and amounted to RMB32,105,000.

Goodwill arising on acquisition

		人民幣千元 RMB'000
已轉讓對價	Consideration transferred	32,106
加：非控股權益	Plus: non-controlling interests	32,105
減：所收購可識別資產淨值的 已確認金額(100%)	Less: recognised amount of identifiable net assets acquired (100%)	(64,211)
收購產生的商譽	Goodwill arising on acquisition	-

於收購時產生的現金流入淨額

Net cash inflows arising on acquisition

		人民幣千元 RMB'000
已付現金對價	Consideration paid in cash	(25,000)
加：已收購銀行結餘及現金	Add: bank balances and cash acquired	70,532
		45,532

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23. 關聯方披露

(a) 關聯方交易

23. RELATED PARTY DISCLOSURES

(a) Related party transactions

交易關聯方：	Related parties with transactions:	關係 Relationship
中國恒大集團有限公司的聯屬公司	China Evergrande Group's affiliates (中國恒大集團有限公司的聯屬公司)	附註i Note i
萬科企業股份有限公司的聯屬公司	China Vanke Co., Ltd's affiliates (萬科企業股份有限公司的聯屬公司)	附註i Note i
碧桂園控股有限公司的聯屬公司	Country Garden Holdings Company Limited's affiliates (碧桂園控股有限公司的聯屬公司)	附註i Note i
華僑城(亞洲)控股有限公司的聯屬公司	Overseas Chinese Town (Asia) Holding limited's affiliates (華僑城(亞洲)控股有限公司的聯屬公司)	附註i Note i
西安微點商務信息諮詢有限公司	Xian Weidian Business Information Consulting Co., Ltd.# (西安微點商務信息諮詢有限公司)	附註i Note i
武漢帷米商務信息諮詢有限公司	Wuhan Weimi Information Technology Co., Ltd.# (武漢帷米商務信息諮詢有限公司)	附註i Note i
蘇州微點商務信息諮詢有限公司	Suzhou Weidian Business Information Consulting Co., Ltd.# (蘇州微點商務信息諮詢有限公司)	附註i Note i
上海帷米商務信息諮詢有限公司	Shanghai Weimi Business Information Consulting Co., Ltd.# (上海帷米商務信息諮詢有限公司)	附註i Note i
上海房教信息技術有限公司	Shanghai Fangjiao Information Technology Co., Ltd.# (上海房教信息技術有限公司)	附註i Note i
上海太德文化傳播有限公司	Shanghai Ted Culture Communication Co., Ltd.# (上海太德文化傳播有限公司)	附註i Note i
上海易進文化進修學院	Shanghai Yijin Education Training School# (上海易進文化進修學院)	附註i Note i
上海克而瑞軟件技術有限公司	CRIC Software Technology Co., Ltd.# (上海克而瑞軟件技術有限公司)	附註i Note i
上海易進文化發展有限公司	Shanghai Yijin Culture Development Co., Ltd.# (上海易進文化發展有限公司)	附註i Note i
易居中國控股有限公司	E-House (China) Holdings Co., Ltd.# (易居中國控股有限公司)	附註i Note i
上海太德勵拓互聯網科技股份有限公司	Shanghai TED Internet Technology Co., Ltd.# (上海太德勵拓互聯網科技股份有限公司)	附註i Note i

英文名稱僅供識別。

English name is for identification purpose only.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

23. 關聯方披露(續)

23. RELATED PARTY DISCLOSURES (Continued)

(a) 關聯方交易(續)

(a) Related party transactions (Continued)

交易關聯方：	Related parties with transactions:	關係 Relationship
易居(中國)企業管理集團有限公司	E-House Management (易居(中國)企業管理集團有限公司)	附註i Note i
亦可網絡科技(上海)有限公司	Yike Internet Technology (Shanghai) Co., Ltd.# (亦可網絡科技(上海)有限公司)	附註i Note i
北京易傑優企業管理諮詢有限公司	Beijing EJU (北京易傑優企業管理諮詢有限公司)	附註i Note i
中國房產信息集團	China Real Estate Information Corporation# (中國房產信息集團)	附註i Note i
克爾瑞商業地產信息有限公司	CRIC Commercial Information Co. Ltd.# (克爾瑞商業地產信息有限公司)	附註i Note i
易居中國控股有限公司	E-House (China) Holdings Co. Ltd.# (易居中國控股有限公司)	附註i Note i
上海燿聚信息科技有限公司	Shanghai Yiju Information Technology Co., Ltd.# (上海燿聚信息科技有限公司)	附註i Note i
易優健康管理(上海)有限公司	Yiyou health management (Shanghai) Co., Ltd.# (易優健康管理(上海)有限公司)	附註i Note i
壹家易(上海)網絡科技有限公司	Yijia (Shanghai) Network Technology Co., Ltd.# (壹家易(上海)網絡科技有限公司)	附註i Note i
上海城開(集團)有限公司	Shanghai Urban Development (Group) Co., Ltd.# (上海城開(集團)有限公司)	附註ii Note ii

英文名稱僅供識別。

English name is for identification purpose only.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

23. 關聯方披露 (續)

(a) 關聯方交易 (續)

本集團曾與其關聯方訂立下列交易。

(i) 代理收入、諮詢服務所得

代理收入

23. RELATED PARTY DISCLOSURES (Continued)

(a) Related party transactions (Continued)

The Group entered into the following transactions with its related parties.

(i) Agency revenue, consulting service earned

Agency revenue

		截至以下日期止六個月 Six months ended	
		2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年6月30日 人民幣千元 (未經審計) 30 June 2019 RMB'000 (unaudited)
附註i	Note i	1,216,329	1,612,626
附註ii	Note ii	11,812	24,757
		1,228,141	1,637,383

諮詢服務

Consulting service

		截至以下日期止六個月 Six months ended	
		2020年6月30日 人民幣千元 (未經審計) 30 June 2020 RMB'000 (unaudited)	2019年6月30日 人民幣千元 (未經審計) 30 June 2019 RMB'000 (unaudited)
附註i	Note i	3,995	3,472
附註ii	Note ii	2,980	8,615
		6,975	12,087

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

23. 關聯方披露(續)

(a) 關聯方交易(續)

- (ii) 所產生服務成本(主要包括員工培訓及發展成本)

		截至6月30日止六個月 Six months ended 30 June	
		2020年 人民幣千元 (未經審計) 2020 RMB'000 (unaudited)	2019年 人民幣千元 (未經審計) 2019 RMB'000 (unaudited)
附註i	Note i	1,113	8,613

- (iii) 所產生短期租賃及/或低價值資產租賃租金開支

		截至6月30日止六個月 Six months ended 30 June	
		2020年 人民幣千元 (未經審計) 2020 RMB'000 (unaudited)	2019年 人民幣千元 (未經審計) 2019 RMB'000 (unaudited)
附註i	Note i	3,160	191

23. RELATED PARTY DISCLOSURES (Continued)

(a) Related party transactions (Continued)

- (ii) Service cost incurred (including mainly staff training and development cost)

- (iii) Rental expenses for short-term leases and/or low-value assets leases incurred

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

23. 關聯方披露 (續)

(a) 關聯方交易 (續)

(iv) 租賃負債的利息開支

		截至6月30日止六個月 Six months ended 30 June	
		2020年 人民幣千元 (未經審計) 2020 RMB'000 (unaudited)	2019年 人民幣千元 (未經審計) 2019 RMB'000 (unaudited)
附註i	Note i	1,438	1,360

(v) 購買無形資產

**23. RELATED PARTY DISCLOSURES
(Continued)**

(a) Related party transactions (Continued)

(iv) Interest expenses on lease liabilities

		截至6月30日止六個月 Six months ended 30 June	
		2020年 人民幣千元 (未經審計) 2020 RMB'000 (unaudited)	2019年 人民幣千元 (未經審計) 2019 RMB'000 (unaudited)
附註i	Note i	1,438	1,360

(v) Purchase of intangible assets

		截至6月30日止六個月 Six months ended 30 June	
		2020年 人民幣千元 (未經審計) 2020 RMB'000 (unaudited)	2019年 人民幣千元 (未經審計) 2019 RMB'000 (unaudited)
附註i	Note i	-	23,585

附註：

- (i) 本公司股東控制的實體，其對本公司實施重大影響力。
- (ii) 本公司非全資附屬公司的非控股股東，其對本公司的附屬公司實施重大影響力。

NOTES:

- (i) Entities controlled by shareholders of the Company which exercises significant influence over the Company.
- (ii) Non-controlling shareholder of a non-wholly owned subsidiary of the Company which exercises significant influence over the subsidiary of the Company.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

23. 關聯方披露(續)

(b) 關聯方結餘

本集團與關聯方的尚未償還結餘詳情載於附註12及13。於2020年6月30日，應付關聯方之租賃負債為人民幣27,327,000元(2019年12月31日：人民幣41,294,000元)。

(c) 易居管理及北京易傑優的託收代理安排

業務轉讓完成後(詳情載於本公司日期為2018年7月10日的招股章程)，易居管理及北京易傑優已就該等未完成一手房代理合約作為代表本集團的託收代理人。

(d) 主要管理人員補償

於年內主要管理人員(指本公司董事及本集團主要執行人員)的薪酬如下：

23. RELATED PARTY DISCLOSURES (Continued)

(b) Related party balances

Details of the Group's outstanding balances with related parties are set out in notes 12 and 13. As at 30 June 2020, included in lease liabilities amounted to RMB27,327,000 (31 December 2019: RMB41,294,000) were due to related parties.

(c) Collection agency arrangement with E-House Management and Beijing EJU

Subsequent to the completion of the Business Transfer (as detailed in the prospectus of the Company dated 10 July 2018), E-House Management and Beijing EJU, had acted as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts.

(d) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the year was as follows:

		截至6月30日止六個月 Six months ended 30 June	
		2020年 人民幣千元 2020 RMB'000	2019年 人民幣千元 2019 RMB'000
薪金、花紅及其他津貼	Salaries, bonus and other allowances	10,186	10,009
退休福利計劃供款	Retirement benefit scheme contributions	235	287
以股權結算的股份付款開支	Equity-settled share-based payment expenses	20,870	47,438
		31,291	57,734

董事及主要執行人員的薪酬根據個人表現及市場趨勢釐定。

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

簡明綜合財務報表附註
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

24. 報告期末後事項

除簡明綜合財務報表其他章節所披露者外，以下事件於報告期末後發生：

- (1) 於2020年7月31日，本公司就下列交易訂立若干協議。有關交易詳情載於本公司於2020年7月31日刊載於聯交所網站上的公告。

- (a) 建議收購樂居控股有限公司（「樂居」）大部分股權

於2020年7月31日，本公司訂立股權轉讓協議，據此，本公司同意自周忻先生（本公司主要股東、主席兼執行董事）及其聯繫人及新浪公司（本集團獨立第三方）及其聯繫人收購樂居（一間於紐約證券交易所上市的公司）已發行股本合共56.19%股權（或51.40%，按全面攤薄基準，假設所有未行使購股權及樂居僱員股權計劃項下的獎勵已發行及／或轉歸（視情況而定））（「股權轉讓協議」）。於股權轉讓協議完成後，樂居將成為本公司的附屬公司。

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in the condensed consolidated financial statements, the following events took place subsequent to the end of the reporting period:

- (1) On 31 July 2020, the Company entered into a number of agreements for the following transactions. Details of the transactions are set out in the Company's announcement published on the website of the Stock Exchange on 31 July 2020.

- (a) *Proposed acquisition of a majority equity interest in Leju Holdings Limited ("Leju")*

On 31 July 2020, the Company entered into equity transfer agreements pursuant to which the Company has agreed to acquire an aggregate 56.19% equity interests in the issued share capital of Leju, a company listed on the New York Stock Exchange, from Mr. Zhou Xin (a substantial shareholder, chairman and executive director of the Company) and his associates and SINA Corporation, an independent third party to the Group, and its associates (or 51.40% on a fully diluted basis assuming all outstanding options and awards under Leju's employee equity schemes are issued and/or vested, as the case may be) ("Equity Transfer Agreements"). Upon completion of the Equity Transfer Agreements, Leju will become a subsidiary of the Company.

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

24. 報告期末後事項 (續)

(1) (續)

- (b) 阿里巴巴集團控股有限公司(「阿里巴巴」)附屬公司認購認購股份及根據特別授權發行認購股份

於2020年7月31日，本公司與淘寶中國控股有限公司(一間阿里巴巴集團控股有限公司(「阿里巴巴」)間接全資擁有的附屬公司)(「阿里巴巴附屬公司」)，為本集團獨立第三方)訂立股份認購協議，據此，阿里巴巴附屬公司已有條件同意認購，而本公司有條件同意以每股認購股份7.00港元的認購價配發及發行合共118,300,000股認購股份，總認購額為828,100,000港元(「股份認購協議」)。於認購完成後，阿里巴巴於本公司的權益將由1.97%增至8.32%。

- (c) 擬向阿里巴巴票據持有人發行可換股票據

於2020年7月31日，本公司與阿里巴巴香港有限公司(可換股票據的建議認購人並由阿里巴巴間接全資擁有)(「阿里巴巴票據持有人」)訂立票據認購協議，據此，阿里巴巴票據持有人已有條件同意認購本金額為1,031,900,000港元的可換股票據(「票據認購協議」)。可換股票據於發行日的第三週年日到期，按每年2%計息，及可按本公司初始換股價每股換股股份10.37港元轉換成本公司換股股份，惟可按慣例予以調整。阿里巴巴票據持有人有權於可換股票據發行之日起直至其發行日的第三週年期間將所有(並非部分)可換股票據轉換成換股股份。

24. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

(1) (Continued)

- (b) *Subscription of subscription shares by Alibaba Group Holding Limited's ("Alibaba") subsidiary and issue of subscription shares under specific mandate*

On 31 July 2020, the Company entered into a share subscription agreement with Taobao China Holding Limited ("Alibaba Subsidiary"), an indirectly wholly-owned subsidiary of Alibaba Group Holdings Limited, an independent third party to the Group ("Alibaba"), 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 ("Share Subscription Agreement"). After the subscription is completed, Alibaba's interest in the Company will increased from 1.97% to 8.32%.

- (c) *Proposed issue of convertible note to Alibaba Noteholder*

On 31 July 2020, the Company entered into a note subscription agreement with Alibaba.com Hong Kong Limited, the proposed subscriber of the convertible note and an indirectly wholly-owned by Alibaba (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 ("Note Subscription Agreement"). 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 of the company at the initial conversion price of HK\$10.37 per conversion share of the Company, subject to customary adjustments. The Alibaba Noteholder will have the right, during the period commence from the date of issue of the convertible note up to the third anniversary of the date of the issue of the convertible note to convert all (but not part) of the convertible note into conversion shares.

簡明綜合財務報表附註
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2020年6月30日止六個月 For the six months ended 30 June 2020

24. 報告期末後事項 (續)

(1) (續)

- (d) 與阿里巴巴集團訂立的業務合作協議

於2020年7月31日，本公司已與阿里巴巴間接全資附屬公司阿里巴巴(中國)網絡技術有限公司訂立業務合作協議，據此，協議方同意合作建立網上房地產或營銷及交易平台以及共同探索新的商業機遇。阿里巴巴及其附屬公司將為本公司及樂居各自的業務提供科技賦能。

(2) 美元優先債券

於2020年8月7日，本公司額外發行於聯交所上市之於2022年到期100百萬美元之7.625%優先票據(如附註16所披露，將與原有票據II合併及構成單一系列)。進一步詳情載於本公司刊載於聯交所日期為2020年8月7日及2020年8月14日的公告。

24. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

(1) (Continued)

- (d) *Business cooperation agreement with Alibaba Group*

On 31 July 2020, the Company has entered into a business cooperation agreement with Alibaba (China) Technology Co., Ltd., an indirectly wholly-owned subsidiary of Alibaba, under which the parties agree to cooperate to build an online real estate or marketing and transaction platform as well as to jointly explore new business opportunities. Alibaba and its subsidiaries will provide the Company and Leju with technological empowerment for their respective businesses.

(2) USD senior note

On 7 August 2020, the Company issued additional US\$100 million 7.625% senior notes due 2022 (to be consolidated and form a single series with the Original Notes II as disclosed in note 16) listed on the Stock Exchange. Further details were set out in Company's announcement published on the Stock Exchange on 7 August 2020 and 14 August 2020.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

致易居(中國)企業控股有限公司列位股東
(於開曼群島註冊成立的有限公司)

To the shareholders of E-House (China) Enterprise Holdings Limited (incorporated in the Cayman Islands with limited liability)

意見

本核數師行就第157頁至第324頁所載的易居(中國)企業控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)審核綜合財務報表，該等綜合財務報表包括2019年12月31日綜合財務狀況表、截至該日止年度綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及包括重大會計政策概要的綜合財務報表附註。

本核數師行認為，該等綜合財務報表已根據國際會計準則理事會(「國際會計準則理事會」)頒佈的《國際財務報告準則》(「IFRS」)真實而中肯地反映 貴集團於2019年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及其綜合現金流量，並已遵照香港公司條例的披露規定妥為擬備。

意見的基礎

本核數師行已根據《國際審計準則》(「國際審計準則」)進行審計。本核數師行在該等準則下承擔的責任已在本報告核數師就審計綜合財務報表須承擔的責任一節中作進一步闡述。根據國際會計師職業道德準則理事會頒佈的職業會計師道德守則(「守則」)，本核數師行獨立於 貴集團，並已履行守則中的其他職業道德責任。本核數師行相信，本核數師行已取得的審核憑證就所發表的意見而言屬充足及適當。

關鍵審計事項

關鍵審計事項是根據本核數師行的職業判斷，對本期綜合財務報表的審計最為重要的事項。該等事項是在本核數師行審計整體綜合財務報表及出具意見時處理，且本核數師行不會對該等事項提供單獨的意見。

OPINION

We have audited the consolidated financial statements of E-House (China) Enterprise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 157 to 324, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

關鍵審計事項

Key audit matter

1. 應收賬款、應收票據及應收關聯方款項－應收賬款預期信貸損失（「預期信貸損失」）的損失準備。

1. Loss allowance for expected credit losses (“ECL”) on accounts receivables, bills receivables and amounts due from related parties – accounts receivables.

本核數師行識別應收賬款、應收票據及應收關聯方款項－應收賬款預期信貸損失的損失準備作為關鍵審計事項，乃由於對貴集團綜合財務狀況表的重要性及於評估該等應收款項的預期信貸損失時需要進行主觀判斷與管理層估計。

We identified loss allowance for ECL on accounts receivables, bills receivables and amounts due from related parties – accounts receivables as a key audit matter due to the significance to the Group’s consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the ECL of these receivables.

於2019年12月31日，根據綜合財務報表附註21及附註22所披露，貴集團的該等應收賬款的賬面值為人民幣8,144,922,000元（扣除預期信貸損失的損失準備為人民幣867,013,000元），佔貴集團流動資產的54%。

As at 31 December 2019, the Group’s carrying amount of these receivables amounted to RMB8,144,922,000 net of loss allowance for ECL amounted to RMB867,013,000 as disclosed in note 21 and note 22 to the consolidated financial statements, representing 54% of the current assets of the Group.

本核數師行的審計如何處理關鍵審計事項

How our audit addressed the key audit matter

本核數師行有關應收賬款、應收票據及應收關聯方款項－應收賬款預期信貸損失的損失準備的程序包括：

Our procedures in relation to the loss allowance for ECL on accounts receivables, bills receivables and amounts due from related parties – accounts receivables included:

1. 取得了解及評估與該等應收款項預期信貸損失評估有關的關鍵控制；

1. Obtaining an understanding and assessing the key controls in respect of ECL assessment on these receivables;

2. 評估貴集團獨立專業估值師之資歷、能力及客觀性；

2. Evaluating the competence, capabilities and objectivity of the independent professional valuer of the Group;

3. 邀請我們的內部評估專家評估貴集團管理層在評估估值方法及取得預期信貸損失時作出的判斷；

3. Involving our internal valuation experts to evaluate the management of the Group’s judgments in assessing the valuation methodology in deriving the ECL;

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

關鍵審計事項(續)

Key audit matter (Continued)

1. 應收賬款、應收票據及應收關聯方款項 – 應收賬款預期信貸損失(「預期信貸損失」)的損失準備(續)

1. Loss allowance for expected credit losses (“ECL”) on accounts receivables, bills receivables and amounts due from related parties – accounts receivables (Continued)

貴集團管理層根據各自應收款項的信貸風險估計該等應收款項預期信貸損失的損失準備。該等應收款項對信用評級良好的客戶(戰略類客戶)或信用風險高企的客戶(一般風險類客戶 – 信貸減值或高風險類客戶)按個別基準作出評估及餘下者(一般風險類客戶 – 非信貸減值)一併使用撥備矩陣作出評估。貴集團於評估該等應收款項預期信貸損失的損失準備時委聘一名獨立專業估值師。損失撥備金額乃按資產賬面值與估計未來現金流量現值的差額計量，而估計未來現金流量現值根據債務人的歷史結算模式、過往違約經驗、債務人經營的行業的一般經濟狀況以及在報告日期對當前狀況和預測趨勢的評估作出估計。

The management of the Group estimated the amount of loss allowance for ECL on these receivables based on the credit risk of the respective receivables. These receivables are assessed on an individual basis for customers with good credit rating (strategic type customers) or with high credit risk (normal risk type customers – credit-impaired or high risk type customers) and the remaining (normal risk type customers – not credit-impaired) is collectively using provision matrix. The Group engaged an independent professional valuer in assessing the loss allowance for ECL on these receivables. The loss allowance amount is measured as the difference of the asset's carrying amount and the present value of estimated future cash flows estimated based on historical settlement pattern, past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

本核數師行的審計如何處理關鍵審計事項(續)

How our audit addressed the key audit matter (Continued)

1. 應收賬款、應收票據及應收關聯方款項 – 應收賬款預期信貸損失(「預期信貸損失」)的損失準備(續)

4. 質疑 貴集團管理層在釐定該等應收款項(於2019年12月31日的應收款項)的信貸虧損撥備時的基準及判斷，包括識別和評估單獨評估的房地產開發商客戶(一般風險類客戶 – 信貸減值、高風險類客戶或戰略類客戶)、貴集團管理層將剩餘房地產開發商客戶(一般風險類型客戶 – 非信貸減值)分組到不同類別並採用撥備矩陣共同評估的合理性以及在撥備矩陣每個類別應用的估計損失率的基準(參考歷史違約率及前瞻性資料)：

4. Challenging the management of the Group's basis and judgments in determining credit loss allowance on these receivables as at 31 December 2019, including their identification and evaluation of individually assessed property developer customers (normal risk type customers – credit-impaired, high risk type customers or strategic type customers), the reasonableness of the management of the Group's grouping of the remaining property developer customers (normal risk type customers – not credit impaired) into different categories and collectively assessed using the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates) and forward-looking information;

5. 審查房地產開發商客戶的過往結算模式；

5. Reviewing the historical settlement pattern of property developer customers;

6. 抽樣比較賬齡報告內的個別項目與向買家完成財產轉移時的相關證明文件及/或其他證明文件，測試於2019年12月31日該等應收賬款賬齡報告的適當性。

6. Testing the appropriateness of these receivables' ageing report as at 31 December 2019, on a sample basis, by comparing individual items in the ageing report with the relevant supporting documents on the completion of property transfer to buyers and/or other supporting documents.

關鍵審計事項
Key audit matter

2. 發生一手房代理服務收入確認

2. Occurrence in the revenue recognition on real estate agency services in the primary market

本核數師行將發生一手房代理服務收入確認確定為關鍵審計事項，因為該等款項及對貴集團財務表現的影響屬重大。

We identified the occurrence in the revenue recognition on real estate agency services in the primary market as a key audit matter because the amounts and impact to the Group's financial performance were significant.

截至2019年12月31日止年度，貴集團確認來自一手房代理服務收入為人民幣4,566,217,000元（計入附註5）。一手房代理服務收入於提供服務時確認，及：

The Group recognised revenue from real estate agency services in the primary market amounted to RMB4,566,217,000 (included in note 5) for the year ended 31 December 2019. Revenue from real estate agency services in the primary market is recognised when the service is rendered and:

- i) 物業買方已簽立買賣協議並支付所需的首期款項；或
- i) the property buyer has executed the sales and purchase agreement and made the required down-payment; or
- ii) 買賣協議已根據不同代理合同中規定的條款及條件在相關政府部門註冊。
- ii) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts.

本核數師行的審計如何處理關鍵審計事項
How our audit addressed the key audit matter

本核數師行有關一手房代理服務的程序包括：

Our procedures in relation to the real estate agency services in the primary market included:

1. 向貴集團管理層查詢，以了解貴集團批准一手房代理框架協議的程序；
1. Enquiring the management of the Group to understand the Group's process for approving the real estate agency framework agreements in the primary market;
2. 了解及評估有關進行一手房代理服務收入確認的關鍵控制；
2. Obtaining an understanding and assessing the key controls in respect of the occurrence in the revenue recognition on real estate agency services in the primary market;
3. 按抽樣方式甄選一手房代理服務的交易，及：
3. Selecting transactions, on a sample basis, of the real estate agency services in the primary market and:
 - 獲得並核實房地產代理框架協議所載有關履約責任達標的條款和條件；
 - obtaining and verifying the terms and conditions set out in the real estate agency framework agreements regarding the criteria of satisfaction of performance obligation;

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

關鍵審計事項(續)

Key audit matter (Continued)

2. 發生一手房代理服務收入確認(續)

2. Occurrence in the revenue recognition on real estate agency services in the primary market (Continued)

本核數師行的審計如何處理關鍵審計事項(續)

How our audit addressed the key audit matter (Continued)

- 向買家完成財產轉移時獲得相關證明文件；
- obtaining the relevant supporting documents on the completion of property transfer to buyers;
- 檢查及核實確認一手房代理框架協議收入所用的佣金費率；及
- checking and verifying the commission rate used to recognise the revenue from real estate agency framework agreements in the primary market; and
- 抽樣追蹤年內及報告期末後結算記錄及銀行水單(如有)。
- tracking the settlement records, on sample basis, during the year and subsequent to the end of reporting period to bank slips, if any.

4. 抽樣向物業開發商客戶發送確認函，以核實 貴集團已履行相關房地產代理服務交易；及

4. Sending confirmations to property developer customers, on a sample basis, to validate the relevant real estate agency service transaction performed by the Group; and

5. 抽樣參訪 貴集團提供房地產代理服務的房地產項目，以觀察 貴集團的房地產代理服務及核實房地產項目的有效性。

5. Visiting the real estate projects which the Group provides the real estate agency services, on a sample basis, to observe the Group's real estate agency services and verify validity of the real estate projects.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內所載的資料，但不包括綜合財務報表及本核數師行載於其中的核數師報告。

本核數師行對綜合財務報表的意見並不涵蓋其他資料，本核數師行亦不對該等其他資料發表任何形式的保證結論。

就本核數師行對綜合財務報表的審計，本核數師行的責任乃細閱其他資料，在此過程中，考慮其他資料與綜合財務報表或本核數師行在審計過程中所知悉的情況是否存在重大抵觸或看似存在重大錯誤陳述。基於本核數師行已執行的工作，倘本核數師行認為其他資料存在重大錯誤陳述，本核數師行需要報告該事實。本核數師行就此並無任何事項須報告。

貴公司董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據IFRS及香港公司條例的披露規定編製真實而公平的綜合財務報表，並對貴公司董事認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

核數師就審計綜合財務報 表須承擔的責任

本核數師行的目標乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本核數師行意見的核數師報告，並按照協定的委聘條款僅向閣下（作為整體）報告，除此之外本報告別無其他目的。本核數師行概不就本報告的內容對任何其他人士負責或承擔責任。合理保證為高水平的保證，但不能保證按照國際審計準則進行的審計總能發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，倘合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據國際審計準則進行審計其中一環，本核數師行運用專業判斷，保持專業懷疑態度。本核數師行亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為本核數師行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- 獲取瞭解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評估貴公司董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- 對 貴公司董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘本核數師行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂本核數師行的意見。本核數師行的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營業務。
- 評估綜合財務報表的整體列報方式、結構及內容（包括披露）事項以及綜合財務報表是否公平反映相關交易及事項。
- 貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。本核數師行負責 貴集團審計的方向、監督及執行。本核數師行為審計意見承擔全部責任。
- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

本核數師行與治理層溝通審計的計劃範圍及時間以及重大審計發現等，其中包括本核數師行在審計中識別出內部控制的任何重大不足之處。

本核數師行亦向治理層提交聲明，表明本核數師行已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響本核數師行獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

從與治理層溝通的事項中，本核數師行確定該等對本期間綜合財務報表的審計最為重要的事項，因而構成關鍵審計事項。本核數師行在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於本核數師行之報告中註明某事項造成的負面後果超過產生的公眾利益，則本核數師行決定不應在報告中註明該事項。

出具獨立核數師報告的審計項目合夥人為謝明輝。

德勤•關黃陳方會計師行
執業會計師

香港
2020年4月26日

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tse Ming Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 April 2020

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至2019年12月31日止年度 For the year ended 31 December 2019

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
	附註 Notes		
收入	5	9,094,682	5,948,172
員工成本		(3,342,113)	(2,993,818)
宣傳及推廣開支		(392,550)	(310,360)
短期租賃及低價值 資產之租金開支		(52,646)	–
辦公場所經營租金費用		–	(118,923)
折舊及攤銷開支		(90,870)	(26,170)
面臨預期信貸損失(「預期 信貸損失」)的金融資產 損失準備(扣除撥回)	8A	(222,748)	(166,590)
終止確認按攤銷成本計量 的金融資產產生的虧損		(14,484)	–
諮詢開支		(275,101)	(217,748)
分銷開支		(3,116,152)	(331,516)
其他經營成本		(324,902)	(368,740)
其他收入	7	124,892	106,519
其他收益及虧損	8B	171,884	18,828
其他開支		(2,127)	(42,666)
應佔聯營公司業績		23,705	1,144
融資成本	9	(272,153)	(25,171)
稅前利潤		1,309,317	1,472,961
所得稅開支	10	(338,604)	(391,308)
年內利潤及全面 收益總額	11	970,713	1,081,653
以下人士應佔年內利潤及 全面收益總額：			
本公司擁有人		860,872	950,312
非控股權益		109,841	131,341
		970,713	1,081,653
每股盈利	14		
– 基本(人民幣分)		60.49	80.51
– 攤薄(人民幣分)		60.49	76.68

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於2019年12月31日 As at 31 December 2019

		於12月31日	
		As at 31 December	
		2019年	2018年
		人民幣千元	人民幣千元
		2019	2018
		RMB'000	RMB'000
非流動資產	Non-current assets		
物業及設備	Property and equipment	15 108,603	59,455
使用權資產	Right-of-use assets	16 134,835	–
投資物業	Investment properties	17 35,211	20,340
商譽	Goodwill	18 5,109	5,109
無形資產	Intangible assets	19 23,918	2,238
於聯營公司權益	Interests in associates	20 281,406	212,511
應收關聯方款項	Amounts due from related parties	22 201,141	10,786
按攤銷成本計量之	Bond receivables measured		
應收債券	at amortised cost	23 –	129,291
遞延稅項資產	Deferred tax assets	30 534,603	488,076
其他非流動資產	Other non-current assets	21 764,855	350,737
		2,089,681	1,278,543
流動資產	Current assets		
應收賬款及應收票據	Accounts receivables and bills receivables	21 5,546,823	4,164,244
其他應收款項	Other receivables	21 1,737,239	1,794,139
應收關聯方款項	Amounts due from related parties	22 2,614,160	1,565,196
以公允價值計量並計入損益	Financial assets at fair value through		
(「以公允價值計量並	profit or loss (“FVTPL”)		
計入損益」)的金融資產		24 1,708,599	271,940
受限制銀行結餘	Restricted bank balances	25 158,492	52,539
已抵押銀行存款	Pledged bank deposits	25 1,016,087	411,786
銀行結餘及現金	Bank balances and cash	25 2,294,435	2,280,215
		15,075,835	10,540,059
流動負債	Current liabilities		
應付賬款	Accounts payables	26 623,463	325,700
客戶墊款	Advance from customers	98,902	46,097
應計薪金及福利開支	Accrued payroll and welfare expenses	789,724	909,864
其他應付款項	Other payables	26 1,194,830	857,554
合約負債	Contract liabilities	27 95,842	82,557
應付稅項	Tax payables	808,600	513,311
應付關聯方款項	Amounts due to related parties	22 107,407	67,841
銀行借款	Bank borrowings	28 1,848,000	1,000,000
租賃負債	Lease liabilities	29 86,451	–

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
	附註 Notes		
		5,653,219	3,802,924
流動資產淨額	Net current assets	9,422,616	6,737,135
資產總值減流動負債	Total assets less current liabilities	11,512,297	8,015,678
非流動負債	Non-current liabilities		
遞延稅項負債	Deferred tax liabilities	30	73
其他借款	Other borrowings	28	–
租賃負債	Lease liabilities	29	–
		3,448,049	73
資產淨值	Net assets	8,064,248	8,015,605
資本及儲備	Capital and reserves		
股本	Share capital	31	93
股份溢價	Share premium		4,104,603
庫存股	Treasury stock		–*
儲備	Reserves		3,770,702
			2,773,667
本公司擁有人應佔權益	Equity attributable to owners of the Company		7,875,398
非控股權益	Non-controlling interests		188,850
			143,694
權益總額	Total equity	8,064,248	8,015,605

* 金額低於人民幣1,000元

* amount less than RMB1,000

第157至324頁的綜合財務報表由董事會於2020年4月26日批准並授權發行，並由以下董事代表簽署：

The consolidated financial statements on pages 157 to 324 were approved and authorised for issue by the board of directors on 26 April 2020 and are signed on its behalf by:

黃燦浩 董事
Huang Canhao, DIRECTOR

丁祖昱 董事
Ding Zuyu, DIRECTOR

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2019年12月31日止年度 For the year ended 31 December 2019

		本公司擁有人應佔 Attributable to owners of the Company									
		實繳股本 ／股本 人民幣千元	庫存股份 人民幣千元	股份溢價 人民幣千元	合併儲備 人民幣千元	法定 盈餘儲備 人民幣千元	其他儲備 人民幣千元	保留溢利 人民幣千元 (附註a)	小計 人民幣千元	非控股權益 人民幣千元	合計 人民幣千元
		Paid-in/share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000 (note a)	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
於2018年1月1日	At 1 January 2018	330,076	-	-	(41,819)	136,786	227,613	372,454	1,025,110	1,137,513	2,162,623
年內利潤及全面收益總額	Profit and total comprehensive income for the year	-	-	-	-	-	-	950,312	950,312	131,341	1,081,653
確認為分派予非控股股東的股息	Dividend recognised as distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(47,946)	(47,946)
轉撥至法定盈餘儲備	Transferred to statutory surplus reserve	-	-	-	-	23,742	-	(23,742)	-	-	-
自本公司直屬母公司獲得的注資(附註b)	Capital contribution received from the immediate parent of the Company (note b)	-	-	-	8,357,013	-	-	-	8,357,013	-	8,357,013
集團重組的影響(附註b)	Effect of Group Reorganisation (note b)	(330,000)	-	-	(7,389,716)	-	-	-	(7,719,716)	(1,080,284)	(8,800,000)
有條件投資基金所得款項撥入股份溢價(附註c)	Conversion of conditional investment fund received into share premium (note c)	-	-	1,229,977	-	-	9	-	1,229,986	-	1,229,986
非控股股東注資	Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	2,880	2,880
發行本公司股份(附註31)	Issue of shares of the Company (Note 31)	22	-	4,037,270	-	-	-	-	4,037,292	-	4,037,292
發行新股份成本	Cost of issuing new shares	-	-	(169,101)	-	-	-	-	(169,101)	-	(169,101)
確認為股權結算的股份付款開支	Recognition of equity-settled share-based payment expenses	-	-	-	-	-	161,630	-	161,630	-	161,630
註銷附屬公司	De-registration of a subsidiary	-	-	-	-	-	(615)	-	(615)	190	(425)
於2018年12月31日	At 31 December 2018	98	-	5,098,146	925,478	160,528	388,637	1,299,024	7,871,911	143,694	8,015,605
採納IFRS第16號產生的影響(附註2)	Effect arising from adoption of IFRS 16 (note 2)	-	-	-	-	-	-	(790)	(790)	-	(790)
於2019年1月1日(經重列)	At 1 January 2019 (restated)	98	-	5,098,146	925,478	160,528	388,637	1,298,234	7,871,121	143,694	8,014,815

本公司擁有人應佔
Attributable to owners of the Company

		實繳股本	庫存股份	股份溢價	合併儲備	法定			小計	非控股權益	合計
		/股本				盈餘儲備	其他儲備	保留溢利			
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
							(附註a)				
		Paid-in/share capital	Treasury shares	Share premium	Merger reserve	Statutory surplus reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							(note a)				
年內利潤及全面收益總額	Profit and total comprehensive income for the year	-	-	-	-	-	-	860,872	860,872	109,841	970,713
購回股份	Repurchase of shares	(5)	-*	(716,192)	-	-	-	-	(716,197)	-	(716,197)
確認分派的股息	Dividend recognised as distribution	-	-	(277,571)	-	-	-	-	(277,571)	(99,213)	(376,784)
轉撥至法定盈餘儲備	Transferred to statutory surplus reserve	-	-	-	-	15,542	-	(15,542)	-	-	-
確認以股權結算的股份付款開支	Recognition of equity-settled share-based payment expenses	-	-	-	-	-	137,025	-	137,025	-	137,025
行使購股權	Exercise of share option	-*	-	220	-	-	(72)	-	148	-	148
附屬公司非控股股東注資	Capital contribution by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	2,450	2,450
收購附屬公司	Acquisition of subsidiaries										
- 上海唯家(定義見附註39)	- Shanghai Vhome (as defined in Note 39)	-	-	-	-	-	-	-	-	32,105	32,105
- 其他非重大附屬公司	- other insignificant subsidiaries	-	-	-	-	-	-	-	-	(27)	(27)
於2019年12月31日	At 31 December 2019	93	-*	4,104,603	925,478	176,070	525,590	2,143,564	7,875,398	188,850	8,064,248

* 金額低於人民幣1,000元

* amount less than RMB1,000

綜合權益變動表 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2019年12月31日止年度 For the year ended 31 December 2019

附註：

NOTES:

a) 根據於中華人民共和國(「中國」)成立的附屬公司的組織章程細則，於每年向擁有人分派任何股息之前，該等附屬公司須根據中國成立企業適用的相關會計原則及財務法規將除稅後利潤的至少10%轉撥至法定盈餘儲備，直至儲備達到其各自註冊資本的50%。法定盈餘儲備可用於彌補過往年度的虧損、擴大現有業務或轉為附屬公司額外資本。

b) 於2017年9月30日，本集團以對價人民幣36,000,000元自上海方加信息技術有限公司(「方加技術」)收購上海昉加信息科技有限公司(「上海昉加」)100%的股本權益。經計及易居(中國)信息技術有限公司(「CRE BVI」)已向若干獨立第三方轉讓易居企業(中國)集團有限公司(「易居企業(中國)集團」)50%的股本權益作為集團重組的一部分(詳情載於本公司日期為2018年7月10日之招股章程(「招股章程」))(「集團重組」)。其對分別自合併儲備及非控股權益中扣除的人民幣33,000,000元及人民幣3,000,000元帶來整體影響。

於2018年3月，中國房產信息集團(「中國房產信息集團」)(集團重組完成前本公司的直接母公司)向本公司注資10,300,000,000港元(「港元」)(相當於人民幣8,357,013,000元)，該款項計入合併儲備，供本集團用於完成集團重組。於2018年3月5日，本公司的全資附屬公司香港房友軟件技術有限公司(「香港房友」)以總對價人民幣8,800,000,000元自CRE BVI收購易居企業(中國)集團50%的股本權益，並自多名獨立第三方收購易居企業(中國)集團50%的股本權益。此舉導致易居企業(中國)集團50%的非控股權益(合計人民幣1,080,284,000元)及易居企業(中國)集團50%的實繳股本(合計人民幣330,000,000元)被終止確認。已付對價的差額、被終止確認的易居企業(中國)集團50%的非控股權益及50%的實繳股本(合計人民幣7,389,716,000元)已借記入合併儲備。集團重組隨後於該日完成。本集團已於2018年4月支付人民幣8,800,000,000元。

c) 於2018年3月5日，香港房友完成對易居企業(中國)集團100%的股本權益的收購後，此前分類為以公允價值計量並計入損益的金融負債(賬面值為人民幣1,229,986,000元)的有條件投資基金所得款項於當日成為無條件，隨後據此悉數轉換為股本。

a) In accordance with the Articles of Association of the subsidiaries established in the People's Republic of China ("PRC"), the subsidiaries are required to transfer at least 10% of their profit after tax in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC before any distribution of dividends to owner each year to statutory surplus reserve until the reserve reaches 50% of their respective registered capital. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

b) On 30 September 2017, the Group acquired 100% equity interests of Shanghai Fangjia Information Technology Co., Ltd.* (上海昉加信息科技有限公司) ("Shanghai Fangjia") from Shanghai Fangjia Information Technique Co., Ltd.* (上海方加信息技術有限公司) ("Fangjie Technique") with the consideration of RMB36,000,000. Taken into account the 50% equity interest of E-House Enterprise (China) Group Co., Ltd.* (易居企業(中國)集團有限公司) ("PRC Holdco") was transferred by E-House (China) Information Technology Co., Ltd. (易居(中國)信息技術有限公司) ("CRE BVI") to a number of independent third parties as part of the group reorganisation, as detailed in the prospectus of the Company dated 10 July 2018 (the "Prospectus") ("Group Reorganisation"). It resulted in an overall effect of RMB33,000,000 and RMB3,000,000 debited to merger reserves and non-controlling interests, respectively.

In March 2018, China Real Estate Information Corporation ("CRE Corp"), the immediate parent of the Company prior to the completion of Group Reorganisation, contributed Hong Kong Dollar ("HK\$") 10,300,000,000 (equivalent to RMB8,357,013,000) to the Company, credited to merger reserve, for the Group to complete the Group Reorganisation. On 5 March 2018, Hong Kong Fangyou Software Technology Company Limited (香港房友軟件技術有限公司) ("Hong Kong Fangyou"), a wholly-owned subsidiary of the Company, acquired 50% equity interests of PRC Holdco from CRE BVI and 50% equity interests of PRC Holdco from a number of independent third parties for a total consideration of RMB8,800,000,000. This resulted in the derecognition of 50% non-controlling interests of PRC Holdco amounting to RMB1,080,284,000 and 50% paid-in capital of PRC Holdco amounting to RMB330,000,000. The difference of consideration paid, derecognition of 50% non-controlling interests and 50% paid-in capital of PRC Holdco amounting to RMB7,389,716,000 had been debited to merger reserve. The Group Reorganisation has then been completed on that date. The Group paid RMB8,800,000,000 in April 2018.

c) On 5 March 2018, upon completion of acquisition of 100% equity interests in PRC Holdco by Hong Kong Fangyou, the conditional investment fund received previously classified as financial liabilities at FVTPL at a carrying amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to equity, accordingly.

* English name is for identification purpose only

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至2019年12月31日止年度 For the year ended 31 December 2019

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
經營活動	OPERATING ACTIVITIES		
稅前利潤	Profit before taxation	1,309,317	1,472,961
就以下各項調整：	Adjustments for:		
物業及設備折舊	Depreciation of property and equipment	17,506	21,994
使用權資產折舊	Depreciation of right-of-use assets	70,585	-
投資物業折舊	Depreciation of investment properties	874	670
無形資產攤銷	Amortisation of intangible assets	1,905	3,506
應佔聯營公司的業績	Share of result of associates	(23,705)	(1,144)
出售投資物業的虧損 (收益)淨額	Net loss (gain) on disposal of investment properties	112	(50)
出售物業及設備的虧損淨額	Net loss on disposal of property and equipment	76	626
註銷附屬公司收益	Gain on de-registration of subsidiaries	(15)	(425)
匯兌收益淨額	Net exchange gain	(20,703)	(36,732)
利息收入	Interest income	(43,816)	(35,750)
融資成本	Finance costs	272,153	25,171
面臨預期信貸損失的金融 資產損失撥備(扣除撥回)	Loss allowance on financial assets subject to ECL, net of reversal	222,748	166,590
以公允價值計量並計入損益 的金融資產的公允價值 (收益)虧損淨額	Net fair value (gain) loss on financial assets at FVTPL	(163,782)	15,096
以公允價值計量並計入損益的 金融負債的公允價值收益	Fair value gain on financial liabilities at FVTPL	-	(23,864)
終止確認按攤銷成本計量的 金融資產的虧損	Loss on derecognition of financial assets measured at amortised cost	9,433	-
終止使用權資產及租賃負債之 收益淨額	Net gain on termination of right-of-use assets and lease liabilities	(1,445)	-
以股權結算的股份付款開支	Equity-settled share-based payment expenses	137,025	161,630
營運資金變動前的經營現金流量	Operating cash flows before movements in working capital	1,788,268	1,770,279
應收關聯方款項(增加)減少	(Increase) decrease in amounts due from related parties	(1,027,829)	6,627
應付關聯方款項增加	Increase in amounts due to related parties	39,827	25,422
其他非流動資產(增加)減少	(Increase) decrease in other non-current assets	(1,186)	4,830
應收賬款及應收票據增加	Increase in accounts receivables and bills receivables	(1,608,316)	(2,544,191)
其他應收款項增加	Increase in other receivables	(62,375)	(1,721,949)
應付賬款增加	Increase in accounts payables	297,550	151,139
客戶墊款增加(減少)	Increase (decrease) in advances from customers	52,779	(37,371)
合同負債增加	Increase in contract liabilities	13,267	49,444
應計薪金及福利開支減少	Decrease in accrued payroll and welfare expenses	(151,091)	(251,776)
其他應付款項增加	Increase in other payables	109,745	618,183
經營所用現金	Cash used in operations	(549,361)	(1,929,363)
已收利息	Interest received	36,644	32,338
已付所得稅	Income tax paid	(94,928)	(267,718)
經營活動所用現金淨額	NET CASH USED IN OPERATING ACTIVITIES	(607,645)	(2,164,743)

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至2019年12月31日止年度 For the year ended 31 December 2019

		截至12月31日止年度 Year ended 31 December	
	附註	2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
	Note		
投資活動	INVESTING ACTIVITIES		
購買物業及設備以及物業及設備按金	Purchase of and deposits placed for property and equipment	(193,647)	(354,928)
購買無形資產	Purchase of intangible assets	(23,585)	–
購買以公允價值計量並計入損益的金融資產	Purchase of financial assets measured at FVTPL	(2,282,557)	(267,036)
出售以公允價值計量並計入損益的金融資產所得款項	Proceeds arising from disposal of financial assets measured at FVTPL	(993,606)	–
就以公允價值計量並計入損益的金融資產的已收利息	Interest received on financial assets at FVTPL	11,899	571
以公允價值計量並計入損益的金融資產的已收現金股息	Cash dividend of financial assets at FVTPL received	1,068	–
向聯營公司注資	Capital injection to associates	(45,190)	(200,600)
購買按攤銷成本計量的其他應收款項	Purchase of other receivables measured at amortised cost	(100,000)	–
出售或註銷一間聯營公司產生的所得款項	Proceeds arising from disposal or de-registration of an associate	–	248
購買按攤銷成本計量的應收債券	Purchase of bond receivables measured at amortised cost	–	(128,866)
出售按攤銷成本計量的應收債券產生的所得款項	Proceeds arising from disposal of bond receivables measured at amortised cost	126,808	–
就按攤銷成本計量的應收債券的已收利息	Interest received on bond receivables measured at amortised cost	7,172	2,841
出售物業及設備所得款項	Proceeds from disposal of property and equipment	1,215	2,162
出售投資物業所得款項	Proceeds from disposal of investment properties	3,000	373
向關聯方墊款	Advance to related parties	(3,791)	(12,713)
關聯方還款	Repayments from related parties	312	336,330
就租賃按金付款	Payments for rental deposits	(17,992)	–
提取已抵押銀行存款	Withdrawal of pledged bank deposits	618,280	–
存放已抵押銀行存款	Placement of pledged bank deposits	(1,222,581)	(411,786)
收購上海唯家的現金流入淨額	Net cash inflow on acquisition of Shanghai Vhome	39	–
建議收購一間附屬公司的預付款項	Prepayment for proposed acquisition of a subsidiary	20	–
就建議收購實體向關聯方支付誠意金	Earnest money deposit paid to a related party for proposed acquisition of entities	22(a)	–
投資活動所用現金淨額	NET CASH USED IN INVESTING ACTIVITIES	(2,314,451)	(1,033,404)

截至12月31日止年度
Year ended 31 December

	附註	2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
	Note		
融資活動	FINANCING ACTIVITIES		
新募集的銀行及其他借款	New bank and other borrowings raised	5,632,540	1,000,000
償還銀行借款	Repayments of bank borrowings	(1,343,000)	(450,000)
就已發行優先票據已付發行成本	Issue costs paid for senior notes issued	(108,292)	-
收回按攤銷成本計量的 已終止確認金融資產	Collection of derecognised financial assets measured at amortised cost	540,793	-
償還按攤銷成本計量的 已終止確認金融資產	Repayment of derecognised financial assets measured at amortised cost	(505,051)	-
償還租賃負債	Repayments of lease liabilities	(78,532)	-
關聯方墊款	Advance from related parties	2,935	1,654
償還關聯方款項	Repayment to related parties	(864)	(256,529)
購回股份	Repurchase of shares	(716,197)	-
非控股股東注資	Capital injection by non-controlling shareholders	2,450	2,880
已付利息	Interest paid	(146,813)	(24,497)
已付股東股息	Dividends paid to shareholders	(277,571)	-
派付予附屬公司非控股 股東的股息	Dividends paid to non-controlling shareholders of subsidiaries	(99,213)	(47,946)
行使購股權所得款項	Proceeds from exercise of share options	148	-
已付共同控制下附屬公司 的收購對價	Consideration paid for the acquisition of subsidiaries under common control	-	(8,800,000)
中國房產信息集團注資	Capital injection by CRE Corp	-	8,357,013
發行股份所得款項	Proceeds from issue of shares	-	4,037,292
就發行新股已付發行成本	Issue costs paid for issuance of new shares	-	(169,101)
融資活動所得現金淨額	NET CASH FROM FINANCING ACTIVITIES	2,903,333	3,650,766
現金及現金等價物(減少) 增加淨額	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,763)	452,619
年初	AT THE BEGINNING OF THE YEAR	2,280,215	1,791,290
匯率變動的影響	EFFECT OF EXCHANGE RATE CHANGE	32,983	36,306
以現金及現金等價物表示的 年末現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR REPRESENTED BY CASH AND CASH EQUIVALENTS	2,294,435	2,280,215

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至2019年12月31日止年度 For the year ended 31 December 2019

1 一般資料

易居(中國)企業控股有限公司(「本公司」)於2010年2月22日於開曼群島根據開曼群島公司法註冊成立為獲豁免有限公司。本公司的股份已於2018年7月20日於香港聯合交易所有限公司(「聯交所」)主板上市。本公司的註冊辦事處及主要營業地點的地址分別為PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands及中國上海靜安區廣延路383號秋實樓11樓。

本公司及其附屬公司(統稱「本集團」)在中國向房地產行業提供眾多服務,包括一手房代理服務、房地產數據及諮詢服務以及房地產經紀網絡服務。

該等綜合財務報表以人民幣(「人民幣」)呈列,這亦為本公司的功能貨幣。

1. GENERAL INFORMATION

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

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

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本

於本年度強制生效的新訂及IFRS修訂本

本集團於本年度首次應用以下由國際會計準則理事會（「國際會計準則理事會」）已頒佈的新訂及IFRS修訂本：

IFRS第16號	租賃
國際財務報告詮釋委員會第23號	所得稅處理方式的不確定因素
IFRS第9號修訂本	具有負補償的提前還款特性
《國際會計準則》第19號修訂本	計劃修訂、縮減或結算
《國際會計準則》第28號修訂本	於聯營公司及合資企業的長期權益
IFRS修訂本	2015至2017年週期的IFRS年度改進

除下述者外，於本年度應用新訂及IFRS修訂本對本集團於本年度及過往年度的財務狀況及表現及／或該等綜合財務報表所載披露並無重大影響。

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

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至2019年12月31日止年度 For the year ended 31 December 2019

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

IFRS 第16號「租賃」

本集團已於本年度首次應用IFRS第16號。IFRS第16號取代《國際會計準則》第17號「租賃」（《國際會計準則》第17號）及相關詮釋。

租賃的定義

本集團已選擇實際權宜的方法將IFRS第16號應用於先前應用《國際會計準則》第17號及國際財務報告詮釋委員會第4號「釐定安排是否包含租賃」下識別為租賃的合約，而不會應用此準則於先前並無識別為包括租賃的合約。因此，本集團並無重新重新評估於首次應用日期前已存在的合約。

就於2019年1月1日或之後訂立或修訂的合約而言，本集團於評估合約是否包含租賃時根據IFRS第16號所載規定應用租賃的定義。

作為承租人

本集團已追溯應用IFRS第16號，累計影響於首次應用日期（2019年1月1日）確認。

於2019年1月1日，本集團按賬面值確認額外租賃負債及計量使用權資產，猶如自開始日期起已應用IFRS第16號，但透過應用IFRS第16.C8(b)(i)號的過渡，於首次應用日期使用相關集團實體的增量借款利率貼現。於首次應用日期的任何差額於期初保留溢利確認且比較資料不予重列。

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 16 “Leases”

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 “Leases” (“IAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

IFRS 第16號「租賃」（續）

作為承租人（續）

於過渡時應用IFRS第16號項下的經修訂追溯法時，本集團已將下列實際權宜方法應用於先前根據《國際會計準則》第17號分類為經營租賃的租賃（按個別租賃基準並以各租賃合約所涉及範圍為限）：

- i. 依賴應用《國際會計準則》第37號「撥備、或然負債及或然資產」作為減值審閱的替代方法，評估租賃是否屬繁重性質；
- ii. 選擇不就租期於首次應用日期起計12個月內結束的租賃確認使用權資產及租賃負債；及
- iii. 於首次應用日期計量使用權資產時撇除初始直接成本。

就先前分類為經營租賃的租賃確認租賃負債時，本集團已於首次應用日期應用相關集團實體的增量借款利率。所應用的加權平均增量借款年利率為5.5%。

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 16 “Leases” (Continued)

As a lessee (Continued)

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.5% per annum.

綜合財務報表附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至2019年12月31日止年度 For the year ended 31 December 2019

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 第16號「租賃」（續）

IFRS 16 “Leases” (Continued)

作為承租人（續）

As a lessee (Continued)

	附註 Note	於2019年1月1日 At 1 January 2019
		人民幣千元 RMB' 000
於2018年12月31日披露的經營租賃承擔		283,616
減：扣除先前計入經營租賃承擔的增值稅		(28,106)
於2018年訂立但於2019年1月1日尚未開始的租賃合約		(64,853)
於2019年1月1日的經營租賃承擔		190,657
租賃負債按有關增量借款利率進行貼現		168,482
加：重新分類其他應付款項及應付關聯方款項為租賃負債	(a)	8,133
減：確認豁免－短期租賃		(30,903)
確認豁免－低價值資產（不包括低價值租賃的短期租賃）		(6,175)
於2019年1月1日應用IFRS第16號後確認與經營租賃有關的租賃負債		139,537
分析為租賃負債		
流動		73,574
非流動		65,963
		139,537

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

IFRS 第16號「租賃」（續）

作為承租人（續）

- (a) 於2018年12月31日，本集團確認為其他應付款項的應付租金為人民幣1,368,000元，以及確認為應付關聯方款項總計人民幣8,133,000元的應付租金為人民幣6,765,000元，其於採納IFRS第16號後重新分類為租賃負債。

使用權資產於2019年1月1日的賬面值包括以下各項：

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 16 “Leases” (Continued)

As a lessee (Continued)

- (a) As at 31 December 2018, the Group has rental payables amounted to RMB1,368,000 recognised as other payables and RMB6,765,000 recognised as amounts due to related parties totalling RMB8,133,000 reclassified to lease liabilities upon adoption of IFRS 16.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	附註 Note	使用權資產 Right-of-use assets 人民幣千元 RMB'000
應用IFRS第16號後確認與經營租賃有關的使用權資產		130,614
自其他應收款項重新分類－預付款項	(b)	5,374
		135,988
按類別： 辦公場所	By class: Office premises	135,988

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至2019年12月31日止年度 For the year ended 31 December 2019

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

IFRS 第16號「租賃」（續）

作為承租人（續）

- (b) 於2018年12月31日，本集團確認為其他應收款項－預付款項的預付租賃款項為人民幣5,374,000元，其於採納IFRS第16號後重新分類為使用權資產。

下表概述過渡至IFRS第16號對於2019年1月1日保留溢利的影響。

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 16 “Leases” (Continued)

As a lessee (Continued)

- (b) As at 31 December 2018, the Group has prepaid rental payments amounted to RMB5,374,000 recognised as other receivables – prepayments, which are reclassified to right-of-use assets upon adoption of IFRS 16.

The following table summarises the impact of transition to IFRS 16 on retained profits at 1 January 2019.

	附註 Note	於2019年1月1日 採納IFRS 第16號的影響 Impact of adopting IFRS 16 at 1 January 2019
		人民幣千元 RMB'000
保留溢利		
於應用IFRS第16號後減少	(c)	790
Retained profits		
Decrease upon application of IFRS 16	(c)	790

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

IFRS 第16號「租賃」（續）

作為承租人（續）

- (c) 該金額為根據《國際會計準則》第17號計入損益的租金開支及於首次應用日期採納IFRS第16.C8(b)(i)號的過渡根據IFRS第16號的使用權資產折舊總額及租賃負債的利息開支的差額。

對於2019年1月1日的綜合財務狀況表內確認的金額作出下列調整。不包括未受變動影響的項目。

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 16 “Leases” (Continued)

As a lessee (Continued)

- (c) The amount represents the difference between the rental expenses charged to profit or loss under IAS 17 and the aggregate amount of depreciation of right-of-use assets and interest expense on lease liabilities under IFRS 16 at the date of initial application by applying IFRS 16.C8(b)(i) transition.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	先前於2018年 12月31日 呈報的賬面值 Carrying amounts previously reported at 31 December 2018	調整	於2019年 1月1日根據IFRS 第16號計量的賬面值 Carrying amounts under IFRS 16 at 1 January 2019
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
非流動資產			
使用權資產	–	135,988	135,988
流動資產			
其他應收款項	1,794,139	(5,374)	1,788,765
流動負債			
其他應付款項	(857,554)	1,368	(856,186)
應付關聯方款項	(67,841)	6,765	(61,076)
租賃負債	–	(73,574)	(73,574)
非流動負債			
租賃負債	–	(65,963)	(65,963)
資本及儲備			
儲備	(2,773,667)	790	(2,772,877)

附註：

就截至2019年12月31日止年度以間接方法呈報經營活動所產生的現金流量而言，營運資金的變動乃基於上文所披露於2019年1月1日的期初綜合財務狀況表計算。

NOTE:

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. 應用新訂及國際財務報告準則(「IFRS」)修訂本(續)

已頒佈但尚未生效的新訂及IFRS修訂本

本集團並無提早應用以下已頒佈但尚未生效的新訂及IFRS修訂本：

IFRS第17號	保險合約 ¹
IFRS第3號修訂本	業務的定義 ²
IFRS第10號及 《國際會計準則》 第28號修訂本	投資者與其聯營公司或 合資企業之間的資產 出售或注入 ³
《國際會計準則》 第1號修訂本	流動或非流動負債分類 ⁵
《國際會計準則》第1號及 《國際會計準則》 第8號修訂本	重大的定義 ⁴
《國際會計準則》第19號、 《國際會計準則》第39號 及IFRS第7號修訂本	利率基準改革 ⁴

- 1 於2021年1月1日或之後開始的年度期間生效
- 2 適用於收購日期為2020年1月1日或之後開始的首個年度期間開始當日或之後進行的業務合併
- 3 於待定日期或之後開始的年度期間生效
- 4 於2020年1月1日或之後開始的年度期間生效
- 5 於2022年1月1日或之後開始的年度期間生效

除上述新訂及IFRS修訂本外，經修訂財務報告概念框架已於2018年頒佈。其後續修訂《IFRS中對概念框架的提述的修訂》將於2020年1月1日或之後開始的年度期間生效。

本公司董事預計應用所有該等新訂及IFRS修訂本在可預見未來不會對本集團的綜合財務報表造成重大影響。

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

New and amendments to IFRSs in issue 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 17	Insurance Contracts ¹
Amendments to IFRS 3	Definition of a Business ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to IAS 1 and IAS 8	Definition of Material ⁴
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform ⁴

- 1 Effective for annual periods beginning on or after 1 January 2021
- 2 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
- 3 Effective for annual periods beginning on or after a date to be determined
- 4 Effective for annual periods beginning on or after 1 January 2020
- 5 Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all these new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. 重大會計政策

綜合財務報表乃根據與國際會計準則理事會所頒佈IFRS一致的會計政策編製。此外，綜合財務報表包括《聯交所證券上市規則》(「《上市規則》」)及香港《公司條例》規定的適用披露。

綜合財務報表乃按歷史成本編製，惟若干金融工具則按各報告期末的公允價值計量，如下文所載會計政策解釋。歷史成本一般以就換取服務所付出的對價的公允價值為基準。

公允價值是指市場參與者之間在計量日進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格，無論該價格是直接觀察到的結果還是採用其他估值技術作出的估計。在對資產或負債的公允價值作出估計時，本集團考慮了市場參與者在計量日為該資產或負債進行定價時將會考慮的那些特徵。在該等綜合財務報表中計量和／或披露的公允價值均在此基礎上予以確定，但IFRS第2號「以股份為基礎的付款」範圍內的以股份為基礎的支付交易、根據IFRS（自2019年1月起）或《國際會計準則》第17號（於應用IFRS第16號前）入賬的租賃交易，以及與公允價值類似但並非公允價值的計量（例如，《國際會計準則》第36號「資產減值」中的使用價值）除外。

非金融資產的公允價值計量計及市場參與者通過以最高和最佳用途使用資產或將其出售予另一市場參與者（將以最高和最佳用途使用資產）的方式獲得經濟利益的能力。

對於按公允價值進行交易的金融工具和投資物業以及在隨後的期間使用不可觀測的輸入數據來計量公允價值的估值技術，對估值技術進行調整，以便在初始確認時估值技術的結果等於交易價格。

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. 重大會計政策 (續)

此外，就財務報告目的而言，公允價值計量乃按其輸入數據對公允價值計量的可觀察程度及該等輸入數據對公允價值計量整體的重要性劃分為第一、二或三級，說明如下：

- 第一級輸入數據為實體於計量日可獲得的相同資產或負債於活躍市場的報價（未調整）；
- 第二級輸入數據為（不包括計入第一級的報價）資產或負債可直接或間接觀察的輸入數據；及
- 第三級輸入數據為資產或負債無法觀察的輸入數據。

所採納的主要會計政策如下。

綜合基準

綜合財務報表將本公司的財務資料與本公司及其附屬公司所控制實體（包括結構化實體）的財務報表合併。在下列情況下，本公司取得控制權：

- 對被投資方擁有權力；
- 可取得或有權獲取享有被投資方經營產生的可變回報；及
- 能夠運用其權力影響所取得的回報。

倘有事實及情況顯示上述三個控制要素中的一個或多個發生變化，則本公司會重新評估是否仍然控制被投資方。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. 重大會計政策 (續)

綜合基準 (續)

倘本集團於投資對象的投票權未能佔大多數，但投票權足以賦予本集團實際能力可單方面掌控投資對象的相關活動時，本集團即對投資對象擁有權力。在評估本集團於投資對象的投票權是否足以賦予其權力時，本集團考慮一切相關事實及情況，包括：

- 本集團持有投票權的規模相對於其他投票權持有人持有投票權的規模及分散性；
- 本集團、其他投票權持有人或其他各方持有的潛在投票權；及
- 其他合約安排產生的權利。

當本集團取得附屬公司之控制權，便將該附屬公司綜合入賬；當本集團失去附屬公司之控制權，便停止將該附屬公司綜合入賬。具體而言，年內收購或出售之附屬公司之收入及支出會於本集團取得控制權當日起計入綜合損益及其他全面收益表，直至本集團對該附屬公司之控制權終止當日為止。

損益及其他全面收益的各個組成部分歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額歸屬於本公司的擁有人及非控股權益，即使這將導致非控股權益的金額為負數。

當需要，附屬公司之財務報表將作出調整，以使其會計政策與本集團之會計政策一致。

所有有關本集團成員公司間交易的集團內部資產及負債、權益、收入、支出及現金流量均於綜合入賬時全數對銷。

於附屬公司的非控股權益與本集團在附屬公司中的股權分開列示，後者代表當前的所有權權益，賦予其持有人在清算時按比例分佔相關附屬公司的淨資產。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties; and
- rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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3. 重大會計政策(續)

本集團於現有附屬公司的權益變動

本集團於附屬公司的權益發生的變動，倘不會導致本集團喪失對附屬公司的控制權，則列為股權交易。本集團的相關權益組成部分及非控股權益的賬面值將作調整，以反映其各自於附屬公司相對權益的變化，包括根據本集團與非控股權益的權益比例在本集團與非控股權益之間重新分配相關儲備。

非控股權益調整額與已付或已收對價之公允價值的任何差額直接於權益中確認並歸屬於本公司擁有人。

當本集團喪失對附屬公司的控制權時，該附屬公司的資產及負債以及非控股權益(如有)將終止確認。收益或虧損將於損益中確認，其計算為(i)所收到的對價的公允價值和任何保留權益的公允價值總額與(ii)本公司擁有人應佔附屬公司資產(包括商譽)及負債的賬面值之間的差額。此前於其他全面收益中確認的與附屬公司相關的全部金額應視同本集團已直接出售該附屬公司的相關資產或負債進行核算，即重新分類至損益或結轉至適用的IFRS規定/允許的其他權益類別。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

3. 重大會計政策 (續)

業務合併

收購業務 (共同控制下的業務合併除外) 乃以收購法入賬。業務合併所轉讓對價按公允價值計量，乃按本集團所轉讓資產、本集團所產生對被收購方的前擁有人的負債及本集團為交換被收購方的控制權而發行的股權於收購日期的公允價值的總和計算。收購相關成本一般於產生時於損益確認。

於收購日期，所收購可識別資產及所承擔負債按其公允價值予以確認，惟：

- 遞延稅項資產或負債及有關僱員福利安排的資產或負債已分別根據《國際會計準則》第12號「所得稅」及《國際會計準則》第19號「僱員福利」確認及計量；
- 涉及被收購方以股份為基礎的付款安排或為取代被收購方以股份為基礎的付款安排而訂立的本集團以股份為基礎的付款安排的負債或股本工具按IFRS第2號「以股份為基礎的付款」於收購日期予以計量 (見下文會計政策)；
- 根據IFRS第5號「持作待售的非流動資產及已終止經營業務」分類為持作待售的資產 (或出售類別) 按該準則予以計量；及
- 租賃負債按剩餘租賃付款 (定義見IFRS第16號) 的現值確認及計量，猶如收購的租賃於收購日期為新租賃，惟(a)租賃期限於收購日期12個月內結束；或(b)相關資產為低價值的租賃除外。使用權資產按與相關租賃負債相同的金額確認及計量，並進行調整以反映與市場條件相比租賃的有利或不利條款。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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3. 重大會計政策 (續)

業務合併 (續)

商譽乃按已轉讓對價、於被收購方的任何非控股權益金額及收購方先前於被收購方持有的股權公允價值 (如有) 的總額超逾於收購日期所收購可識別資產與所承擔負債的淨額的差額計量。倘經重新評估後，所收購可識別資產與所承擔負債的淨額超逾已轉讓對價、於被收購方的任何非控股權益金額及收購方先前於被收購方持有的股權公允價值 (如有) 的總和，超出部分即時於損益中確認為議價購買收益。

屬現時所有權權益且賦予持有人權利於清盤時按比例分佔相關附屬公司的資產淨值的非控股權益，初步按非控股權益應佔被收購方可識別資產淨值的已確認金額的比例計量。

倘業務合併分階段進行，本集團先前持有的被收購方股權須按於收購日期 (即本集團取得控制權當日) 的公允價值重新計量，由此產生的收益或虧損 (如有) 須於損益或其他全面收益 (倘適用) 確認。於收購日期前產生自被收購方權益並在先前已於其他全面收益確認的金額，及根據IFRS第9號計量的金額將按本集團已直接出售先前持有股權所需的相同基準入賬。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

3. 重大會計政策 (續)

受共同控制實體的業務合併的 合併會計法

綜合財務報表包括發生共同控制合併的合併實體或業務的財務報表項目，猶如該等合併實體或業務自受控制方首次控制之日起已合併。

合併實體或業務的資產淨值按控制方意願使用現有賬面值合併列賬。概不會就商譽或收購方所佔被收購方可識別資產、負債及或然負債公平淨值超過於共同控制合併時的成本的差額（以控制方權益持續性為限）確認任何金額。

綜合損益及其他全面收益表包括各合併實體或業務由最早呈列日期起或自合併實體或業務首次受共同控制之日起（以較短者為準，而不論共同控制合併日期）的業績。

綜合財務報表的比較數額乃假設有關實體或業務由前一個報告期初起或首次受共同控制之日起（以較短者為準）合併而呈列。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. 重大會計政策 (續)

收購一間附屬公司不構成一項業務

當本集團收購一組資產及負債不構成一項業務時，本集團透過按金融資產／金融負債各自的公允價值分配購買價格，以識別及確認取得的個別可識別資產及承擔的負債，餘下購買價結餘其後按各自於購買日期的相對公允價值分配予其他可識別資產及負債。該交易不會產生商譽或議價購買收益。

商譽

收購業務產生的商譽按業務收購日期確立的成本（請參閱以上會計政策）減累計減值損失（如有）列賬。

就減值測試而言，商譽分配至本集團預期將受益於合併產生的協同效應的各個現金產出單元（「現金產出單元」）（或現金產出單元組）。現金產出單元為出於內部管理目的對商譽進行監測的最低水平，且不得大於經營分部。

對分配商譽的現金產出單元（或現金產出單元組）每年進行減值測試，或當單元有可能減值的跡象則進行更頻繁的測試。對於在報告期由收購事項產生的商譽，分配商譽的現金產出單元（或現金產出單元組）應在報告期末之前測試其減值。如果現金產出單元的可回收金額低於其賬面值，則減值損失應首先進行分配用來抵減任何商譽的賬面值，然後按比例分配至各單元（或現金產出單元組）資產賬面值上的其他資產。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

3. 重大會計政策 (續)

商譽 (續)

本集團處理收購聯營公司所產生商譽的政策載於下文。

於聯營公司權益

一家聯營公司為本集團對其有重大影響力的實體。重大影響力指有權參與投資對象的財務及營運政策決定，但非對該等政策擁有控制權或共同控制權。

於聯營公司的業績與資產及負債，乃按權益會計法列入該等綜合財務報表。按權益法核算的聯營公司的財務報表是用在相似情況下與本集團類似交易及事項統一的會計政策來編製。根據權益法，於聯營公司的投資初步在綜合財務狀況表按成本確認，並於其後就確認本集團應佔該聯營公司的損益及其他全面收益而作出調整。除損益及其他全面收益以外的聯營公司資產淨值變動不予入賬，除非有關變動導致本集團所持所有權權益變化。當本集團應佔一家聯營公司虧損超出本集團佔該聯營公司的權益時（包括任何實際上構成本集團於聯營公司投資淨值其中部分的長遠權益），本集團會終止確認其分佔的進一步虧損。當本集團產生法定或推定責任或代表該聯營公司付款時，方會確認額外虧損。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

綜合財務報表附註

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3. 重大會計政策 (續)

於聯營公司權益 (續)

聯營公司中的投資應自被投資者成為聯營公司之日起採用權益法進行核算。取得聯營公司中的投資時，投資成本超過本集團在被投資者的可識別資產及負債的公允價值淨額中所佔份額的部分確認為商譽(商譽會納入投資的賬面值內)。如果本集團在此類可識別資產及負債的公允價值淨額中所佔的份額超過投資成本，而且在重新評估後亦是如此，則超出的金額會在取得該項投資的當期立即計入損益。

本集團評估是否有客觀證據證明於一家聯營公司的權益可能減值。如有任何客觀證據證明，投資(包括商譽)的全部賬面值應按照《國際會計準則》第36號的規定，作為一項單項資產通過將其可收回金額(使用價值和公允價值減去銷售費用後的餘額兩者中的較高者)與其賬面值進行比較來進行減值測試。已確認未分配至任何資產的任何減值損失(包括商譽)構成投資賬面值的一部分。該項減值損失的任何轉回金額應按照《國際會計準則》第36號的規定，以投資的可收回金額其後增加為限進行確認。

當本集團不再對聯營公司行使重大影響力時，聯營公司將作為出售於被投資方的全部權益入賬，所產生的收益或虧損於損益中確認。

當集團實體與本集團聯營公司進行交易時，與聯營公司交易產生的損益於本集團綜合財務報表中確認，惟以聯營公司於本集團無關的權益為限。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. 重大會計政策 (續)

來自與客戶合約的收入

本集團於履約責任獲履行(即某項履約責任下相關服務的「控制權」轉讓予客戶時)確認收入。

履約責任指個別之服務(或一籃子服務)或一系列大致相同之個別服務。

倘符合以下其中一項標準,則控制權隨時間轉移,而收益則參照完全履行相關履約責任之進展情況而隨時間確認:

- 客戶隨著本集團履約的同時獲得及消費本集團履約所提供的利益;
- 本集團履約會創造或加強客戶隨著本集團履約而控制的資產;或
- 本集團履約不會創造可由本集團另作他用的資產,且本集團對迄今完成的履約付款擁有可強制執行的權利。

否則,收入於客戶取得服務控制權的時點確認。

合同責任表示本集團有義務將服務轉讓予本集團已收到客戶對價(或應付的對價金額)的客戶。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

A contract liability represents the Group’s obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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3. 重大會計政策 (續)

來自與客戶合約的收入 (續)

可變對價

對於包含可變對價的合約而言，本集團使用(a)預期價值法或(b)最可能的金額估計其有權收取的對價金額，具體取決於何種方法能更有效預測本集團將有權收取的對價金額。

僅於與可變對價相關之不確定因素於隨後獲解決，致使有關金額計入於未來應不會導致重大收益撥回時，可變對價的估計金額方會計入交易價格。

於各報告期末，本集團更新估計交易價格(包括更新其對可變對價估計是否受限的評估)，以真實反映報告期末的情況及報告期內的情況變動。

委託人與代理人

當涉及另一方向客戶提供服務時，本集團釐定其承諾的性質是否為其自身提供指定委託人與代理人服務的履約責任(即本集團為委託人)或安排由另一方提供該等服務(即本集團為代理人)。

倘本集團在向客戶轉讓服務之前控制指定貨物或服務，則本集團為委託人。

倘本集團的履行責任為安排另一方提供指定的服務，則本集團為代理人。在此情況下，在將服務轉讓予客戶之前，本集團不控制另一方所提供的指定服務。當本集團為代理人時，其就為換取安排另一方提供指定服務預期有權取得的任何收費或佣金的金額確認收入。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the Group is a principal) or to arrange for those services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified service by another party. In this case, the Group does not control the specified service provided by another party before that service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

3. 重大會計政策 (續)

來自與客戶合約的收入 (續)

收入確認

一手房代理服務及一二手聯動業務(計入房地產經紀網絡服務)收入於已提供服務且(a)物業買家已訂立買賣協議並支付規定首付款或(b)已根據不同代理合約所訂條款及條件向相關政府部門登記買賣協議時確認,因為僅當彼時,本集團方有權就所提供服務向物業開發商收取費用。

就一手房代理業務而言,本集團的應收佣金費率因預先協定的銷售目標而發生變化。在本集團的銷售達致協定銷售目標之前,本集團將按較低佣金費率確認收入。完成銷售目標時,本集團將就之前期間完成的履約責任按較高佣金費率確認增量收入(為可變對價)。

就一二手聯動業務而言,本集團的應收佣金費率乃基於預定佣金費率。

房地產諮詢服務收入於已提供服務且客戶(即物業開發商)已簽收及背書諮詢報告時確認,因為僅當彼時,本集團方有權就所提供服務收取費用。

房地產數據服務收入於期間內(即認購期)確認,乃由於客戶(即物業開發商)同時獲得及消費當實體運作時因其績效所產生的利益。

房地產經紀網絡服務的其他服務收入於房地產物業的合法業權予以轉讓時確認,因為僅當彼時,本集團方有權就所提供服務向中小型二手房經紀門店收取費用。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Revenue recognition

Revenue from real estate agency services in the primary market and distribution business in the primary market (included in the real estate brokerage network services) is recognised at a point in time when the service is rendered and (a) the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts, since only by that time the Group has a present right to payment from the property developers for the services performed.

For the real estate agency services in the primary market, the Group's commission rate receivable is variable based on a pre-agreed sales target. Prior to the time that the Group's sales has been met the agreed sales target, the Group will recognise revenue based on a lower commission rate. Until when the sales target is met, the Group will recognise the incremental revenue, representing the variable considerations, at the higher commission rate on the performance obligations satisfied in previous periods.

For the distribution business in the primary market, the Group's commission rate receivable is based on a pre-agreed commission rate.

Revenue from real estate consultancy services is recognised at a point in time when the service is rendered and the customer (i.e. the property developers) has received and endorsed the consultancy report, since only by that time the Group has a present right to payment for the services performed.

Revenue from real estate data services is recognised over time (i.e. the subscription period) because the customer (i.e. the property developers) simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other services in the real estate brokerage network services is recognised at a point in time when the legal title of real estate property is transferred, since only by that time the Group has a present right to payment from the small to medium-sized secondary real estate brokerage stores for the services performed.

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3. 重大會計政策 (續)

租賃

租賃的定義 (根據附註2的過渡應用IFRS第16號後)

倘合約為換取對價而給予在一段時間內控制可識別資產使用權的權利，則該合約是租賃或包含租賃。

就於首次應用日期或之後訂立或修訂的合約，本集團根據IFRS第16號的定義於初始或修改日期評估合約是否為租賃或是否包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。

本集團作為承租人 (根據附註2的過渡應用IFRS第16號後)

分配對價至合約的組成部分

就含有租賃部分以及一項或以上額外租賃或非租賃部分的合約而言，本集團根據租賃部分的相對獨立價格及非租賃部分的總獨立價格，將合約對價分配至各租賃部分。

本集團亦應用實際權宜的方法，不會從租賃部分中區分非租賃部分，並改為將租賃部分及任何相關非租賃部分入賬列為獨立租賃部分。

短期租賃及低價值資產租賃

對於租期自開始日期起計為12個月或以內且並無包含購買選擇權的辦公場所租賃，本集團應用短期租賃確認豁免。本集團亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款按直線基準於租期內確認為開支。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. 重大會計政策 (續)

租賃 (續)

本集團作為承租人 (根據附註2的過渡應用IFRS第16號後) (續)

使用權資產

使用權資產的成本包括：

- 租賃負債的初步計量金額；
- 開始日期或之前作出的任何租賃付款；及
- 本集團產生的任何初始直接成本。

使用權資產按成本減去任何累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整。

使用權資產按直線基準於其估計使用年期及租期 (以較短者為準) 內计提折舊。

本集團將不符合投資物業定義的使用權資產於綜合財務狀況表單獨一欄呈列。

可退租金定金

已付可退租金定金根據IFRS第9號「金融工具」(「IFRS第9號」) 入賬，且初步按公允價值計量。於初始確認的公允價值調整被視作額外租賃付款並計入使用權資產成本。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 "Financial Instruments" ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

綜合財務報表附註

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3. 重大會計政策 (續)

租賃 (續)

本集團作為承租人(根據附註2的過渡應用IFRS第16號後)(續)

租賃負債

於租賃開始日期,本集團按該日期未付的租賃付款現值確認及計量租賃負債。於計算租賃付款現值時,倘租賃隱含的利率難以釐定,則本集團使用租賃開始日期的增量借款利率計算。

租賃負債計量中包含的租賃付款代表租賃的固定付款。

於開始日期後,租賃負債透過利息增加及租賃付款進行調整。

本集團在下列情況下重新計量租賃負債(並對相關使用權資產作出相應調整):

- 租賃期有所變動或行使購買選擇權的評估發生變化,在該情況下,相關租賃負債於重新評估日期使用經修訂貼現率貼現經修訂租賃付款而重新計量;或
- 租賃付款因市場租金檢討後市場租金變動而變動,在該情況下,相關租賃負債使用初始貼現率貼現經修訂租賃付款而重新計量。

本集團於綜合財務狀況表內將租賃負債呈列為單獨項目。

租賃修改

倘出現下列情況,本集團將租賃修改作為單獨租賃入賬:

- 該項修改透過增加使用一項或多項相關資產的權利擴大租賃範圍;及
- 調增租賃的對價,增加金額相當於範圍擴大對應的單獨價格,加上按照特定合約的實際情況對該單獨價格的任何適當調整。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments included in the measurement of the lease liability represent the fixed payments of the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; or
- the lease payments change due to changes in market rental rates following a market rent review in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. 重大會計政策 (續)

租賃 (續)

本集團作為承租人 (根據附註2的過渡應用IFRS第16號後) (續)

租賃修改 (續)

就未作為單獨租賃入賬的租賃修改而言，本集團根據透過使用修改生效日期的經修訂貼現率貼現經修訂租賃付款的經修改租賃的租期重新計量租賃負債。

本集團通過對相關使用權資產進行相應調整，以對租賃負債進行重新計量。當經修改合約包含租賃部分以及一個或多個額外租賃或非租賃部分時，本集團根據租賃部分的相對獨立價格及非租賃部分的總獨立價格，將經修改合約中的對價分配至各租賃部分。

本集團作為承租人 (於2019年1月1日前)

凡租約條款將所有權之絕大部分風險及回報撥歸承租人，租約均分類為融資租賃。所有其他租約均分類為經營租賃。

經營租賃付款於租期內以直線法確認為開支。

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣 (外幣) 進行之交易均按交易日期之適用匯率記賬。於報告期末，以外幣計值之貨幣項目均按該日之適用匯率重新換算。按公允價值入賬且以外幣計值的非貨幣項目按釐定公允價值日期的適用匯率重新換算。以外幣計值及按歷史成本列賬的非貨幣項目不會進行重新換算。

於結算及重新換算貨幣項目時產生之匯兌差額均於彼等產生期間於損益中確認。

借款成本

並非收購、建造或生產合格資產直接應佔的所有其他借貸成本在其產生的期間內均於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (Continued)

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. 重大會計政策 (續)

政府補助

倘有合理把握本集團將符合所有附帶條件及可獲得政府補助，方會確認政府補助。

為彌補已產生開支或虧損或向本集團提供實時財務資助（並無日後相關成本）而可收取之政府補助，乃於其成為可收取之期間於損益中確認。

短期及其他長期僱員福利

短期僱員福利按預期就僱員提供服務所支付的未折現福利金額確認。所有短期僱員福利獲確認為開支。

於扣除任何已支付金額後，負債獲確認為僱員應計福利（如工資及薪金）。

退休福利成本

向國家管理退休福利計劃支付的款項視作向界定供款計劃支付的款項處理，本集團在有關計劃下的責任相等於界定供款退休福利計劃所產生者。

以股權結算的股份付款交易

授予僱員的購股權

向僱員支付以股權結算的股份付款按股權工具於授出日期的公允價值計量。

於授出日期釐定的以股權結算的股份付款公允價值（不考慮所有非市場歸屬條件），乃根據本集團對最終歸屬股權工具的估計，於歸屬期內按直線法列支，並在權益（其他儲備）內計入相應增額。於各報告期末，本集團會根據所有相關非市場歸屬條件的評估修訂預期歸屬股權工具的估計數目。修訂原有估計的影響（如有）將於損益內確認，使累計開支反映經修訂的估計，並相應調整其他儲備。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Retirement benefit costs

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Equity-settled share-based payment transactions

Shares options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

3. 重大會計政策 (續)

以股權結算的股份付款交易 (續)

授予僱員的購股權 (續)

對於授予本集團僱員的樂居控股有限公司(「樂居」·易居中國控股有限公司(「易居中國控股」)的聯營公司·本公司股東控制的實體·其對本公司實施重大影響力)購股權·本集團參照於授出日期所授購股權的公允價值確認所提供服務及視作注資。倘購股權獲行使或被沒收或受限制股份歸屬時·之前於其他儲備中確認的金額將繼續於其他儲備中持有。

對於授予本集團僱員的本公司購股權·本集團參照於授出日期所授購股權的公允價值確認所提供的服務。當行使購股權時·先前在其他儲備中確認的金額將轉至股份溢價。當購股權在歸屬日後被沒收或在到期日仍未行使時·先前在購股權儲備中確認的金額將繼續保留在其他儲備中。

稅項

所得稅開支指即期應付稅項及遞延稅項總和。

即期應付稅項乃按年內應課稅利潤計算。應課稅利潤因其他年度的應課稅或可扣稅收支及毋須課稅或不可扣稅項目而有別於綜合損益及其他全面收益表所報「稅前利潤」。本集團即期稅項之負債使用於各報告期末前已頒佈或實質上已頒佈之稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions (Continued)

Shares options granted to employees (Continued)

For share options of Leju Holdings Limited. (“Leju”), an associate of E-House (China) Holdings Limited (易居中國控股有限公司) (“E-House (China) Holdings”) (an entity controlled by a shareholder of the Company whom exercise significant influence over the Company), granted to employees of the Group, the Group recognises services rendered and deemed capital contribution by reference to the fair value of share options granted at the grant date. When share options are exercised, certified or when the restricted shares are vested, the amount previously recognised in other reserves will continue to be held in other reserves.

For share options of the Company granted to employees of the Group, the Group recognises services rendered by reference to the fair value of share options granted at the grant date. When share options are exercised, the amount previously recognised in other reserves will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in other reserves.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

綜合財務報表附註

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3. 重大會計政策 (續)

稅項 (續)

遞延稅項乃按資產及負債在綜合財務報表的賬面值與計算應課稅溢利所用相應稅基之間的暫時性差額予以確認。遞延稅項負債一般乃就所有應課稅暫時性差額確認。遞延稅項資產一般就所有可扣稅暫時性差額確認，而其乃以應課稅溢利將可能用以抵銷該等可扣稅暫時性差額為限。倘初始確認一項交易的資產及負債（業務合併除外）所產生的暫時性差額不影響應課稅溢利或會計溢利，則不會確認該等遞延稅項資產及負債。此外，倘暫時性差額產生自商譽之初始確認，則不予確認遞延稅項負債。

遞延稅項負債乃就與於附屬公司的投資及聯營公司的權益有關的應課稅暫時性差額予以確認，惟倘本集團可控制暫時性差額的撥回，以及該暫時性差額在可見將來可能將不會撥回，則不予確認。與該等投資及權益有關的可扣減暫時性差額產生的遞延稅項資產，僅於可能將有充足的應課稅溢利以使用暫時性差額的利益，以及預期於可見將來可撥回時，方予確認。

遞延稅項資產的賬面值乃於各報告期末審閱，並以不再可能將存在足夠應課稅溢利以容許收回所有或部分資產為限作出扣減。

遞延稅項資產及負債乃按於各報告期末前已頒佈或實際已頒佈的稅率（及稅法），按於結清負債或變現資產期間預期適用的稅率予以計量。

遞延稅項負債及資產的計量反映本集團於各報告期末預期遵循以收回或結清其資產及負債賬面值的方式的稅務後果。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. 重大會計政策 (續)

稅項 (續)

就計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項而言，本集團會首先釐定使用權資產或租賃負債是否享有稅務減免。

就租賃負債享有稅務減免的租賃交易而言，本集團會對使用權資產及租賃負債單獨應用《國際會計準則》第12號「所得稅」的規定。由於應用首次確認豁免，有關使用權資產及租賃負債的暫時性差額不會於初始確認時確認，亦不會隨租期而確認。由於重新計量租賃負債及租賃修訂而對使用權資產及租賃負債的賬面值進行後續修訂而產生的暫時性差額（不獲初始確認豁免）於重新計量或修訂之日予以確認。

遞延稅項資產及負債在即期稅項資產抵銷即期稅項負債具法定強制執行權利及其與同一稅務機關向同一應課稅實體徵收之所得稅有關，方予以抵銷。

即期及遞延稅項均於損益內確認。

物業及設備

物業及設備乃為用於生產或提供商品或服務或作行政用途而持有的有形資產。物業及設備按成本減去其後累計折舊及其後累計減值損失（如有）於綜合財務狀況表列賬。

於租賃土地及樓宇的所有權權益

當本集團就物業的所有權權益（包括租賃土地及樓宇成分）付款時，全部對價於租賃土地及樓宇成分之間按初始確認時的相對公允價值的比例分配。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

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3. 重大會計政策 (續)

物業及設備 (續)

於租賃土地及樓宇的所有權權益 (續)

倘相關付款可作可靠分配，入賬列為經營租賃的租賃土地權益於綜合財務狀況表中呈列為「使用權資產」(應用IFRS第16號後)或「預付租賃款項」(應用IFRS第16號前)。當對價無法在相關租賃土地的非租賃樓宇成分及未分割權益之間可靠分配時，整項物業分類為物業及設備。

折舊乃以直線法在資產估計使用年限內撇銷其成本減去剩餘價值後確認。估計使用年限、剩餘價值和折舊方法會在每個報告期末予以檢討，而估計之任何變動的影響則預先入賬。

當出售時或當繼續使用資產預期不會產生任何未來經濟利益時，物業及設備項目終止確認。出售或報廢物業及設備項目產生的任何收益或虧損，應按出售所得款項與該資產賬面值之間的差額予以確定，並於損益確認。

投資物業

投資物業為持有賺取租金及／或資本增值之物業。

自2019年1月1日起，投資物業亦計入於應用IFRS第16號後確認為使用權資產的租賃物業，並由本集團根據經營租約轉租。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (Continued)

Ownership interests in leasehold land and building (Continued)

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Effective from 1 January 2019, investment properties also include leased properties which are being recognised as right-of-use assets upon application of IFRS 16 and subleased by the Group under operating leases.

3. 重大會計政策 (續)

投資物業 (續)

投資物業初步按成本 (包括任何直接應佔開支) 計量。於初步確認後，投資物業按成本減其後累計折舊及減值損失 (如有) 計量。投資物業會以直線法在其估計使用年限內，經考慮其估計剩餘價值後，撇銷其成本確認折舊。估計使用年限、剩餘價值及折舊法乃於各報告期末予以檢討，任何估計變動之影響則預先入賬。

投資物業於出售時或於投資物業永久不再使用且預期出售不會產生未來經濟利益時終止確認。終止確認物業產生之任何收益或虧損 (按出售所得款項淨額與資產賬面值之間差額計算) 會計入終止確認物業期間之損益。

無形資產

單獨收購的無形資產

單獨收購、具有有限使用年期的無形資產按成本減累計攤銷及任何累計減值損失列賬。具有有限使用年期的無形資產攤銷於其估計使用年期按直線基準確認。估計使用年期及攤銷方法會於各報告期末予以檢討，任何估計變動的影響則預先入賬。

無形資產於出售時或預計使用或出售該資產並無未來經濟利益時取消確認。取消確認無形資產所產生之收益及虧損，按該資產之出售所得款項淨額與其賬面值之差額計量，在資產取消確認時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and impairment losses, if any. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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3. 重大會計政策 (續)

研發費用

研究活動的費用均在其產生期間確認為開支。

物業及設備、使用權資產及無形資產(不包括商譽)的減值

本集團會於報告期末檢討其具有限使用年期的物業及設備、使用權資產及無形資產之賬面值，以確定是否存在該等資產發生減值損失的任何跡象。倘存在任何有關跡象，則估計相關資產的可收回金額，以確定減值損失(如有)程度。

物業及設備、使用權資產及無形資產的可收回數額單獨估計，當無法估計個別可收回金額，本集團會估計資產所屬現金產出單元之可收回金額。

此外，本集團對是否有跡象顯示公司資產可能出現減值進行評估。倘存在有關跡象，於可識別合理一致的分配基準時，公司資產亦會分配至個別現金產出單元，否則有關資產會分配至可識別合理一致分配基準的現金產出單元最小組別。

可收回數額以公允價值減出售成本和使用價值兩者中之較高數額為準。在評估使用價值時，會使用稅前折現率將估計未來現金流量折現至現值。該折現率反映市場當時所評估貨幣之時間價值和該資產(或現金產出單元)估計未來現金流量尚未作出調整之獨有風險。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. 重大會計政策 (續)

物業及設備、使用權資產及無形資產 (不包括商譽) 的減值 (續)

倘資產 (或現金產出單元) 之可收回金額估計少於其賬面金額，則資產 (或現金產出單元) 之賬面值下調至其可收回金額。對於無法按合理一致的基準分配至現金產出單元的公司資產或部分公司資產，本集團會比較一個組別的現金產出單元賬面值 (包括已分配至該組現金產出單元的公司資產或部分公司資產的賬面值) 與該組現金產生單位的可收回金額。於分配減值損失時，減值損失將先分配至任何商譽賬面值 (若適用) 以將其下調，其後按照單位內或一組現金產出單元各資產之賬面值比例分配至單位內之其他資產。資產賬面值不會下調至低於公允價值減去出售成本 (若可計量) 之所得數額、其使用價值 (若可釐定) 及零之較高者。本應分配至該資產的減值損失金額按比例分配至單位內或一組現金產出單元之其他資產。減值損失即時於損益確認。

倘減值損失其後轉回，則資產 (或現金產出單元或一組現金產出單元) 之賬面值上調至經修訂之估計可收回金額，惟經增加的賬面值不得超出資產 (或現金產出單元或一組現金產出單元) 在以往年度沒有確認減值損失而應已釐定之賬面值。所轉回之減值損失即時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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3. 重大會計政策 (續)

金融工具

當一家集團實體成為工具合約條文之訂約方，會確認金融資產及金融負債。所有常規的金融資產買賣按交易日確認及終止確認。常規買賣指要求在市場法規或慣例訂定的時間範圍內交付資產的金融資產買賣。

金融資產及金融負債最初按公允價值計量，惟根據IFRS第15號初步計量的客戶合約產生的應收款項除外。因收購或發行金融資產及金融負債（以公允價值計量並計入損益的金融資產或金融負債除外）而直接產生之交易成本，於最初確認時於金融資產或金融負債（按適用情況而定）之公允價值中加入或扣除。收購以公允價值計量並計入損益的金融資產或金融負債應佔直接交易成本立即於損益中確認。

實際利率法為一種計算金融資產或金融負債攤銷成本及於相關期間內分配利息收入及利息開支的方法。實際利率法乃指於初始確認時將金融資產或金融負債在預期年期（或較短的年期，倘適用）內的估計未來現金收入及付款（包括組成實際利率、交易成本及其他溢價或折讓的所有已付或已收費用及點數）準確地折現成該債務工具的賬面淨值所適用的利率。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for account receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. 重大會計政策 (續)

金融工具 (續)

金融資產

金融資產的分類及其後計量

符合下列條件的金融資產其後按攤銷成本計量：

- 金融資產乃於目的為收取合約現金流的業務模式持有；及
- 合約條款於指定日期產生純粹為支付未償還本金及利息的現金流。

符合以下條件的金融資產其後透過其他全面收益按公允價值 (「透過其他全面收益按公允價值」) 計量：

- 目的為出售及收取合約現金流量而於業務模式內持有金融資產；及
- 合約條款導致於特定日期產生的現金流量純粹用作支付本金及未償還本金額利息。

所有其他金融資產其後默認以公允價值計量並計入損益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及其後計量 (續)

金融資產於下列情況為持作交易：

- 收購的主要目的為於短期作出售用途；或
- 於初始確認時構成本集團合併管理的已識別金融工具組合的一部分，並具有近期實際短期獲利模式；或
- 並非作為指定及有效對沖工具的衍生工具。

此外，本集團可不可撤回地將一項須按攤銷成本或透過其他全面收益按公允價值計量的金融資產指定為以公允價值計量並計入損益，前提為有關指定可消除或大幅減少會計錯配。

攤銷成本及利息收入

其後按攤銷成本計量的金融資產的利息收入乃使用實際利率法確認。利息收入乃對金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。對於其後出現信貸減值的金融資產，利息收入於下個報告期間通過對金融資產攤銷成本應用實際利率確認。若信貸減值金融工具的信貸風險好轉，使金融資產不再發生信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對金融資產賬面總值應用實際利率確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

以公允價值計量並計入損益之金融資產

不符合以攤銷成本或透過其他全面收益按公允價值計量條件或指定為透過其他全面收益按公允價值計量的金融資產以公允價值計量並計入損益。

以公允價值計量並計入損益的金融資產按各報告期末的公允價值計量，任何公允價值收益或虧損於損益中確認。於損益中確認的收益或虧損淨額包括金融資產所賺取的任何股息或利息並計入「其他收益及虧損」條目。

根據IFRS第9號的金融資產及須進行減值評估的其他項目減值

本集團根據預期信貸損失模式對金融資產(包括應收賬款、應收票據、應收關聯方款項、按攤銷成本計量的應收債券、其他應收款項、其他非流動資產、受限制銀行結餘、已抵押銀行存款及銀行結餘及財務擔保合同)進行減值評估。預期信貸損失金額於各報告日期更新，以反映信貸風險自初步確認以來之變動。

全期預期信貸損失指相關工具預計使用年期內所有潛在違約事件將會引起的預期信貸損失。相反，十二個月預期信貸損失(「十二個月預期信貸損失」)指報告日期起計十二個月內可能出現的違約事件預期將會引起的一部分全期預期信貸損失。評估乃根據本集團過往信貸損失經驗作出，並就債務人特定因素、一般經濟環境及於報告日期對現況作出的評估以及未來狀況預測而作出調整。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including accounts receivables, bills receivables, amounts due from related parties, bond receivables measured at amortised cost, other receivables, other non-current assets, restricted bank balances, pledged bank deposits and bank balances and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

根據IFRS第9號的金融資產及須進行減值評估的其他項目減值 (續)

本集團始終確認應收賬款、應收關聯方貿易性質的款項 – 應收賬款及應收票據的全期預期信貸損失。該等資產的預期信貸損失對信用評級良好的客戶 (戰略類客戶) 或信用風險高企的客戶 (一般風險類客戶 – 信貸減值或高風險類客戶) 按個別基準作出評估及餘下者 (一般風險類客戶 – 非信貸減值) 一併使用撥備矩陣作出評估，根據債務人的歷史結算模式、過往違約經驗、所取得作為抵押品的房地產公允價值、債務人經營的行業的一般經濟狀況以及在報告日期對當前狀況和預測趨勢的評估作出估計。

至於所有其他工具，本集團計量相等於十二個月預期信貸損失的損失準備，除非自初步確認以來信貸風險大幅上升，則本集團會確認使用全期預期信貸損失。評估是否應確認使用全期預期信貸損失乃根據自初步確認以來出現違約事件的可能性或是否風險大幅上升。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

The Group always recognises lifetime ECL for accounts receivables, amounts due from related parties of trade nature – accounts receivables and bills receivables. The ECL on these assets are assessed on an individual basis for customers with good credit rating (strategic type customers) or with high credit risk (normal risk type customers – credit-impaired or high risk type customers), and the remaining (normal risk type customers – not credit impaired) is collectively using provision matrix, estimated based on historical settlement pattern, past default experience of the debtor, fair value of real estate properties obtained as collateral, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

信貸風險顯著上升

評估信貸風險自初始確認以來是否顯著上升時，本集團會比較金融工具於報告日期發生違約的風險與金融工具於初始確認日期發生違約的風險。作出評估時，本集團會考慮合理及具支持性的定量及定性資料，包括過往經驗及毋須付出不必要的成本及精力獲取的前瞻性資料。

具體而言，評估信貸風險自初始確認以來是否顯著上升時會考慮以下資料：

- 金融工具外部 (如有) 或內部信貸測評的實際或預期顯著惡化；
- 信貸風險的外部市場指標顯著惡化，例如債務人的信貸息差、信用違約掉期價格顯著上升；
- 商業、金融或經濟情況目前或預期有不利變動，預計將導致債務人償還債項的能力顯著下降；
- 債務人經營業績實際或預期顯著惡化；
- 債務人的監管、經濟或技術環境有實際或預計的重大不利變動，導致債務人償還債項的能力顯著下降。

無論上述評估的結果如何，本集團假設倘合約付款逾期超過30天，則信貸風險自初次確認以來顯著增加，除非本集團有能說明信貸風險並無顯著增加的合理可靠資料，則作別論。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

信貸風險顯著上升 (續)

儘管有上述規定，若於報告日期債務工具被判定為具有較低信貸風險，本集團會假設債務工具的信貸風險自初始確認以來並未顯著上升。在以下情況下，債務工具會被判定為具有較低信貸風險：(i)債務工具具有較低違約風險；(ii)借款人有很強的能力履行近期的合約現金流量義務；及(iii)經濟及商業環境的長期不利變動有可能但未必會降低借款人履行合約現金流量義務的能力。

就財務擔保合同而言，由於本集團成為不可撤回承擔一方的日期被視為減值評估進行初始確認之日期，故於估計信貸風險自財務擔保合同初始確認起是否有顯著上升時，本集團會考慮指定債務人違背合同的風險的變動。

本集團定期監察識別信貸風險是否顯著上升所用標準的有效性，並酌情修訂以確保該標準能夠在款項逾期前識別信貸風險的顯著上升。

違約的定義

本集團認為以下情況就內部信貸風險管理目的而言構成違約事件，因為過往經驗表明符合以下任何一項條件的應收款項一般無法收回：

- 交易對手違反財務契諾；或
- 內部產生或獲取自外部來源的資料表明，債務人不太可能向債權人（包括本集團）全額還款（不考慮本集團持有的任何抵押品）。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

違約的定義 (續)

無論上述情形如何，本集團認為，倘金融資產逾期超過90日，則發生違約事件，除非本集團有合理有據資料能說明更寬鬆的違約標準更為合適，則作別論。

信貸減值金融資產

當發生對金融資產的估計未來現金流量產生不利影響的一起或多起事件之時，該金融資產即出現信貸減值。金融資產信貸減值的證據包括以下事件的可觀察數據：

- 發行人或借款人陷入嚴重財困；
- 違反合約，例如違約或逾期事件；
- 借款人的貸款人出於與借款人財困相關的經濟或合約原因，而向借款人授予貸款人原本不會考慮的優惠；
- 借款人可能破產或進行其他財務重組；或
- 以大幅折扣購買或源生一項金融資產，由此反映了招致信貸損失的情況。

撤銷政策

當有資料顯示交易對手陷入嚴重財困，且並無實際收回的可能之時（例如交易對手已清算或進入破產程序），本集團會撤銷金融資產。在適當情況下考慮法律意見，已撤銷的金融資產仍可根據本集團的收回程序實施強制執行。撤銷構成註銷事件。任何其後收回款項會於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Definition of default (Continued)

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a deregistration event. Any subsequent recoveries are recognised in profit or loss.

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

預期信貸損失的計量及確認

預期信貸損失的計量為違約概率、違約損失率(即違約時的損失程度)及違約風險敞口的函數。評估違約概率及違約損失率的依據是過往數據，並按前瞻性資料調整。預期信貸損失的估計反映公正及概率加權金額，該金額是根據權重的相應風險確定。

一般而言，預期信貸損失按根據合約應付本集團的所有合約現金流量與本集團預計收取的現金流量(按初始確認時釐定的實際利率折現)之間的差額估算。

就財務擔保合同而言，由於根據擔保工具條款，本集團僅須於債務人違約時作出付款。因此，預計損失為償還持有人所產生信貸損失的預計款項減本集團預計自持有人、債務人或任何其他方收取的現值。

若按綜合基準計量的預期信貸損失，以處理個別工具層面的信貸風險顯著上升證據尚未可得的情況，金融工具乃按以下基準分組：

- 金融工具的性質(即本集團的應收賬款、應收票據、應收關聯方貿易性質的款項－應收賬款、按攤銷成本計量的應收債券、其他應收款項、其他非流動資產、受限制銀行結餘、已抵押銀行存款以及銀行結餘分別作為單獨組別評估)；
- 逾期狀況；
- 債務人的性質、規模及行業；
- 應收賬款抵押品的性質；及
- 可用的外部信貸測評。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's accounts receivables, bills receivables, amounts due from related parties of trade nature-accounts receivables, bond receivables measured at amortised cost, other receivables, other non-current assets, restricted bank balances, pledged bank deposit and bank balances are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for accounts receivables; and
- External credit ratings where available.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

預期信貸損失的計量及確認 (續)

本公司管理層定期檢討分組方法，確保各組別的組成項目仍然具有相似的信貸風險特徵。

利息收入按金融資產的賬面總值計算，除非金融資產發生信貸減值，在該情況下，利息收入按金融資產的攤銷成本計算。

就財務擔保合約而言，虧損撥備按根據IFRS第9號釐定之虧損撥備或初步確認之金額減(如適用)於擔保期間確認之累計收入款項(以較高者為準)確認。

除財務擔保合同外，本集團於損益內確認所有金融工具的收益或虧損減值，及透過損失準備賬對其賬面值進行相應調整。

終止確認金融資產

本集團僅於從資產收取現金流量的合約權利屆滿時，或向另一實體轉讓金融資產及該資產所有權之絕大部分風險及回報時終止確認金融資產。

於終止確認以攤銷成本計量的金融資產時，資產賬面值與已收及應收對價間之差額於損益確認。

金融負債及股權

分類為債務或股權

債務及股權工具根據所訂立合約安排之內容以及金融負債及股權工具之定義分類為金融負債或股權。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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3. 重大會計政策 (續)

金融工具 (續)

金融負債及股權 (續)

股權工具

股權工具為證明實體於扣除其所有負債後之剩餘資產權益之任何合約。本公司發行之股權工具按所收取之所得款項扣減直接發行成本確認。

本公司購回本身股權工具於權益確認及直接扣減。本公司購回、出售、發行或註銷本身股權工具不會於損益中確認為收益或虧損。

金融負債

所有金融負債其後採用實際利率法以攤銷成本計量或以公允價值計量並計入損益。

以公允價值計量並計入損益的金融負債

倘金融負債被指定為以公允價值計量並計入損益，則金融負債分類為以公允價值計量並計入損益。

就指定為以公允價值計量並計入損益的金融負債而言，除非於其他全面收益內確認該負債的信貸風險變動影響會導致或擴大損益內的會計錯配，否則因該負債的信貸風險變動而造成的金融負債公允價值變動金額於其他全面收益內確認。於其他全面收益內確認的金融負債信貸風險引起的公允價值變動隨後不會重新分類至損益，而會於終止確認金融負債後轉入留存盈利。

按攤銷成本計量的金融負債

金融負債包括應付賬款、其他應付款項、應付關聯方款項和銀行及其他借款，隨後採用實際利率法按攤銷成本計量。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including accounts payables, other payables, amounts due to related parties and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

3. 重大會計政策 (續)

金融工具 (續)

金融負債及股權 (續)

終止確認金融負債

本集團於且僅於本集團義務已解除、撤銷或到期時終止確認金融負債。終止確認的金融負債賬面值與已付及應付對價之間的差額於損益中確認。

財務擔保合同

財務擔保合同為要求發行人作出指定付款以補償持有人因特定債務人無法按照債務工具之條款支付到期款項而由此產生之損失之合同。財務擔保合同負債初步按其公允價值計量，其後按以下較高者計量：

- 根據IFRS第9號釐定之損失準備金額；及
- 初步確認金額減(如適用)隨擔保期確認之累計攤銷。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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4. 重大會計判斷及估計不確定因素之主要來源

於應用附註3所述之本集團會計政策時，本集團管理層須就未能於其他來源取得的資產之賬面值作出判斷、估計及假設。估計及相關假設乃根據過往經驗及其他被認為屬相關之因素作出。實際結果可能與該等估計有異。

本集團會持續審閱該等估計及相關假設。倘會計估計之修訂僅影響修訂估計之期間，則有關估計修訂將於作出修訂之期間確認，或倘修訂對本期及未來期間均會構成影響，則會於作出修訂之期間及未來期間確認。

應用會計政策時的重大判斷

以下為本集團管理層在應用本集團的會計政策過程中作出的重大判斷(不包括涉及估計的重大判斷(見下文))，該等判斷對於綜合財務報表中確認的金額有極重大影響。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. 重大會計判斷及估計不確定因素之主要來源 (續)

確定履約責任及其完成時間的判斷

附註3載述本集團各收入來源的收入確認基準。確認本集團各收入來源需要本集團管理層在確定履約責任完成時間時作出判斷。

在作出判斷時，本公司董事審議IFRS第15號所載有關確認收入的詳細標準，具體而言，參考與其客戶及交易對手訂立的合同訂明的交易條款細則，審議本集團是在某一時段或在某一時點履行全部履約責任。

就一手房代理服務而言，雖然該等服務包括若干促銷及市場推廣活動(包括制定及執行市場推廣及銷售策略)，以促進物業開發商一手物業單元的銷售交易，相關服務費包含於預先所釐定各已售物業單元交易價的佣金率或應償還本集團的有關服務成本(按實報實銷基準)中。因此，本集團管理層估計促銷及市場推廣服務並不獨特，故將履行的所有服務入賬列作一種履約責任。

就一手房代理業務及一二手聯動業務(計入房地產經紀網絡服務)而言，本集團管理層已作出評估，如(a)物業買家已簽訂買賣協議且作出必要首付；或(b)買賣協議已根據不同代理合約的條款及條件於相關政府部門註冊，則本集團有權就履行的服務向物業開發商收取費用。因此，本集團管理層信納，一手房代理服務及一二手聯動業務收入相關的履約責任為在某一時點履行。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Judgements in determining the performance obligations and timing of satisfaction of performance obligations

Note 3 describes the revenue recognition basis to each of the Group's revenue stream. The recognition of each of the Group's revenue stream requires judgement by the management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company consider the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For the real estate agency services in the primary market, although such services includes certain promotional and marketing activities (including formulating and executing marketing and sales strategies) to facilitate the sales transaction of first-hand property units for the property developers, the respective service fee was either included in the pre-determined commission rate of the transaction price of each property unit sold or the respective cost of services was repayable to the Group on reimbursement basis. Therefore, the management of the Group assessed that the promotional and marketing services were not distinct and account for all the services performed as a single performance obligation.

For real estate agency services in the primary market and distribution business in the primary market (included in the real estate brokerage network services), the management of the Group has assessed that the Group has a present right to payment from property developers for the service performed and (a) when the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions of different agency contracts. Therefore, the management of the Group has satisfied that the performance obligation in respect of the revenue from the real estate agency services in the primary market and distribution business in the primary market is satisfied at a point in time.

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4. 重大會計判斷及估計不確定因素之主要來源 (續)

確定履約責任及其完成時間的判斷 (續)

就房地產諮詢服務而言，本集團管理層已作出評估，於客戶簽收及背書諮詢報告時，本集團有權就已履行的服務向物業開發商收取費用。因此，本集團管理層信納僅有單一履約責任，相關房地產諮詢服務收入在某一時點完成。

就房地產數據服務而言，本集團管理層已作出評估，在本集團履約過程中，客戶（即物業開發商）同時收到並消費本集團履約提供的利益。本集團須在訂購期間為客戶提供必要服務。因此，本集團管理層信納收費制訂購收入的相關履約責任為在某一時段履行，並在訂購期間按直線法確認相關收入。

就房地產經紀網絡服務內之其他服務而言，本集團管理層已作出評估，於二手房物業的合法業權證已轉讓時，本集團有權就已履行的服務向中小型二手房經紀門店收取費用。因此，本公司董事信納僅有單一履約責任，相關二手房經紀服務收入在某一時點完成。

估計不確定因素的主要來源

以下為有關未來的關鍵假設以及報告期末估計不確定因素的其他主要來源，可能存在導致下一個財務年度的資產賬面值作出重大調整的重大風險。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Judgements in determining the performance obligations and timing of satisfaction of performance obligations (Continued)

For the real estate consultancy services, the management of the Group has assessed that the Group has a present right to payment from property developers for the services performed upon the time when the customer have received and endorsed the consultancy report. Therefore, the management of the Group has satisfied that there was only a single performance obligation, and the respective real estate consultancy services income is satisfied at a point in time.

For the real estate data services, the management of the Group has assessed that the customers (i.e. the property developers) simultaneously receive and consume benefit provided by the Group's performance as the Group performs. The Group is required to provide necessary services to the customers over the subscription period. Therefore, the management of the Group have satisfied that the performance obligation in respect of the fee-based subscription income is satisfied over time and have recognised such income on a straight-line basis over the subscription period.

For other services in the real estate brokerage network services, the management of the Group has assessed that the Group has a present right to payment from the small and medium-sized secondary real estate brokerage stores for the services performed upon the time when the legal title of the secondary real estate property is transferred. Therefore, the directors of the Company have satisfied that there was only a single performance obligation, and the respective of the secondary real estate brokerage services income is satisfied at a point in time.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

4. 重大會計判斷及估計不確定因素之主要來源 (續)

應收賬款、應收票據及應收關聯方款項－應收賬款預期信貸損失的損失準備。

信用評級良好的客戶(戰略類客戶)或信用風險高企的客戶(一般風險類客戶－信貸減值或高風險類客戶)的應收賬款、應收票據及應收關聯方款項－應收賬款按個別基準就預期信貸損失作出評估，及餘下者(一般風險類客戶－非信貸減值)一併使用撥備矩陣作出評估，並根據債務人的歷史結算模式、過往違約經驗、債務人經營所在行業的整體經濟環境及報告日期當前情況及預測動向為依據作出估計。

評估有關金融工具的信貸風險涉及較大程度的估計及不確定因素。若實際未來現金流少於預期或多於預期，可能會因此產生重大減值損失或減值損失重大撥回。

於2019年12月31日，本集團應收賬款、應收票據及應收關聯方款項－應收賬款的賬面值為人民幣8,144,922,000元(2018年：人民幣5,717,866,000元)，扣除預計信貸損失的損失準備人民幣867,013,000元(2018年：人民幣643,304,000元)(如綜合財務報表附註21及附註22披露)。

確認遞延稅項資產

遞延稅項資產的變現主要取決於未來是否有足夠的未來溢利或應稅暫時性差額。若產生的實際未來溢利多於或少於預期，遞延稅項資產將會因此調整並於發生該情況的期間於綜合損益及其他全面收益表內確認相應金額。

於2019年12月31日，遞延稅項資產的賬面值分別為人民幣534,603,000元(2018年：人民幣488,076,000元)。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Loss allowance for ECL on accounts receivables, bills receivables and amounts due from related parties – accounts receivables.

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

The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2019, the Group's carrying amount of accounts receivables, bills receivables and amounts due from related parties – accounts receivables amounted to RMB8,144,922,000 (2018: RMB5,717,866,000) net of loss allowance for ECL amounted to RMB867,013,000 (2018: RMB643,304,000) as disclosed in note 21 and note 22 to the consolidated financial statements.

Recognition of deferred tax assets

The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are higher or less than expected, the deferred tax assets will be adjusted accordingly and recognised the corresponding amount in the consolidated statement of profit or loss and other comprehensive income in the periods in which such a situation takes place.

As at 31 December 2019, the carrying amount of deferred tax assets was RMB534,603,000 (2018: RMB488,076,000).

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4. 重大會計判斷及估計不確定因素之主要來源 (續)

公允價值計量及估值程序

就財務報告而言本集團的若干資產乃按公允價值計量。本集團的管理層負責就公允價值計量釐定適當的估值技術及輸入數據。

於估計資產的公允價值時，本集團使用市場可觀察數據（如可獲得）。倘一級輸入數據不可獲得，本集團使用包括並非基於可觀察市場數據的輸入數據的估值方法來估計若干類型金融工具的公允價值。附註34(c)載列有關釐定各類型金融工具公允價值時所用的估值方法、輸入數據及主要假設的詳細資料。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The management of the Group is responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. When Level 1 inputs are not available, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 34(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various types of financial instruments.

5. 收入

本集團的收入來自(1)一手房代理服務，(2)房地產數據及諮詢服務，及(3)房地產經紀網絡服務。這與根據IFRS第8號就各運營及呈報分部所披露的收入資料一致：

5. 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:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
一手房代理服務，在某一時點確認	Real estate agency services in the primary market, recognised at a point in time	4,566,217	4,753,395
房地產數據及諮詢服務	Real estate data and consulting services		
– 在某一時點確認的諮詢服務	– consulting services recognised at a point in time	792,859	627,330
– 在某一時段確認的數據服務(附註)	– data services recognised over time (note)	184,806	145,997
		977,665	773,327
房地產經紀網絡服務	Real estate brokerage network services		
– 在某一時點確認一二手聯動業務	– distribution business in the primary market recognised at a point in time	3,517,130	404,559
– 在某一時間點確認的其他服務	– other services recognised at a point in time	33,670	16,891
		3,550,800	421,450
		9,094,682	5,948,172

附註：

本集團訂立訂購合同（通常為一年訂購期合同）後，就其自有CRIC系統（由本集團開發的一系列專有房地產數據庫及分析系統）收取諮詢費收入及固定金額的收費制訂購費收入。於2019年12月31日，分配至與諮詢費收入及收費制訂購費收入相關的餘下未履約或部分未履約責任的交易價格為人民幣95,842,000元（2018年：人民幣82,557,000元），並入賬為附註27所載的合約負債。

本集團管理層預期分配至上述未履約或部分未履約合同的交易價格將於未來12個月期間內悉數確認為收入。

Note:

The Group receives consulting fee income and fee-based subscription fee income in relation to its proprietary CRIC systems, which are a series of proprietary real estate database and analysis system developed by the Group, for a fixed amount upon entering into the subscription contract, normally for a one year subscription period contract. As at 31 December 2019, the transaction price allocated to the remaining performance obligations in relation to the consulting fee income and fee-based subscription fee income that were unsatisfied or partially unsatisfied amounted to RMB95,842,000 (2018: RMB82,557,000) and were accounted for as contract liabilities as set out in note 27.

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

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6. 分部資料

本集團的運營分部乃根據出於分配資源及評估分部表現(以提供服務種類為重點)的目的而向本集團的行政總裁(為主要經營決策者)(「主要經營決策者」)匯報的資料釐定。於確定本集團的呈報分部時，並未匯總主要經營決策者所識別的運營分部。

根據內部組織及報告架構，主要經營決策者認為本集團擁有三個運營及呈報分部。此乃本集團組織的基準。

本集團的運營及呈報分部如下：

(i) 一手房代理服務

本集團提供一手房地產代理服務，主要包括為房地產開發商開發的房地產項目制訂及執行營銷及銷售策略、向潛在購買者推銷該等項目以及促成銷售交易。

(ii) 房地產數據及諮詢服務

本集團主要提供以下服務：

- 利用強大的CRIC系統為客戶提供各種數據服務；
- 提供房地產測評及排名服務；及
- 為開發商客戶度身提供在設計、開發及銷售階段所需的房地產諮詢服務，針對性解決其碰到的具體問題。

(iii) 房地產經紀網絡服務

本集團提供房友品牌下整合了中國中小型二手房經紀門店的房地產經紀網絡服務，為該等公司的業務運營提供豐富資源。此外，本集團可透過房友品牌店及本集團合作的其他房地產經紀公司尋找新物業買家，協助其物業發展商客戶擴展銷售管道。

6. 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 that the Group cooperates with.

6. 分部資料(續)

分部收入及業績

以下按運營及呈報分部分分析本集團收入及業績：

截至2019年12月31日止年度

6. SEGMENT INFORMATION (Continued)

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 2019

		一手房 代理服務 人民幣千元 Real estate agency services in the primary market RMB'000	房地產數據 及諮詢服務 人民幣千元 Real estate data and consulting services RMB'000	房地產經紀 網絡服務 人民幣千元 Real estate brokerage network services RMB'000	對銷 人民幣千元 Elimination RMB'000	合計 人民幣千元 Total RMB'000
收益	REVENUE					
外部銷售額	External sales	4,566,217	977,665	3,550,800	-	9,094,682
分部內銷售額	Inter-segment sales	4,517	47,191	32,476	(84,184)	-
合計	Total	4,570,734	1,024,856	3,583,276	(84,184)	9,094,682
分部利潤	SEGMENT PROFIT	1,218,944	231,707	57,881	-	1,508,532
未分配開支	Unallocated expenses					(24,631)
未分配匯兌收益淨額	Unallocated net exchange gain					6,851
以公允價值計量並計入 損益的金融負債的未 分配公允價值收益淨額	Unallocated net fair value gain on financial assets at FVTPL					160,222
應佔聯營公司的業績	Share of result of associates					23,705
利息收入	Interest income					43,816
融資成本	Finance costs					(272,153)
以股權結算的股份 付款開支	Equity-settled share-based payment expenses					(137,025)
稅前利潤	Profit before taxation					1,309,317

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6. 分部資料(續)

分部收入及業績(續)

截至2018年12月31日止年度

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2018

		一手房 代理服務 人民幣千元	房地產數據 及諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	對銷 人民幣千元	合計 人民幣千元
		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
收益	REVENUE					
外部銷售額	External sales	4,753,395	773,327	421,450	-	5,948,172
分部內銷售額	Inter-segment sales	2,604	72,014	78,974	(153,592)	-
合計	Total	4,755,999	845,341	500,424	(153,592)	5,948,172
分部利潤(虧損)	SEGMENT PROFIT (LOSS)	1,518,816	214,960	(94,398)	-	1,639,378
未分配開支	Unallocated expenses					(9,596)
上市開支	Listing expenses					(40,817)
未分配匯兌收益淨額	Unallocated net exchange gain					10,039
以公允價值計量並計入 損益金融負債的 公允價值收益	Fair value gain on financial liabilities at FVTPL					23,864
應佔聯營公司的業績	Share of result of associates					1,144
利息收入	Interest income					35,750
融資成本	Finance costs					(25,171)
以股權結算的股份 付款開支	Equity-settled share-based payment expenses					(161,630)
稅前利潤	Profit before taxation					1,472,961

運營分部的會計政策與附註3所述本集團會計政策相同。分部利潤(虧損)為各分部產生的所得利潤或虧損，並未分配未分配開支、上市開支、未分配匯兌收益淨額、以公允價值計量並計入損益的金融資產的未分配公允價值收益淨額、以公允價值計量並計入損益的金融負債的公允價值收益、應佔聯營公司的業績、利息收入、融資成本及以股權結算的股份付款開支。此乃出於分配資源及評估表現的目的而向主要經營決策者匯報的計量標準。

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of unallocated expenses, listing expenses, unallocated net exchange gain, unallocated net fair value gain on financial assets at FVTPL, fair value gain on financial liabilities at FVTPL, share of result of associates, interest income, finance costs and equity-settled share-based payment expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

6. 分部資料(續)

分部資產及負債

並無提供分部資產及負債資料，因為本集團並未定期向主要經營決策者提供該等資料用於資源分配及表現評估決策。

其他分部資料

截至2019年12月31日止年度

6. SEGMENT INFORMATION (Continued)

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 2019

		一手房 代理服務 人民幣千元	房地產數據 及諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	未分配 人民幣千元	合計 人民幣千元
		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	Unallocated RMB'000	Total RMB'000
計入計量分部溢利或虧損的金額：	Amounts included in the measure of segment profit or loss:					
折舊及攤銷	Depreciation and amortisation	40,805	37,804	11,624	637	90,870
面臨預期信貸損失的 金融資產損失準備 (扣除撥回)	Loss allowance on financial assets subject to ECL, net of reversal	53,220	13,597	155,931	-	222,748
出售物業及設備的 (收益)虧損淨額	Net (gain) loss on disposal of property and equipment	(283)	121	4	234	76
出售投資物業虧損淨額	Net loss on disposal of investment properties	112	-	-	-	112

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6. 分部資料(續)

其他分部資料(續)

截至2018年12月31日止年度

	一手房 代理服務 人民幣千元	房地產數據 及諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	未分配 人民幣千元	合計 人民幣千元
	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	Unallocated RMB' 000	Total RMB' 000
計入計量分部溢利或虧損的金額：	Amounts included in the measure of segment profit or loss:				
折舊及攤銷	9,206	10,984	5,856	124	26,170
面臨預期信貸損失的 金融資產的損失準備 (扣除撥回)	141,781	4,882	19,927	-	166,590
出售物業及設備的 (收益)虧損淨額	(195)	398	423	-	626
出售投資物業收益淨額	(50)	-	-	-	(50)

地區資料

本集團的業務位於中國(包括香港)及越南(2018年:中國(包括香港)及越南)。

有關本集團來自外部客戶持續經營收益的資料乃根據業務地址呈列。有關本集團非流動資產的資料乃根據資產的地理位置呈列。

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2018

	一手房 代理服務 人民幣千元	房地產數據 及諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	未分配 人民幣千元	合計 人民幣千元
	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	Unallocated RMB' 000	Total RMB' 000
計入計量分部溢利或虧損的金額：	Amounts included in the measure of segment profit or loss:				
折舊及攤銷	9,206	10,984	5,856	124	26,170
面臨預期信貸損失的 金融資產的損失準備 (扣除撥回)	141,781	4,882	19,927	-	166,590
出售物業及設備的 (收益)虧損淨額	(195)	398	423	-	626
出售投資物業收益淨額	(50)	-	-	-	(50)

Geographical information

The Group's operations are located in the PRC (including Hong Kong) and Vietnam (2018: the PRC (including Hong Kong) and Vietnam).

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.

6. 分部資料(續)

地區資料(續)

		截至12月31日止年度 來自外部客戶的收益 Revenue from external customers Year ended 31 December		於12月31日 非流動資產(附註) Non-current assets (note) As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000	2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
中國(包括香港)	The PRC (including Hong Kong)	9,056,648	5,942,366	1,353,291	649,766
越南	Vietnam	38,034	5,806	-	6
		9,094,682	5,948,172	1,353,291	649,772

附註：

非流動資產不包括應收關聯方款項、按攤銷成本計量之應收債券、遞延稅項資產及分類為金融工具的若干其他非流動資產。

主要客戶的資料

於相應年度佔本集團收益總額超過10%的客戶所產生的收益如下：

6. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

Note:

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

Information about major customers

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

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
客戶A(附註i)	Customer A (note i)	1,640,143	1,871,380
客戶B(附註i)	Customer B (note i)	1,241,626	不適用(附註ii) N/A (note ii)

附註：

- (i) 收入包括一手房代理服務、房地產數據及諮詢服務以及房地產經紀網絡服務產生的收入。於2018年3月5日集團重組完成後，該物業開發商客戶成為本集團的關聯方。
- (ii) 相關收入並無佔本集團總收入的10%以上。

Note:

- (i) Revenue included such generated from real estate agency services in the primary market, 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.
- (ii) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

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7. 其他收入

7. OTHER INCOME

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
銀行及其他利息收入	Bank and other interest income	43,816	35,750
政府補助(附註)	Government grants (note)	78,864	70,058
其他	Others	2,212	711
		124,892	106,519

附註：

該金額為就企業發展支持、財政補貼及各種稅收優惠而自不同中國政府部門收取的政府補助，有關中國政府部門並未施加任何條件。

Note:

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

8A. 面臨預期信貸損失的金融資產損失準備(扣除撥回)

8A. LOSS ALLOWANCE ON FINANCIAL ASSETS SUBJECT TO ECL, NET OF REVERSAL

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
以下各項的損失準備(撥備)撥回：	(Provision) reversal for loss allowance on:		
應收賬款及應收票據	Accounts receivables and bills receivables	(208,218)	(151,093)
應收關聯方貿易性質的款項	Amounts due from related parties of trade nature	(14,105)	(17,269)
其他應收款項及其他非流動資產	Other receivables and other non-current assets	(425)	1,772
		(222,748)	(166,590)

8B. 其他收益及虧損

8B. OTHER GAINS AND LOSSES

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
出售物業及設備的虧損淨額	Net loss on disposal of property and equipment	(76)	(626)
出售投資物業的(損失)收益淨額	Net (loss) gain on disposal of investment properties	(112)	50
外匯淨收益	Net exchange gain	6,830	10,211
以公允價值計量並計入損益的金融資產的公允價值收益(虧損)淨額	Net fair value gain (loss) on financial assets at FVTPL	163,782	(15,096)
以公允價值計量並計入損益的金融負債的公允價值收益	Fair value gain on financial liabilities at FVTPL	-	23,864
取消註冊附屬公司的收益	Gain on de-registration of subsidiaries	15	425
終止使用權資產及租賃負債之收益淨額	Net gain on termination of right-of-use assets and lease liabilities	1,445	-
		171,884	18,828

9. 融資成本

9. FINANCE COSTS

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
銀行借款利息	Interest on bank borrowings	69,619	25,171
其他借款利息	Interest on other borrowings	194,728	-
租賃負債利息	Interest on lease liabilities	7,806	-
		272,153	25,171

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10. 所得稅開支

10. INCOME TAX EXPENSE

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
中國企業所得稅(「企業所得稅」) 即期稅項	PRC Enterprise Income Tax ("EIT") Current tax	394,313	379,631
先前年度超額撥備	Overprovision in prior years	(9,109)	(4,335)
		385,204	375,296
遞延稅項(抵免)開支(附註30)	Deferred tax (credit) expense (note 30)	(46,600)	16,012
		338,604	391,308

香港

綜合財務報表並無就香港利得稅計提撥備，因為本集團於兩年內並無應課稅溢利須繳納香港利得稅。

中國

除下文所披露的該等中國附屬公司外，根據《中華人民共和國企業所得稅法》及《中華人民共和國企業所得稅法實施條例》(「《企業所得稅法》」)，所有其他中國附屬公司於兩年內的法定稅率為25%。

根據《企業所得稅法》及相關法規，本集團的中國附屬公司北京中房研協技術服務有限公司(「中房研協」)符合高新技術企業資格，獲准享受15%的優惠稅率，優惠期由2015年至2017年為期三年，並於截至2018年12月31日止年度續期，2018年至2021年再延長三年。

Hong Kong

No provision for Hong Kong Profits Tax was made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for both years.

PRC

Save as those PRC subsidiaries disclosed below, pursuant to the EIT Law and Implementation Regulations of the Law of the PRC (the "EIT Law"), the statutory tax rate of all other PRC subsidiaries is 25% for both years.

Beijing CREA Technology Services Ltd.[#] (北京中房研協技術服務有限公司) ("Zhongfangyanxie"), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of three years from 2015 to 2017 and had been renewed during the year ended 31 December 2018 for another period of three years from 2018 to 2021 in accordance with the EIT Law and relevant regulations.

10. 所得稅開支(續)

中國(續)

根據《企業所得稅法》及相關法規，本集團的中國附屬公司上海築想信息科技股份有限公司(「上海築想」)符合高新技術企業資格，獲准享受優惠稅收政策，優惠期由2015年至2019年為期五年，首兩個年度免繳所得稅，其後三年所得稅減免50%，按12.5%的稅率繳稅。因此，截至2018年及2019年12月31日止年度，上海築想的適用稅率為12.5%。

根據《企業所得稅法》及相關法規，易居企業(中國)集團符合高新技術企業資格，獲准享受15%的優惠稅率，優惠期由2018年至2020年為期三年。

根據中國西部地區企業適用的相關法規，本集團全資中國附屬公司重慶易居投資顧問有限公司享受15%的優惠稅率，優惠期由2014年10月1日至2020年12月31日為期六年零三個月。於截至2018年及2019年12月31日止年度，本集團若干同樣位於中國西部地區的附屬公司獲有關法規批准享受15%的優惠稅率。

10. INCOME TAX EXPENSE (Continued)

PRC (Continued)

Shanghai Zhuxiang Information Technology Co., Ltd[#] (上海築想信息科技股份有限公司) (“Shanghai Zhuxiang”), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy preferential tax policy of a period of five years from 2015 to 2019 in accordance with EIT Law and relevant regulations, to be exempted from income tax for its first two years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years. Hence, the applicable tax rate of Shanghai Zhuxiang was 12.5% for the year ended 31 December 2018 and 2019.

PRC Holdco was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of three years from 2018 to 2020 in accordance with the EIT Law and relevant regulations.

Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, Chongqing E-House Investment Consultancy Co., Ltd[#] (重慶易居投資顧問有限公司), a wholly-owned PRC subsidiary of the Group, enjoys a preferential tax rate of 15% for a period of six years and three months from 1 October 2014 to 31 December 2020. Certain subsidiaries of the Group also situated in the western regions of the PRC which are approved by the relevant regulations to enjoy a preferential tax rate of 15% in the year ended 31 December 2018 and 2019.

[#] English name is for the identification purpose only

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10. 所得稅開支(續)

中國(續)

年度的所得稅開支與綜合損益及其他
全面收益表的稅前利潤對賬如下：

10. INCOME TAX EXPENSE (Continued)

PRC (Continued)

The income tax expense for the year can be reconciled to profit
before taxation per the consolidated statement of profit or loss
and other comprehensive income as follows:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
稅前利潤	Profit before taxation	1,309,317	1,472,961
按適用稅率25%計算的稅項 (2018年：25%)	Tax at the applicable tax rate of 25% (2018: 25%)	327,329	368,240
應佔聯營公司業績的稅項影響	Tax effect at share of result of associates	(5,926)	(286)
不可扣稅開支的稅項影響	Tax effect of expenses not deductible for tax purposes	105,286	51,251
毋須課稅收入的稅項影響	Tax effect of income not taxable for tax purpose	(42,653)	(8,519)
先前年度超額撥備	Overprovision in respect of prior years	(9,109)	(4,335)
未確認稅項虧損的稅項影響	Tax effect of tax losses not recognised	8,094	8,996
動用先前未確認的稅項虧損	Utilisation of tax losses previously not recognised	(1,426)	(5,887)
未確認可扣減暫時性差額的 稅項影響	Tax effect of deductible temporary differences not recognised	1,461	1,623
動用先前未確認的可扣減 暫時性差額	Utilisation of deductible temporary differences previously not recognised	(14)	(1,164)
給予稅項減免的稅項影響	Tax effect of tax concession granted	(44,438)	(30,463)
適用稅率下調導致年初 遞延稅項資產減少	Decrease in opening deferred tax assets resulting from an decrease in applicable tax rate	-	11,852
所得稅開支	Income tax expense	338,604	391,308

11. 年內利潤及全面收益總額

於年內利潤乃扣除以下各項後計算得出：

11. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit for the year has been arrived at after charging:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
董事薪酬：	Directors' remuneration:		
– 袍金	– Fee	1,806	706
– 薪金、花紅及其他津貼	– Salaries, bonus and other allowances	4,774	8,952
– 退休福利計劃供款	– Retirement benefit scheme contributions	102	96
– 以股權結算的股份付款開支	– Equity-settled share-based payment expenses	58,672	66,709
		65,354	76,463
其他員工成本：	Other staff costs:		
– 薪金、花紅及其他津貼	– Salaries, bonus and other allowances	2,784,556	2,435,469
– 退休福利計劃供款	– Retirement benefit scheme contributions	413,850	386,965
– 以股權結算的股份付款開支	– Equity-settled share-based payment expenses	78,353	94,921
		3,276,759	2,917,355
員工成本總額	Total staff costs	3,342,113	2,993,818
物業及設備折舊	Depreciation of property and equipment	17,506	21,994
使用權資產折舊	Depreciation of right-of-use assets	70,585	–
投資物業折舊	Depreciation of investment properties	874	670
無形資產攤銷	Amortisation of intangible assets	1,905	3,506
折舊及攤銷總額	Total depreciation and amortisation	90,870	26,170
審計師薪酬	Auditor's remuneration	5,900	4,800
首次公开发售上市開支 (計入其他開支內)	Listing expense for initial public offering (included in other expenses)	–	40,817
計入下列各項的確認為開支的 研發成本：	Research costs recognised as an expense included in:		
– 員工成本	– Staff costs	54,506	34,715
– 折舊及攤銷開支	– Depreciation and amortisation expenses	4,463	2,508
– 其他經營成本	– Other operating costs	36,071	30,981
		95,040	68,204

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12. 董事、最高行政人員及僱員酬金

根據適用上市規則及香港公司條例所披露組成本集團的實體於年內已付或應付本公司董事及最高行政人員服務的酬金詳情(包括在成為本公司董事前作為本集團實體僱員／董事服務的酬金)如下：

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) for their services during the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

		委任為本公司 董事的日期	袍金 人民幣千元	薪金、花紅及 其他津貼 人民幣千元	退休福利 計劃供款 人民幣千元	以股權結算 的股份付款開支 人民幣千元	合計 人民幣千元
		Date of appointment as a director of the Company	Fee RMB' 000	Salaries, bonus and other allowances RMB' 000	Retirement benefit scheme contributions RMB' 000	Equity-settled share-based payment expenses RMB' 000	Total RMB' 000
截至2019年12月 31日止年度	Year ended 31 December 2019						
執行董事：	Executive directors:						
周忻	Zhou Xin	2010年2月22日 22 February 2010	-	-	-	24,167	24,167
黃燦浩	Huang Canhao	2017年11月9日 9 November 2017	-	1,493	-	16,044	17,537
程立瀾	Cheng Li-Lan	2018年3月16日 16 March 2018	-	-	-	2,417	2,417
丁祖昱(附註i)	Ding Zuyu (note i)	2018年3月16日 16 March 2018	-	3,281	102	16,044	19,427
非執行董事：	Non-executive directors:						
夏海鈞(附註ii)	Xia Hai Jun (note ii)	2018年3月16日 16 March 2018	122	-	-	-	122
莫斌	Mo Bin	2018年3月16日 16 March 2018	220	-	-	-	220
祝九勝	Zhu Jiusheng	2018年3月16日 16 March 2018	220	-	-	-	220
謝梅	Xie Mei	2018年11月30日 30 November 2018	220	-	-	-	220
何妙玲	He Miaoling	2019年4月15日 15 April 2019	99	-	-	-	99

12. 董事、最高行政人員及僱員酬金(續)

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

委任為本公司董事的日期			袍金	薪金、花紅及其他津貼	退休福利計劃供款	以股權結算的股份付款開支	合計
Date of appointment as a director of the Company			人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
			RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
獨立非執行董事： Independent Non-Executive directors:							
張磅	Zhang Bang	2018年7月10日 10 July 2018	265	-	-	-	265
朱洪超	Zhu Hongchao	2018年7月10日 10 July 2018	220	-	-	-	220
王力群	Wang Liqun	2018年7月10日 10 July 2018	220	-	-	-	220
李勁	Li Jin	2018年7月10日 10 July 2018	220	-	-	-	220
合計	Total		1,806	4,774	102	58,672	65,354

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12. 董事、最高行政人員及僱員酬金(續) 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

		委任為本公司 董事的日期	袍金 人民幣千元	薪金、花紅 及其他津貼 人民幣千元	退休福利 計劃供款 人民幣千元	以股權結算的 股份付款開支 人民幣千元	合計 人民幣千元
		Date of appointment as a director of the Company	Fee RMB' 000	Salaries, bonus and other allowances RMB' 000	Retirement benefit scheme contributions RMB' 000	Equity-settled share-based payment expenses RMB' 000	Total RMB' 000
截至2018年	Year ended						
12月31日止年度	31 December 2018						
執行董事：	Executive directors:						
周忻	Zhou Xin	2010年2月22日 22 February 2010	-	-	-	27,477	27,477
黃燦浩	Huang Canhao	2017年11月9日 9 November 2017	-	4,160	-	18,242	22,402
程立瀾	Cheng Li-Lan	2018年3月16日 16 March 2018	-	-	-	2,748	2,748
丁祖昱(附註i)	Ding Zuyu (note i)	2018年3月16日 16 March 2018	-	4,792	96	18,242	23,130
非執行董事：	Non-executive directors:						
夏海鈞	Xia Hai Jun	2018年3月16日 16 March 2018	98	-	-	-	98
莫斌	Mo Bin	2018年3月16日 16 March 2018	98	-	-	-	98
祝九勝	Zhu Jiusheng	2018年3月16日 16 March 2018	98	-	-	-	98
謝梅	Xie Mei	2018年11月30日 30 November 2018	-	-	-	-	-
獨立非執行董事：	Independent Non-Executive directors:						
張磅	Zhang Bang	2018年7月10日 10 July 2018	118	-	-	-	118
朱洪超	Zhu Hongchao	2018年7月10日 10 July 2018	98	-	-	-	98
王力群	Wang Liqun	2018年7月10日 10 July 2018	98	-	-	-	98
李勁	Li Jin	2018年7月10日 10 July 2018	98	-	-	-	98
合計	Total		706	8,952	96	66,709	76,463

12. 董事、最高行政人員及僱員酬金 (續)

附註：

- i) 丁祖昱亦為本公司最高行政人員，上表所披露其酬金包括其作為最高行政人員提供服務的酬金。
- ii) 夏海鈞已於2019年4月15日辭任。

上文所列執行董事酬金乃就彼等管理本公司及本集團事務所提供的服務所支付。

上文所列非執行董事酬金乃就彼等作為本公司及其附屬公司(如適用)董事的服務所支付。

上文所列獨立非執行董事酬金乃就彼等作為本公司董事的服務所支付。

截至2019年12月31日止年度，本集團五名最高薪酬人士包括本公司的三名(2018年：三名)董事。截至2019年12月31日止年度，其餘兩名(2018年：兩名)人士的酬金如下：

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

Notes:

- i) Ding Zuyu is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.
- ii) Xia Hai Jun had resigned on 15 April 2019.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were paid for their services as directors of the Company and its subsidiaries, if applicable.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The five highest paid individuals of the Group include three (2018: three) directors of the Company for the year ended 31 December 2019. The emoluments of the remaining two (2018: two) individuals for the year ended 31 December 2019 are as follows:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
薪金、花紅及其他津貼	Salaries, bonus and other allowances	5,236	7,321
退休福利計劃供款	Retirement benefit scheme contributions	205	192
以股權結算的股份付款開支	Equity-settled share-based payment expenses	8,022	9,121
		13,463	16,634

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12. 董事、最高行政人員及僱員酬金(續)

五名最高薪人士的薪酬處於以下範圍內：

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

The emoluments of the five highest paid individuals fell within the following bands:

		僱員數目 Number of employees 截至12月31日止年度 Year ended 31 December	
		2019年 2019	2018年 2018
7,000,001港元至8,000,000港元	HK\$7,000,001 to HK\$8,000,000	2	–
8,000,001港元至9,000,000港元	HK\$8,000,001 to HK\$9,000,000	–	1
10,000,001港元至11,000,000港元	HK\$10,000,001 to HK\$11,000,000	–	1
19,000,001港元至20,000,000港元	HK\$19,000,001 to HK\$20,000,000	1	–
21,000,001港元至22,000,000港元	HK\$21,000,001 to HK\$22,000,000	1	–
25,000,001港元至26,000,000港元	HK\$25,000,001 to HK\$26,000,000	–	1
26,000,001港元至27,000,000港元	HK\$26,000,001 to HK\$27,000,000	1	1
31,000,001港元至32,000,000港元	HK\$31,000,001 to HK\$32,000,000	–	1

於截至2018年及2019年12月31日止年度，本集團並無向本集團管理層或本集團五名最高薪酬人士支付任何酬金作為加入或於加入本集團時的獎勵或離職補償。該兩個年度內本公司概無管理人員及本集團五名最高薪酬人士放棄任何酬金。

During the year ended 31 December 2018 and 2019, no emoluments were paid by the Group to the management of the Group or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the management of the Group and five highest paid individuals of the Group has waived any emoluments during the both years.

於截至2018年及2019年12月31日止年度，並無任何以董事、其所控制法人團體及關聯實體為受益人的貸款、準貸款或其他交易。於上述兩個報告期末或於上述兩個年度內任何時間，本公司董事並無直接或間接於本公司所訂立與本公司業務有關之重要交易、安排或合約中擁有重大權益。

During the year ended 31 December 2018 and 2019, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities. Also, there are no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of both reporting periods or at any time during both years.

13. 股息

於報告期末後，本公司董事已建議關於截至2019年12月31日止年度的末期股息每股普通股15.48港仙(2018年：22.67港仙(相當於人民幣19.39分))，總額人民幣215,218,000元(2018年：315,529,000港元(相當於人民幣277,571,000元))，須待本公司股東於應屆股東週年大會上批准後方可作實。

13. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of RMB15.48 cents (2018: HK\$22.67 cents (equivalent to RMB19.39 cents)) per ordinary share, in aggregate amount to RMB215,218,000 (2018: HK\$315,529,000 (equivalent to RMB277,571,000)), 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.

14. 每股盈利 — 基本及攤薄

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

14. 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:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
盈利：	Earnings:		
就每股基本盈利而言， 本公司擁有人應佔年內利潤	Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	860,872	950,312
攤薄潛在普通股的影响：	Effect of dilutive potential ordinary shares:		
以公允價值計量並計入損益的 金融負債的公允價值收益	Fair value gain on financial liabilities at FVTPL	–	(23,864)
就每股攤薄盈利而言， 本公司擁有人應佔年內利潤	Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share	860,872	926,448

		截至12月31日止年度 Year ended 31 December	
		2019年 千股 2019 ' 000	2018年 千股 2018 ' 000
股份數目：	Number of shares:		
就每股基本盈利而言， 普通股的加權平均數目	Weighted average number of ordinary shares for the purpose of basic earnings per share	1,423,201	1,180,347
攤薄潛在普通股的影响：	Effect of dilutive potential ordinary shares:		
有條件投資基金所得款項所 產生的或有可發行股份	Contingently issuable shares arising from the conditional investment fund received	–	24,958
本公司購股權	Share options of the Company	4	2,817
		4	27,775
就每股攤薄盈利而言， 普通股的加權平均數目	Weighted average number of ordinary share for the purpose of diluted earnings per share	1,423,205	1,208,122

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14. 每股盈利 — 基本及攤薄 (續)

在2018年3月5日集團重組完成後，有條件投資基金所得款項成為無條件，而該等144,600,000股股份已獲發行且在外流通，因此，其可計入自截至2018年3月31日止年度之日期起每股基本盈利的計算中。

於2018年7月20日，本公司於聯交所主板上市及香港公開發售及國際發售（「全球發售」）中發售的322,836,000股股份變為已發行及流通，因此就截至2018年12月31日止年度而言自該日起計入每股基本盈利的計算中。此外，於2018年8月15日，本公司因全球發售中超額配股權的行使而發行2,801,700股股份及該等股份就截至2018年12月31日止年度而言自該日起計入每股基本盈利的計算中。

截至2019年12月31日止年度，股份加權平均數經扣除本公司持有的庫存股份後計算得出。

計算截至2018年12月31日止年度的每股攤薄盈利時並無假設行使全球發售的超額配股權，乃因超額配股權授出日期至行使日期間行使價高於本公司平均股價。

於2018年4月21日，本公司向合資格董事、管理層及僱員授出91,563,600股股份，及其就截至2018年及2019年12月31日止年度而言自該日起計及每股攤薄盈利的計算中。

14. EARNINGS PER SHARE – BASIC AND DILUTED (Continued)

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 had then become issued and outstanding, which was therefore were 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 Hong Kong public offering and international offering (“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. Further, 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.

For the year ended 31 December 2019, the weighted average number of shares for have been arrived at after eliminating the treasury shares held by the Company.

In the computation of diluted earnings per share for the year ended 31 December 2018, it 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 and 2019.

15. 物業及設備

15. PROPERTY AND EQUIPMENT

		租賃裝修 人民幣千元	租賃土地 及樓宇 人民幣千元	傢俱、裝置 及設備 人民幣千元	汽車 人民幣千元	合計 人民幣千元
		Leasehold improvements RMB' 000	Leasehold land and building RMB' 000	Furniture, fixtures and equipment RMB' 000	Motor vehicles RMB' 000	Total RMB' 000
成本	COST					
於2018年1月1日	At 1 January 2018	45,243	16,082	67,322	18,502	147,149
添置	Additions	8,966	6,952	2,405	3,665	21,988
出售	Disposals	(1,675)	–	(9,024)	(3,291)	(13,990)
於2018年12月31日	At 31 December 2018	52,534	23,034	60,703	18,876	155,147
添置	Additions	11,258	47,694	4,573	2,705	66,230
收購附屬公司 (附註39)	Acquisition of a subsidiary (note 39)	–	–	1,715	–	1,715
出售	Disposals	(4,241)	–	(2,750)	(1,579)	(8,570)
於2019年12月31日	At 31 December 2019	59,551	70,728	64,241	20,002	214,522
折舊	DEPRECIATION					
於2018年1月1日	At 1 January 2018	(22,387)	(3,669)	(48,487)	(10,357)	(84,900)
年內撥備	Provided for the year	(11,367)	(580)	(7,794)	(2,253)	(21,994)
於出售時對銷	Eliminated on disposals	331	–	8,153	2,718	11,202
於2018年12月31日	At 31 December 2018	(33,423)	(4,249)	(48,128)	(9,892)	(95,692)
年內撥備	Provided for the year	(9,274)	(1,281)	(4,786)	(2,165)	(17,506)
於出售時對銷	Eliminated on disposals	3,022	–	2,683	1,574	7,279
於2019年12月31日	At 31 December 2019	(39,675)	(5,530)	(50,231)	(10,483)	(105,919)
賬面值	CARRYING VALUES					
於2019年12月31日	At 31 December 2019	19,876	65,198	14,010	9,519	108,603
於2018年12月31日	At 31 December 2018	19,111	18,785	12,575	8,984	59,455

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15. 物業及設備 (續)

上述物業及設備項目乃經計及其估計剩餘價值後按以下估計使用年限以直線法折舊：

租賃裝修	相關租賃期限或5年 (以較短者為準)
租賃土地及樓宇	30年
傢俱、裝置 及設備	3至5年
汽車	5年以上

15. PROPERTY AND EQUIPMENT (Continued)

The above items of property and equipment are depreciated, taking into account their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	The shorter of the term of the relevant lease or 5 years
Leasehold land and building	30 years
Furniture, fixtures and equipment	Over 3 – 5 years
Motor vehicles	Over 5 years

16. 使用權資產

16. RIGHT-OF-USE ASSETS

		租賃物業 Leased properties 人民幣千元 RMB' 000
於2019年1月1日 賬面值	At 1 January 2019 Carrying amount	135,988
於2019年12月31日 賬面值	At 31 December 2019 Carrying amount	134,835
截至2019年12月31日止年度 折舊開支	For the year ended 31 December 2019 Depreciation charge	(70,585)
與短期租賃及首次應用《國際財務 報告準則》第16號日期12個月內 租期終止的其他租賃有關的開支	Expenses relating to short-term leases and other leases with lease term end within 12 months at the date of initial application of IFRS 16	34,808
與低價值資產租賃有關的開支， 不包括低價值資產的短期租約	Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	17,838
租賃現金流出總額	Total cash outflow for leases	149,170
使用權資產添置	Additions to right-of-use assets	74,328
收購附屬公司(附註39)	Acquisition of a subsidiary (note 39)	2,737

16. 使用權資產 (續)

兩個年度內，本集團租賃辦公室場所用於運營。租賃合約以2至5年的固定期限訂立。租賃條款乃在個別基礎上磋商，包括各種不同條款及條件。於釐定租期及評估不可撤回期間的長度時，本集團應用合約的定義並釐定合約可強制執行的期間。

此外，本集團擁有多棟樓宇。本集團為該等物業權益（包括相關租賃土地）的登記擁有人。前期作出一次性付款以收購該等物業權益。僅當付款能可靠分配時，該等自有物業的租賃土地部分單獨呈列。

本集團就辦公場所定期訂立短期租賃。於2019年12月31日，短期租賃組合與綜合損益及其他全面收益表披露的短期租賃開支的短期租賃組合類似。

租賃限制或契諾

此外，於2019年12月31日就有關使用權資產人民幣134,835,000元確認租賃負債人民幣128,370,000元。除出租人所持有租賃資產的抵押權益外，租賃協議不構成任何契諾。租賃資產不得用作借款的抵押。

16. RIGHT-OF-USE ASSETS (Continued)

For both years, the Group leases office premises for its operations. Lease contracts are entered into for fixed term of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for office premises. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in the consolidated statement of profit or loss and other comprehensive income.

Restrictions or covenants on leases

In addition, lease liabilities of RMB128,370,000 are recognised with related right-of-use assets of RMB134,835,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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17. 投資物業

17. INVESTMENT PROPERTIES

人民幣千元
RMB' 000

成本	COST	
於2018年1月1日	At 1 January 2018	20,290
添置(附註21)	Additions (note 21)	2,645
出售	Disposals	(348)
於2018年12月31日	At 31 December 2018	22,587
添置(附註21)	Additions (note 21)	18,857
出售	Disposals	(3,112)
於2019年12月31日	At 31 December 2019	38,332
折舊及減值	DEPRECIATION AND IMPAIRMENT	
於2018年1月1日	At 1 January 2018	(1,602)
年內撥備	Provided for the year	(670)
於出售時對銷	Eliminated on disposals	25
於2018年12月31日	At 31 December 2018	(2,247)
年內撥備	Provided for the year	(874)
於2019年12月31日	At 31 December 2019	(3,121)
賬面值	CARRYING VALUES	
於2019年12月31日	At 31 December 2019	35,211
於2018年12月31日	At 31 December 2018	20,340

本集團所有投資物業僅持作資本增值且於年內本集團並無出租任何投資物業。

於2019年12月31日，本集團的投資物業公允價值為人民幣53,008,000元(2018年：人民幣31,940,000元)。估值乃由本集團管理層參照相同地點及條件的類似物業近期的市價釐定，並考慮任何調整因素是否為必要。

於估計物業公允價值時，物業的最高及最佳使用狀況為其現有使用狀況。

All of the Group's investment properties are held for capital appreciation only and the Group did not rent out any of the investment properties during the year.

The fair value of the Group's investment properties as at 31 December 2019 was RMB53,008,000 (2018: RMB31,940,000). The valuation was determined by the management of the Group by reference to recent market prices for similar properties in the same locations and conditions, and to consider if any adjustment factor necessary.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. 投資物業(續)

於報告期末本集團的投資物業詳情及公允價值層級資料如下：

17. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

		第三級 Level 3 人民幣千元 RMB' 000	於2019年 12月31日的公允價值 Fair value as at 31 December 2019 人民幣千元 RMB' 000
位於長沙的商業地產單位	Commercial property units located in Changsha	955	955
位於天津的商業地產單位	Commercial property units located in Tianjin	5,250	5,250
位於銀川的商業地產單位	Commercial property units located in Yinchuan	1,878	1,878
位於廣州的商業地產單位	Commercial property units located in Guangzhou	4,975	4,975
位於武漢的商業地產單位	Commercial property units located in Wuhan	9,960	9,960
位於青島的商業地產單位	Commercial property units located in Qingdao	5,856	5,856
位於海南的商業地產單位	Commercial property units located in Hainan	5,563	5,563
位於大連的商業地產單位	Commercial property units located in Dalian	11,636	11,636
位於安徽的商業地產單位	Commercial property units located in Anhui	6,935	6,935
		53,008	53,008
		第三級 Level 3 人民幣千元 RMB' 000	於2018年 12月31日的公允價值 Fair value as at 31 December 2018 人民幣千元 RMB' 000
位於長沙的商業地產單位	Commercial property units located in Changsha	1,123	1,123
位於天津的商業地產單位	Commercial property units located in Tianjin	5,239	5,239
位於銀川的商業地產單位	Commercial property units located in Yinchuan	1,658	1,658
位於廣州的商業地產單位	Commercial property units located in Guangzhou	3,143	3,143
位於武漢的商業地產單位	Commercial property units located in Wuhan	10,666	10,666
位於青島的商業地產單位	Commercial property units located in Qingdao	7,342	7,342
位於海南的商業地產單位	Commercial property units located in Hainan	2,769	2,769
		31,940	31,940

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17. 投資物業(續)

以上投資物業經計及其估計剩餘價值於其估計使用年期內按直線法折舊如下：

樓宇 30年

概無本集團投資物業被質押用作本集團借款及／或銀行融資。

17. INVESTMENT PROPERTIES (Continued)

The above investment properties are depreciated, taking into account their estimated residual value, on a straight-line basis over their estimated useful lives as follows:

Buildings 30 years

None of the Group's investment properties are pledged for the Group's borrowings and/or banking facilities.

18. 商譽

18. GOODWILL

人民幣千元
RMB' 000

成本及賬面值

於2018年1月1日、2018年及
2019年12月31日

COST AND CARRYING VALUE

At 1 January 2018, 31 December 2018 and
2019

5,109

商譽產生自2009年本集團之前對深圳市房友軟件技術有限公司的收購，該項收購與房地產數據及諮詢服務有關。其主營業務涉及提供軟件開發及信息諮詢服務。

Goodwill was arisen from the Group's previous acquisition of Shenzhen Fangyou Software Technology Co., Ltd.# (深圳市房友軟件技術有限公司) in 2009, which was related to the real estate data and consulting services. Its major business involves providing software development and information consulting service.

English name is for the identification purpose only

19. 無形資產

19. INTANGIBLE ASSETS

		軟件	域名	獨家 合作權利 Exclusive cooperative right	其他	合計
		Software 人民幣千元 RMB' 000	Domain 人民幣千元 RMB' 000	人民幣千元 RMB' 000	Others 人民幣千元 RMB' 000	Total 人民幣千元 RMB' 000
成本	COST					
於2018年1月1日及 2018年12月31日 添置	At 1 January 2018 and 31 December 2018 Additions	18,800 23,585	1,559 –	29,855 –	1,425 –	51,639 23,585
於2019年12月31日	At 31 December 2019	42,385	1,559	29,855	1,425	75,224
攤銷	AMORTISATION					
於2018年1月1日 年內撥備	At 1 January 2018 Provided for the year	(15,875) (933)	(1,284) (98)	(27,523) (2,332)	(1,213) (143)	(45,895) (3,506)
於2018年12月31日 年內撥備	At 31 December 2018 Provided for the year	(16,808) (1,742)	(1,382) (94)	(29,855) –	(1,356) (69)	(49,401) (1,905)
於2019年12月31日	At 31 December 2019	(18,550)	(1,476)	(29,855)	(1,425)	(51,306)
賬面值	CARRYING VALUES					
於2019年12月31日	At 31 December 2019	23,835	83	–	–	23,918
於2018年12月31日	At 31 December 2018	1,992	177	–	69	2,238

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19. 無形資產(續)

上述軟件、域名、獨家合作權利及其他項目根據以下估計使用期間按直線基準攤銷：

軟件	逾3年至10年
域名	5年
獨家合作權利	8年
其他	10年

19. INTANGIBLE ASSETS (Continued)

The above items of software, domain, exclusive cooperative right and others are amortised, on a straight-line basis over their estimated useful lives as follows:

Software	Over 3 – 10 years
Domain	5 years
Exclusive cooperative right	8 years
Others	10 years

20. 於聯營公司權益

20. INTERESTS IN ASSOCIATES

		於12月31日 At 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
投資成本，未上市	Cost of investments, unlisted	254,840	209,650
應佔收購後業績	Share of post-acquisition results	26,566	2,861
		281,406	212,511

20. 於聯營公司權益 (續)

20. INTERESTS IN ASSOCIATES (Continued)

本集團於聯營公司的權益詳情如下：

Details of the Group's interests in associates are as follows:

公司名稱 Name of Company	註冊國家 Country of registration	經營地點 Place of operation	繳足 註冊資本 Paid up Registered capital 千元 '000	於12月31日本集團 所持所有權權益比率 Proportion of ownership interest held by the Group As at 31 December		於12月31日本集團 所持投票權比率 Proportion of voting rights held by the Group As at 31 December		主要活動 Principal activity
				2019年 2019	2018年 2018	2019年 2019	2018年 2018	
				上海深察科技有限公司 Shanghai Shencha Technology Co., Ltd.* (上海深察科技有限公司)	中國 the PRC	中國 the PRC	人民幣2,000 RMB2,000	
鉅安海上明珠二號專項私募基金(「明珠二號」) Juan Haishang Mingzhu No. 2 Private Equity Fund.* (鉅安海上明珠二號專項私募基金) ("Mingzhu No. 2")	中國 the PRC	中國 the PRC	人民幣667,800 RMB667,800	29.95%	29.95%	29.95%	29.95%	投資及物業開發服務 Investment and property developing services
武漢中城易居營銷策劃有限公司 Wuhan Zhongcheng E-House Sales and Marketing Co., Ltd.* (武漢中城易居營銷策劃有限公司)	中國 the PRC	中國 the PRC	人民幣5,000 RMB5,000	45.00%	45.00%	40.00%	40.00%	房地產行業諮詢及經紀服務 Consulting and brokerage service in real estate industry
深圳市克而瑞華美顧問有限公司 Shenzhen CRIC Huamei Consultancy Co., Ltd.* (深圳市克而瑞華美顧問有限公司)	中國 the PRC	中國 the PRC	人民幣1,000 RMB1,000	20.00%	20.00%	20.00%	20.00%	投資控股及諮詢服務 Investment holding and consulting service
深圳大海智地投資管理有限公司 Shenzhen Dahai Zhide Investment Management Co., Ltd.* (深圳大海智地投資管理有限公司)	中國 the PRC	中國 the PRC	人民幣30,000 RMB30,000	20.00%	20.00%	20.00%	20.00%	投資管理 Investment management
上海卓家信息科技有限公司 Shanghai Zhuojia Information Technology Co., Ltd.* (上海卓家信息科技有限公司)	中國 the PRC	中國 the PRC	人民幣1,100 RMB1,100	20.00%	20.00%	20.00%	20.00%	計算機信息技術諮詢服務 Computer information technology consulting securities
匯升資產管理有限公司(附註) Up Capital Asset Management Limited (匯升資產管理有限公司)(note)	英屬處女群島 the BVI	英屬處女群島 the BVI	11,206港元 HK\$11,206	34.99%	不適用 N/A	34.99%	N/A	資產管理、證券交易及諮詢 Asset management, dealing and advising in securities
上海淳毓科技信息技術有限公司 Shanghai Chunyu Information Technology Co., Ltd.* (上海淳毓科技信息技術有限公司)	中國 the PRC	中國 the PRC	人民幣5,600 RMB5,600	40.00%	不適用 N/A	40.00%	不適用 N/A	計算機信息技術諮詢服務 Computer information technology consulting service
上海易唐企業管理有限公司 Shanghai Yitang Enterprise Management Co., Ltd.* (上海易唐企業管理有限公司)	中國 the PRC	中國 the PRC	—	20.00%	不適用 N/A	20.00%	不適用 N/A	計算機信息技術諮詢服務 Computer information technology consulting service
杭州南郡房友房地產經紀有限公司 Hangzhou Nanjun Real Estate Agency Co., Ltd.* (杭州南郡房友房地產經紀有限公司)	中國 the PRC	中國 the PRC	人民幣1,000 RMB1,000	45.00%	不適用 N/A	45.00%	不適用 N/A	計算機信息技術諮詢服務 Computer information technology consulting service

* English name is for identification purpose only

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20. 於聯營公司權益 (續)

附註：

於2019年12月，本集團訂立股權轉讓協議，據此，本集團將收購匯升資產管理有限公司額外30.01%的股權，對價為37,955,000港元（相當於人民幣34,000,000元）。於2019年12月31日，本集團悉數支付有關款項作為非流動預付款項，收購事項須待監管批准方告完成。截至該等綜合財務報表刊發日期，監管批准仍在辦理中。

重大聯營公司的財務資料概要

關於明珠二號的財務資料概要載列如下。下文財務資料概要為該聯營公司財務報表（根據IFRS編製）所示金額。

明珠二號於綜合財務報表內使用權益法入賬。

明珠二號的資產僅以透過損益按公允價值計量的金融資產為代表，於2019年12月31日為人民幣724,541,000元（2018年：667,800,000元）。

上述財務資料概要於綜合財務報表所確認於明珠二號權益賬面值的對賬：

20. INTERESTS IN ASSOCIATES (Continued)

Note:

In December 2019, the Group entered into an equity transfer agreement pursuant to which the Group will acquire additional 30.01% equity interest of Up Capital Asset Management Limited at a consideration of HK\$37,955,000 (equivalent to RMB34,000,000). As at 31 December 2019, the Group paid such amount in full as non-current as prepayments, the completion of the acquisition is subjected to regulatory approval. Up to the date of issuance of these consolidated financial statements, the regulatory approval is still in progress.

Summarised financial information of material associates

Summarised financial information in respect of Mingzhu No. 2 is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

Mingzhu No. 2 is accounted for using the equity method in the consolidated financial statements.

Mingzhu No. 2's asset solely represented by financial asset measured at FVTPL amounted to RMB724,541,000 (2018: RMB667,800,000) as at 31 December 2019.

Reconciliation at the above summarised financial information to the carrying amount of the interest in Mingzhu No. 2 recognised in the consolidated financial statements:

		於2019年 12月31日 人民幣千元 As at 31 December 2019 RMB'000	於2018年 12月31日 人民幣千元 As at 31 December 2018 RMB'000
明珠二號資產淨值	Net assets of Mingzhu No. 2	724,541	667,800
本集團於明珠二號的權益比例	Proportion of the Group's interest in Mingzhu No. 2	29.95%	29.95%
本集團於明珠二號的權益賬面值	Carrying amount of the Group's interest in Mingzhu No. 2	217,000	200,000

21. 應收賬款、應收票據、 其他非流動資產及其他 應收款項

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES

		於12月31日 At 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
應收賬款及應收票據(附註a)	Accounts receivables and bills receivables (note a)	6,341,843	4,751,046
減：應收賬款及應收票據的損失準備	Less: Loss allowance for accounts receivables and bills receivables	(795,020)	(586,802)
應收賬款及應收票據總額	Total accounts receivables and bills receivables	5,546,823	4,164,244
已付房地產開發商的按金(附註b)	Deposits paid to property developers (note b)		
— 即期	— current	1,535,155	1,738,026
— 非即期	— non-current	1,500	1,500
預付款項	Prepayments		
— 即期	— current	39,996	19,433
— 非即期(附註20(附註))	— non-current (note 20 (note))	34,000	—
租賃定金	Rental deposits		
— 即期	— current	18,644	2,140
— 非即期	— non-current	17,168	15,681
收購物業及設備的已付按金(非即期)(附註c)	Deposits paid for acquisition of property and equipment (non-current) (note c)	711,785	334,368
長期遞延開支(非即期)	Long-term deferred expenses (non-current)	1,256	70
其他應收款項—其他(即期)(附註d)	Other receivables—others (current) (note d)	145,716	36,359
		2,505,220	2,147,577
減：以攤銷成本計量的其他應收款項及其他非流動資產損失準備	Less: Loss allowance for other receivables and other non-current assets measured at amortised cost	(3,126)	(2,701)
		2,502,094	2,144,876
應收賬款、應收票據、其他非流動資產及其他應收款項總額	Total accounts receivables, bills receivables, other non-current assets and other receivables	8,048,917	6,309,120
綜合財務狀況表內所披露其他非流動資產及其他應收款項	Other non-current assets and other receivables disclosed in the consolidated statement of financial position as:		
— 即期	— Current	1,737,239	1,794,139
— 非即期	— Non-current	764,855	350,737
		2,502,094	2,144,876

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. 應收賬款、應收票據、 其他非流動資產及其他 應收款項(續)

附註：

- a) 於2019年下半年，作為本集團現金流管理的一環，本集團管理部分應收賬款、應收票據及應收關聯方款項－應收賬款的業務模式中，其目標為透過向獨立第三方出售（不附帶追索權）部分應收款項出售並收取該等應收款項合約現金流量，及倘本集團已轉讓絕大部分風險及回報予有關對手方，則終止確認該等應收款項（「保理安排」）。由於就本集團應收賬款、應收票據及應收關聯方款項－應收賬款出售並收取合約現金流量的業務模式變動，根據國際財務報告準則第9號，預期自2020年1月1日（即重新分類日期，定義為業務模式變動後首個報告期間首日）起的下一個報告期間，本集團將該等應收款項自按攤銷成本計量的金融資產重新分類為透過其他全面收益按公允價值計量的金融資產。
- b) 該款項主要指本集團支付予其物業開發商的誠意金，用以使本集團開展一手房代理服務項目，按金可於以下兩項的較早期間解除：(i)各協議協定的期間；或(ii)於各協議完成後。本集團管理層預期所有誠意金將於一年內解除。本集團就中國及海外的項目向物業開發商支付70,000,000美元（相當於人民幣488,336,000元（2018年：150,000,000美元（相當於人民幣1,029,472,000元））作為誠意金，亦預期於一年內悉數退還，而本集團從該房地產開發商客戶收取人民幣483,000,000元（2018年：人民幣483,000,000元）作為抵押按金，其中客戶的確認為已收房地產開發商可退還按金並計入其他應付款項。

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Notes:

- a) In 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 – accounts receivables were managed within a business model whose objective is 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 has 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 – accounts receivables, in accordance with IFRS 9, the Group will reclassify these receivables from financial assets measured at amortised cost to financial assets measured at FVTOCI prospectively from the next reporting period starting from 1 January 2020, being the reclassification date defined as the first day of the first reporting period following the change in business model.
- b) Amount mainly represents earnest deposits paid by the Group to its property developers enabling the Group to carry out the real estate agency services in the primary market projects, which will be released to the Group at the earlier of (i) period agreed in the respective agreements or (ii) upon completion of the respective agreements. The management of the Group expects all these earnest deposits will be released within one year. Included in the earnest deposits were USD70,000,000 (equivalent to RMB488,336,000 (2018: USD150,000,000 (equivalent to RMB1,029,472,000))) paid to a property developer for projects situated in the PRC and overseas which is also expected to be fully released within a year, while, the Group at the same time received RMB483,000,000 (2018: RMB483,000,000) from this property developer customer as the security deposit, of which is recognised as refundable deposits received from a property developer customer and included in other payables.

21. 應收賬款、應收票據、其他非流動資產及其他應收款項(續)

附註：(續)

c) 收購唐朝大酒店已付按金

於2018年12月20日，本集團與一名獨立第三方訂立買賣協議，據此，本集團同意購買位於上海嘉定區的唐朝大酒店，總對價人民幣600,000,000元。於2018年及2019年12月31日，本集團支付可退還按金人民幣250,000,000元(劃分作收購物業及設備已付按金)。本集團擬將部分物業自用作為其房地產代理人員的培訓及教育中心，提供進行員工及人員培訓的研討會及會議室。於報告期末後及於2020年3月20日，本集團與持有唐朝大酒店的實體股東進一步訂立補充協議，據此，本集團將收購持有唐朝大酒店的實體的全部股權，對價為人民幣245,000,000元，同時承擔該實體持有的負債人民幣355,000,000元。交易詳情載於本公司於2020年3月22日刊載於聯交所網站的公告。

收購灣居物業已付按金

截至2018年12月31日止年度，本集團與一名獨立第三方(「賣方」)訂立買賣協議，據此，本集團有獨家權利於2020年4月11日或之前出售賣方擁有的位於上海楊浦區的52個寫字樓單位(「灣居物業」)。本集團同意及承諾出售灣居物業，總代價不少於人民幣660,000,000元，而倘灣居物業出售款合共超過人民幣660,000,000元，則本集團有權享有全部淨餘。若於2019年2月28日(其後於年內進一步延期至2020年4月30日)本集團出售灣居物業後的總對價低於人民幣660,000,000元，則本集團須即時支付差額。若灣居物業於2020年4月11日出售部分，則本集團將須購入未出售單位，對價相當於人民幣660,000,000元餘下部分減除已出售單位的總金額。

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

c) Deposit paid for acquisition of Tangchao Grand Hotel (唐朝大酒店)

On 20 December 2018, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group agreed to buy Tangchao Grand Hotel located in Jiading District in Shanghai for a total consideration of RMB600,000,000. As at 31 December 2018 and 2019, the Group paid refundable deposit of RMB250,000,000 classified as deposit paid for acquisition of property and equipment. The Group plans to use the property in part for its own purposes as a training and education centre for its real estate agent personnel, providing seminar and conference rooms in which to carry out staff and personnel trainings. Subsequent to the end of the reporting period and on 20 March 2020, the Group and the shareholders of the entity holding the Tangchao Grand Hotel further entered into a supplementary agreement pursuant to which the Group will acquire the entire equity interest of the entity holding the Tangchao Grand Hotel at a consideration of RMB245,000,000 and, at the same time, assumed a liability of RMB355,000,000 held by such entity. Details of the transactions are set out in the Company's announcement published on the website of the Stock Exchange on 22 March 2020.

Deposit paid for acquisition of Wanju Property

During the year ended 31 December 2018, the Group entered into a sales and purchase agreement with an independent third party (the "Vendor"), pursuant to which the Group has an exclusive right to sell 52 office building units owned by the Vendor located in Yangpu District in Shanghai ("Wanju Property") on or before 11 April 2020. The Group agreed and committed to sell the Wanju Property for an aggregate consideration of not less than RMB660,000,000, while the Group is entitled to all the surplus if the Wanju Property were sold in aggregate over RMB660,000,000. If the total consideration of the Wanju Property sold by the Group is less than RMB660,000,000 on 28 February 2019 (which was further extended to 30 April 2020 during the year), the Group will need to pay for the shortfall immediately. If the Wanju Property is partially sold on 11 April 2020, the Group will need to acquire the unsold units at the consideration equivalent to the remainder of RMB660,000,000 less the aggregate amounts of units already sold.

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21. 應收賬款、應收票據、 其他非流動資產及其他 應收款項(續)

附註：(續)

於2018年12月31日，本集團向賣方支付按金人民幣250,000,000元，分類為向物業開發商支付的按金。本集團於2019年12月31日未有出售任何寫字樓單位，且本集團於2018年及2019年12月31日擁有未結付承擔人民幣410,000,000元。截至2019年12月31日止年度，考慮到預期成本節約，本集團收購灣居物業用作其房地產代理人員的培訓及教育中心。灣居物業亦將用於提供辦公空間，以應對本集團業務未來預計增長及擴充。於2019年12月31日，已付按金由支付予物業開發商的按金重新分類為收購物業及設備支付的按金。

於報告期末後及於2020年3月20日，本集團與賣方股東進一步訂立補充協議，據此，本集團將收購賣方的全部股權，對價為人民幣660,000,000元。交易詳情載於本公司於2020年3月22日刊載於聯交所網站的公告。

- d) 於2019年2月27日，本集團與一名獨立第三方訂立買賣協議，據此，本集團同意以總對價人民幣100,000,000元自獨立第三方收購人民幣99,583,000元的債務人收款權，並以獨立第三方於私人實體投資的4.15%股權作為抵押品。本集團於同日亦與該獨立第三方訂立購回協議，據此，該獨立第三方承諾於一年後購回貸款及解除該私人實體的4.15%股權抵押（「購回應收款項」）。雙方協定，獨立第三方將支付相等於購回應收款項的金額，並按每年12%的固定利率。於2019年12月31日，本集團支付的金額已列作為按攤銷成本計量的其他應收款項入賬。截至該等綜合財務報表刊發日期，有關款項及相關利息合計人民幣112,000,000元已由本集團悉數收取。

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

As at 31 December 2018, the Group paid deposit of RMB250,000,000 to the Vendor classified as deposit paid to property developers. The Group did not sell any office building units as at 31 December 2018 and 2019 and the Group has unsettled commitment of RMB410,000,000 at 31 December 2018 and 2019. During the year ended 31 December 2019, having considered the expected cost savings, the Group plans to acquire the Wanju Property as a training and education centre for its real estate agent personnel. The Wanju Property will also be used to provide office space to accommodate for the anticipated future growth and expansion of the Group's business. As at 31 December 2019, the deposit paid is therefore reclassified from deposits paid to property developers to deposits paid for acquisition of property and equipment, accordingly.

Subsequent to the end of reporting period and on 20 March 2020, the Group and the shareholders of the Vendor further entered into a supplementary agreement pursuant to which the Group will acquire the entire equity interest of the Vendor at a consideration of RMB660,000,000. Details of the transactions are set out in the Company's announcement published on the website of the Stock Exchange on 22 March 2020.

- d) On 27 February 2019, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group acquired a debtor collection right of RMB99,583,000 from the independent third party, with 4.15% equity interest of its investment in a private entity as collateral, at an aggregate consideration of RMB100,000,000. The Group and the independent third party also entered into a repurchase agreement on the same date pursuant to which the independent third party is committed to repurchase the loan and release the collateral of 4.15% equity interest of the private entity (the "Repurchase Receivables") 1 year later. It is mutually agreed that the independent third party will pay an amount equivalent to the Repurchase Receivables carrying a fixed rate interest of 12% per annum. The amount paid by the Group was accounted for as other receivables measured at amortised cost as at 31 December 2019. Up to the date of issuance of these consolidated financial statements, such amount and the related interest totalling RMB112,000,000 has been fully received by Group.

21. 應收賬款、應收票據、其他非流動資產及其他應收款項(續)

於符合有關協議的條款及條件並開具有關發票後，本集團允許其所有客戶享有30日(2018年：30天)的信貸期。

下表為應收賬款(扣除損失準備、按於報告期末提供服務的日期及更高佣金的銷售目標達成日期(該日期與各收入確認日期相近)呈列)的賬齡分析：

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

The Group allows all of its customers a credit period of 30 days (2018: 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 receivable, 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:

		於12月31日 At 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
一年以內	Within 1 year	3,315,830	2,312,674
一至兩年	1 – 2 years	706,465	300,293
兩年以上	Over 2 years	13,221	24,420
		4,035,516	2,637,387

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21. 應收賬款、應收票據、 其他非流動資產及其他 應收款項(續)

於2019年12月31日，納入本集團應收賬款結餘為債務人賬面總額人民幣2,891,780,000元(2018年：人民幣2,044,841,000元)，其於報告日期已逾期。過往逾期結餘中，人民幣2,110,886,000元(2018年：人民幣1,452,295,000元)已逾期90日以上，由於本集團管理層未被視為違約，根據歷史結算模式、行業慣例及本集團歷史實際虧損經驗，已評估該等逾期90日債務人的客戶結算概率很高。本集團管理層認為當該等應收款項已逾期2年以上時，違約風險變得很高且已違約。關於過往逾期結餘，本集團管理層認為信用風險將於該等應收款項逾期1年以上時大幅增加。

於應收賬款到期後，本集團若干客戶將向本集團簽發商業票據以結清其應收賬款。本集團的應收票據指於報告期末尚未到期的手頭應收票據。截至2018年及2019年12月31日止年度，本集團並未向任何交易對手背書任何已收票據，且並未向任何銀行及／或金融機構貼現任何票據。

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

As at 31 December 2019, included in the Group's accounts receivables balance were debtors with aggregate carrying amount of RMB2,891,780,000 (2018: RMB2,044,841,000) which were past due as at the reporting date. Out of the past due balances, RMB2,110,886,000 (2018: RMB1,452,295,000) had been past due over 90 days, which was 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 and 2019, the Group did not endorse any of the bills received to any counterparties nor discount any of the bills to any banks and/or financial institutions.

21. 應收賬款、應收票據、其他非流動資產及其他應收款項(續)

下表為應收票據(扣除呆賬準備、按於報告期末應收票據的剩餘到期日期呈列)的到期日分析。

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

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.

		於12月31日 At 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
180日以內	Within 180 days	811,735	684,479
181至365日	181 – 365 days	699,572	841,992
365日以上	Over 365 days	–	386
		1,511,307	1,526,857

於2019年12月31日，納入本集團應收票據的賬面值為人民幣1,170,818,000元(2018年：人民幣1,522,082,000元)的票據為某物業開發商發行的商業票據，該物業開發商成為對本公司有重大影響的股東。

As at 31 December 2019, included in the Group's bills receivables with carrying amounts of RMB1,170,818,000 (2018: RMB1,522,082,000) are commercial bills issued by a property developer whom exercises significant influence to the Company.

在接納任何新客戶前，本集團會評估潛在客戶的信貨質素，從而確定客戶的信用額度。客戶的信用額度及獲授的信貨期會定期進行審核。本集團已確認就應收賬款(作為抵押品而獲得的房地產物業應收賬款除外)的未結清餘額作出100%的預期信貸損失準備，該等未結清餘額產生自(i)正常風險類客戶，其賬齡自收入確認日期起已超過兩年；及(ii)較高風險類客戶，本集團管理層已評估該等客戶，基於過往經驗及結算模式，管理層認為有關賬款通常不可收回。

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.

於2019年12月31日，本集團的應收賬款包括賬面總值為人民幣31,106,000元(2018年：人民幣25,920,000元)款項，本集團已就該等結餘獲得房地產物業抵押品。

As at 31 December 2019, included in the Group's accounts receivables with aggregate carrying amounts of RMB31,106,000 (2018: RMB25,920,000) of which the Group obtained collateral of real estate properties over these balances.

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21. 應收賬款、應收票據、 其他非流動資產及其他 應收款項(續)

倘本集團的客戶使用房地產物業作為抵押品以部分或悉數結清未支付的應收賬款，本集團將根據當前市價對房地產物業的公允價值進行評估並與本集團客戶達成一致意見。截至2019年12月31日止年度，本集團獲得公允價值分別為人民幣18,857,000元(2018年：人民幣2,645,000元)的房地產物業，並將該等房地產物業確認為投資物業，將相應款項計入應收賬款。

就應收賬款及應收票據確認的全期預期信貸損失變動。

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

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 2019, the Group received real estate properties with fair value of RMB18,857,000 (2018: RMB2,645,000) and recognised these real estate properties as investment properties, with the corresponding amount credited to accounts receivables.

Movement in lifetime ECL that has been recognised for accounts receivables and bills receivables

		非信貸減值 人民幣千元 Not-credit impaired RMB'000	信貸減值 人民幣千元 Credit impaired RMB'000	合計 人民幣千元 Total RMB'000
於2018年1月1日	At 1 January 2018	180,390	285,965	466,355
轉入信貸減值	Transfer to credit impaired	(21,390)	21,390	-
確認減值損失淨額	Net impairment loss recognised	90,904	60,189	151,093
轉入應收關聯方款項 (附註1)	Transfer to amounts due from related parties (note 1)	(30,646)	-	(30,646)
於2018年12月31日	At 31 December 2018	219,258	367,544	586,802
轉入信貸減值	Transfer to credit impaired	(21,127)	21,127	-
確認(撥回)減值 損失淨額(附註2)	Net impairment loss recognised (reversed) (note 2)	222,376	(14,158)	208,218
於2019年12月31日	At 31 December 2019	420,507	374,513	795,020

21. 應收賬款、應收票據、其他非流動資產及其他應收款項(續)

就其他應收款項及其他非流動資產確認的預期信貸損失變動。

21. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Movement in ECL that has been recognised for other receivables and other non-current assets

		截至12月31日止年度 For the year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
年初	At beginning of the year	2,701	6,481
轉入應收關聯方款項(附註1)	Transfer to amounts due from related parties (note 1)	-	(2,008)
確認(撥回)的減值損失淨額(附註2)	Net impairment losses recognised (reversed) (note 2)	425	(1,772)
年末	At end of the year	3,126	2,701

附註：

- 2018年3月5日，於集團重組(詳見招股章程)完成後，萬科企業股份有限公司(「萬科」)、中國恒大集團有限公司(「恒大」)及碧桂園控股有限公司(「碧桂園」)成為本公司股東，並對本集團施加重大影響力。因此，萬科、恒大及碧桂園的聯屬公司成為本集團的關聯方。
- 減值虧損撥回乃由於本集團於年內收回所致。

Notes:

- On 5 March 2018, upon completion of the Group Reorganisation as detailed in the Prospectus, China Vanke Co., Ltd* (萬科企業股份有限公司) ("Vanke"), China Evergrande Group* (中國恒大集團有限公司) ("China Evergrande"), and Country Garden Holdings Company Limited# (碧桂園控股有限公司) ("Country Garden") became shareholders of the Company and exercise significant influence over the Group. As a result, the affiliates of Vanke, China Evergrande and Country Garden became related parties of the Group.
- Reversal of impairment loss was due to the Group's recovery during the year.

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22. 應收(應付)關聯方款項

本集團應收(應付)關聯方款項包括應收(應付)關聯方的款項，但不包括應收一名關聯方票據(如附註21所披露)，詳情如下。

22. AMOUNT DUE FROM (TO) RELATED PARTIES

The Group's amounts due from (to) related parties comprised of amounts due from (to) related parties but excluded bills receivables from a related party as disclosed in Note 21, details of which are set out below.

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
資產	Assets		
應收關聯方款項(附註a)	Amounts due from related parties (note a),		
分析如下：	analysed as:		
– 貿易性質結餘	– Trade nature balance	2,673,600	1,623,655
減：損失準備	Less: Loss allowance	(72,043)	(57,938)
		2,601,557	1,565,717
– 非貿易性質結餘	– Non-trade nature balance	213,744	10,265
		2,815,301	1,575,982
於綜合財務狀況表披露如下：	Disclosed in the consolidated statement		
	of financial position as:		
– 流動資產	– Current assets	2,614,160	1,565,196
– 非流動資產	– Non-current assets	201,141	10,786
		2,815,301	1,575,982
負債	Liabilities		
應付關聯方款項(附註b)	Amounts due to related parties (note b),		
分析為：	analysed as:		
– 貿易性質結餘	– Trade nature balance	102,284	64,789
– 非貿易性質結餘	– Non-trade nature balance	5,123	3,052
		107,407	67,841
於綜合財務狀況表內披露如下：	Disclosed in the consolidated statement of		
	financial position as:		
– 流動負債	– Current liabilities	107,407	67,841

22. 應收(應付)關聯方款項 (續)

本集團關聯方詳列如下：

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

Below details the list of related parties of the Group:

		關係 Relationship
中國恆大集團有限公司的聯屬公司	China Evergrande's affiliates (中國恆大集團有限公司的聯屬公司)	附註i Note i
萬科企業股份有限公司的聯屬公司	Vanke's affiliates (萬科企業股份有限公司的聯屬公司)	附註i Note i
碧桂園控股有限公司的聯屬公司	Country Garden's affiliates (碧桂園控股有限公司的聯屬公司)	附註i Note i
華僑城(亞洲)控股有限公司的聯屬公司	Overseas Chinese Town (Asia) Holding Limited's affiliates (華僑城(亞洲)控股有限公司的聯屬公司)	附註i Note i
蘇州微點商務信息諮詢有限公司	Suzhou Weidian Business Information Consulting Co., Ltd.# (蘇州微點商務信息諮詢有限公司)	附註i Note i
上海尚林物業管理有限公司	Shanghai Shanglin Property Management Co.,Ltd.# (上海尚林物業管理有限公司)	附註i Note i
易居(中國)企業管理集團 有限公司(「易居管理」)	E-House (China) Enterprise Management Group Ltd. # (“ E-House Management ”) (易居(中國)企業管理集團有限公司)	附註i Note i
北京易傑優企業管理諮詢有限公司 (「北京易傑優」)	Beijing Yijieyou Enterprise Management Consultancy Co., Ltd.# (“ Beijing EJU ”) (北京易傑優企業管理諮詢有限公司)	附註i Note i
上海房教信息技術有限公司	Shanghai Fangjiao Information Technology Co.,Ltd.# (上海房教信息技術有限公司)	附註i Note i

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22. 應收(應付)關聯方款項 (續) 22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

		關係 Relationship
上海太德文化傳播有限公司	Shanghai Ted Culture Communication Co., Ltd. [#] (上海太德文化傳播有限公司)	附註i Note i
中國房產信息集團	China Real Estate Information Corporation [#] (中國房產信息集團)	附註i Note i
上海易倉企業管理有限公司	Shanghai Yicang Enterprise Management Co., Ltd. [#] (上海易倉企業管理有限公司)	附註i Note i
亦可網絡科技(上海)有限公司	Yike Network Technology (Shanghai) Co., Ltd. [#] (亦可網絡科技(上海)有限公司)	附註i Note i
上海易進文化發展有限公司	Shanghai Yijin Culture Development Co., Ltd. [#] (上海易進文化發展有限公司)	附註i Note i
克爾瑞商業地產信息有限公司	CRIC Commercial Information Co. Ltd. [#] (克爾瑞商業地產信息有限公司)	附註i Note i
易居中國控股有限公司	E-House (China) Holdings Co. Ltd. [#] (易居中國控股有限公司)	附註i Note i
上海城開(集團)有限公司	Shanghai Urban Development (Group) Co., Ltd. [#] (上海城開(集團)有限公司)	附註i Note i

[#] English name is for identification purpose only

22. 應收(應付)關聯方款項 (續)

(a) 應收關聯方款項

貿易性質的應收關聯方款項詳情披露如下：

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
附註i	Note i	2,599,618	1,564,152
附註ii	Note ii	1,939	1,565
		2,601,557	1,565,717
		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
應收關聯方貿易性質款項：	Amounts due from related parties of trade nature:		
— 應收賬款(附註21(附註a))	— Accounts receivables (Note 21 (note a))	2,598,099	1,553,622
— 其他應收款項	— Other receivables	2,317	1,309
— 其他非流動資產	— Other non-current assets	1,141	10,786
		2,601,557	1,565,717

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(a) Amounts due from related parties

Particulars of the amounts due from related parties of trade nature are disclosed as follows:

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22. 應收(應付)關聯方款項 (續)

(a) 應收關聯方款項(續)

作為集團重組的一部分，於2015年12月31日，本公司與易居管理及北京易傑優訂立協議，據此，易居管理及北京易傑優向本公司或其附屬公司轉讓一手房地產代理業務，其後不再進行任何一手房地產代理業務（「業務轉讓」），進一步詳情載於招股章程。於業務轉讓完成日期，由於一些一手房代理服務合同尚未完成，本集團、易居管理及北京易傑優於同日訂立兩份代理協議，據此，本集團將執行主要業務，而於該等未完成合約完成前，易居管理及北京易傑優將繼續作為收款代理人代表本集團收取未支付的應收物業開發商客戶款項。於2019年12月31日，未支付的應收物業開發商客戶款項（鑒於易居管理及北京易傑優為收款代理人，計入應收易居管理及北京易傑優款項）合共為人民幣5,633,000元（2018年：人民幣12,694,000元）。

於有關協議完成後或根據有關協議的條款及條件，本集團就全部貿易性質交易授予其全部關聯方30日（2018年：30日）的信貸期。

以下為應收關聯方貿易性質款項－應收賬款（扣除損失準備，根據報告期末提供服務的日期及更高佣金的銷售目標達成日期（近似於各收入確認日期）呈列）的賬齡分析：

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(a) Amounts due from related parties (Continued)

As part of the Group Reorganisation, on 31 December 2015, the Company entered into an agreement with E-House Management and Beijing EJU, pursuant to which E-House Management and Beijing EJU transferred real estate agency businesses in the primary market to the Company or its subsidiaries and ceased to carry out any real estate agency businesses in the primary market thereafter ("Business Transfer"), as further detailed in the Prospectus. At the completion date of the Business Transfer, as some of the real estate agency services in the primary market contracts are incomplete, the Group, E-House Management and Beijing EJU entered into two agency agreements on the same date, pursuant to which the Group will perform the Primary Business while E-House Management and Beijing EJU will continue to act as collection agents on behalf of the Group to collect the outstanding accounts receivables from the property developer customers till completion of those incomplete contracts. As at 31 December 2019, outstanding accounts receivables due from the property developer customers whereas E-House Management and Beijing EJU acted as collection agents and included in amounts due from E-House Management and Beijing EJU totaling RMB5,633,000 (2018: RMB12,694,000).

The Group allows all of its related parties a credit period of 30 days (2018: 30 days) in respect of all trade nature transactions, upon the completion of the terms and conditions of the relevant agreements.

The following is an aged analysis of amounts due from related parties of trade nature – 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:

22. 應收(應付)關聯方款項 (續)

(a) 應收關聯方款項(續)

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
一年以內	Within 1 year	2,425,002	1,338,591
一至兩年	1 – 2 years	153,482	203,064
兩年以上	Over 2 years	19,615	11,967
		2,598,099	1,553,622

於接受與關聯方的任何新交易前，本集團評估潛在關聯方的信貸質素並規定關聯方的信貸額。關聯方的信貸額及授予關聯方的信貸期受定期審閱。本集團應收關聯方貿易性質款項－應收賬款，既未逾期亦未減值且並無拖欠付款記錄。

已就應收關聯方貿易性質款項－應收賬款確認的預期信貸損失變動

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(a) Amounts due from related parties (Continued)

Before accepting any new transaction with related parties, the Group assesses the potential related party's credit quality and defines credit limits by related party. Credit limits attributed to related parties and credit term granted to related parties are reviewed regularly. The Group's amounts due from related parties of trade nature – accounts receivables are neither past due nor impaired and have no history of defaulting on repayments.

Movement in ECL that has been recognised for amounts due from related parties of trade nature – accounts receivables

		於12月31日 As at 31 December	
		並非信貸減值 Not credit impaired 2019年 人民幣千元 2019 RMB' 000	並非信貸減值 Not credit impaired 2018年 人民幣千元 2018 RMB' 000
年初	At beginning of the year	56,502	8,015
轉自應收賬款	Transfer from accounts receivables	–	30,646
確認的減值損失淨額	Net impairment losses recognised	15,491	17,841
年末	At end of the year	71,993	56,502

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22. 應收(應付)關聯方款項
(續)

(a) 應收關聯方款項(續)

已就應收關聯方貿易性質款項 – 其他應收款項及其他非流動資產確認的預期信貸損失變動

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(a) Amounts due from related parties (Continued)

Movement in ECL that has been recognised for amounts due from related parties of trade nature – other receivables and other non-current assets

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
年初	At beginning of the year	1,436	–
轉自其他應收款項及 非流動資產	Transfer from other receivables and non-current assets	–	2,008
撥回減值損失淨額(附註)	Net impairment losses reversed (note)	(1,386)	(572)
年末	At end of the year	50	1,436

附註：

減值損失撥回是由於本集團於年內收回所致。

Note:

Reversal of impairment loss was due to the Group's recovery during the year.

22. 應收(應付)關聯方款項 (續)

(a) 應收關聯方款項(續)

應收關聯方非貿易性質款項的詳情披露如下：

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(a) Amounts due from related parties (Continued)

Particulars of the amounts due from related parties of non-trade nature are disclosed as follows:

		於12月31日 As at 31 December		於1月1日 As at 1 January
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000	2018年 人民幣千元 2018 RMB' 000
附註i	Note i	213,744	9,975	319,642
附註ii	Note ii	-	290	290
		213,744	10,265	319,932
於綜合財務狀況表 披露為：	Disclosed in the consolidated statement of financial position as:			
— 流動資產	— Current assets	13,744	10,265	319,932
— 非流動資產(附註)	— Non-current assets (note)	200,000	-	-
		213,744	10,265	319,932

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22. 應收(應付)關聯方款項
(續)

(a) 應收關聯方款項(續)

附註：

截至2019年12月31日止年度，本集團與易居管理訂立諒解備忘錄，據此本集團擬收購上海易進文化發展有限公司80%股權、上海尚林物業管理有限公司及上海尚友物業管理有限公司。於簽署諒解備忘錄後，本集團向易居管理支付人民幣200,000,000元作為誠意金。於報告期結束後及於2020年3月20日，本集團與易居管理訂立收購協議，以總對價人民幣284,180,000元收購上述股權。交易詳情載於本公司2020年3月22日於聯交所網站刊發的公告。

就應收具有共同董事的關聯方非貿易性質款項而言，於年內未收回的最高款項如下：

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(a) Amounts due from related parties (Continued)

Note:

During the year ended 31 December 2019, the Group and E-House Management entered into a memorandum of understanding pursuant to which the Group intended to acquire 80% equity interest in Shanghai Yijin Culture Development Co., Ltd.[#] (上海易進文化發展有限公司), Shanghai Shanglin Property Management Co., Ltd.[#] (上海尚林物業管理有限公司) and Shanghai Shangyou Property Management Co., Ltd.[#] (上海尚友物業管理有限公司). Upon signing of the memorandum of understanding, the Group paid RMB200,000,000 as earnest money deposits to E-House Management. Subsequent to the end of the reporting period and on 20 March 2020, the Group entered into acquisition agreements with E-House Management to acquire the abovementioned equity interests for an aggregate consideration of RMB284,180,000. Details of the transactions are set out in the Company's announcement published on the website of the Stock Exchange on 22 March 2020.

For amounts due from related parties of non-trade nature with common directorship, the maximum amounts outstanding during the year are as follows:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
附註 <i>i</i>	Note <i>i</i>	419,864	397,340

[#] English name is for identification purpose only

22. 應收(應付)關聯方款項 (續)

(b) 應付關聯方款項

應付關聯方貿易性質款項的詳情披露如下：

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due to related parties

Particulars of the amounts due to related parties of trade nature are disclosed as follows:

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
貿易性質	Trade nature		
附註i	Note i	50,959	25,102
附註ii	Note ii	51,325	39,687
		102,284	64,789
於綜合財務狀況表披露為：	Disclosed in the consolidated statement of financial position as:		
— 流動負債	— Current liabilities	102,284	64,789
應付關聯方貿易性質款項：	Trade nature amounts due to related parties:		
— 應付賬款	— Accounts payables	25,697	10,470
— 關聯方墊款	— Advance from related parties	76,587	54,319
		102,284	64,789

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22. 應收(應付)關聯方款項
(續)

(b) 應付關聯方款項(續)

應付關聯方貿易性質款項－應付賬款主要指應付本集團一手房代理服務關聯方的諮詢費用，故並無授出一般信貸期且須按要求償還，與流動風險表格一致。以下為於各報告期末根據本集團所獲服務呈列的應付關聯方貿易性質款項－應收賬款的賬齡分析：

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due to related parties (Continued)

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 consistent with liquidity risk table. 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:

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
1年以內	Within 1 year	25,697	10,470

應付關聯方非貿易性質款項的詳情披露如下：

Particulars of the amounts due to related parties of non-trade nature are disclosed as follows:

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
非貿易性質	Non-trade nature		
附註 <i>i</i>	Note <i>i</i>	5,123	3,052
於綜合財務狀況表披露為：	Disclosed in the consolidated statement of financial position as:		
－ 流動負債	－ Current liabilities	5,123	3,052

該等款項為非貿易性質、無抵押、免息且須按要求償還。

These amounts are non-trade nature, unsecured, interest free and repayable on demand.

22. 應收(應付)關聯方款項 (續)

(b) 應付關聯方款項(續)

附註：

- (i) 本公司股東控制的實體，其對本公司實施重大影響力。
- (ii) 本公司非全資附屬公司的非控股股東，其對本集團的附屬公司實施重大影響力。

23. 按攤銷成本計量的應收 債券

22. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due to related parties (Continued)

Notes:

- (i) Entities controlled by shareholders of the Company which exercises significant influence over the Company.
- (ii) Non-controlling shareholder of a non-wholly owned subsidiary of the Company which exercises significant influence over the subsidiary of the Group.

23. BOND RECEIVABLES MEASURED AT AMORTISED COST

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
應收債券	Bond receivables	–	129,291

於2018年9月12日，本集團以現金代價18,800,000美元(相當於人民幣128,866,000元)認購於聯交所上市的債券。債券上市日期為2018年9月12日，到期日為2021年9月11日。債券的固定票面年利率為7.5%，基於債券於2018年12月31日於聯交所的買入價釐定的應收債券公允價值為人民幣127,556,000元(第一級公允價值層級)。於截至2019年12月31日止年度，債券已售出。

On 12 September 2018, the Group subscribed a bond at a cash consideration of USD18,800,000 (equivalent to RMB128,866,000) listed on the Stock Exchange. The listing date of the bond is 12 September 2018 and the maturity date is 11 September 2021. The bond carried at a fixed coupon rate of 7.5% per annum and the fair value of the bond receivables determined base on the quoted bid price of the bond in the Stock Exchange as at 31 December 2018 is RMB127,556,000 (Level 1 fair value hierarchy). The bond has been disposed of during the year ended 31 December 2019.

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24. 以公允價值計量並計入損益的金融資產 24. FINANCIAL ASSETS AT FVTPL

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
結構性存款(附註a)	Structured deposits (note a)	809,000	–
非上市債務及股權投資(附註b)	Unlisted debt and equity investment (note b)	300,000	–
於聯交所上市的股本證券(附註c)	Equity securities listed in the Stock Exchange (note c)	352,960	253,740
應收債券(附註d)	Bond receivables (note d)	211,164	–
可換股票據(附註e)	Convertible note (note e)	21,760	18,200
私募股權投資	Investment in private equity fund	13,715	–
		1,708,599	271,940

附註：

- (a) 於2019年12月31日，結構性存款自銀行購買，該等結構性存款的回報並無保證。
- (b) 截至2019年12月31日止年度，本集團與獨立第三方訂立買賣協議，據此本集團(i)收購非上市實體16%股權，及(ii)向該非上市實體作出墊款人民幣244,000,000元，合共人民幣300,000,000元。墊付予非上市實體的人民幣244,000,000元將於三年到期，按年利息5%的固定利率計息。此項債務及權益投資由本集團持作投機用途，且本集團擬於近期出售，因而分類為流動資產。於2019年12月31日的公允價值按與本集團並無關連的獨立專業估值師進行的估值達致，其具有適當資格並擁有類似金融工具估值方面的近期經驗。

Notes:

- (a) As at 31 December 2019, the structured deposits were purchased from with banks of which the return of these structured deposits is not guaranteed.
- (b) During the year ended 31 December 2019, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group (i) acquire 16% equity interests of an unlisted entity, and (ii) made advance of RMB244,000,000 to such unlisted entity at an aggregate, totalling RMB300,000,000. The RMB244,000,000 advanced to the unlisted entity will mature in three years with interest bearing at a fixed interest rate of 5% per annum. This debt and equity investment is held by the Group for speculative purpose and the Group intended to sell out in the near future, and was therefore classified as current assets, accordingly. The fair value as at 31 December 2019 has been arrived at on the basis of valuation carried out by a firm of independent professional valuers are not connected with the Group, who have appropriate qualifications and recent experience in the valuation of similar financial instrument.

24. 以公允價值計量並計入損益的金融資產(續)

附註：(續)

(c) 於2019年12月31日，本集團持有於聯交所上市之獨立第三方的97,288,000股股份。於2018年12月31日，本集團分別持有於聯交所上市之兩名獨立第三方的13,705,200股股份及39,500,000股股份。本集團所持該等上市公司的股權不足該等公司已發行股份的5%，故本集團並無對該等公司實施重大影響力。

(d) 截至2019年12月31日止年度，本集團以總現金代價30,200,000美元(相當於人民幣211,164,000元)認購部分未上市債券。本集團管理層將該等投資指定為按公允價值透過損益列賬的金融資產。於2019年12月31日的公允價值乃根據折現現金流量法通過計算將流入本集團的預期未來經濟利益的現值釐定。

(e) 於2017年12月15日，本集團以現金代價人民幣20,000,000元收購北京有明雲軟件股份有限公司(「北京有明雲」)發行的可換股票據。可換股票據的固定票面年利率為10%，已按每股股份人民幣5.32元的轉換價格轉換為北京有明雲3,738,333股股份。

可換股票據僅可在無提早贖回權的情況下於到期日(收購日期起計24個月)簽立。本集團將其指定為按公允價值透過損益列賬的金融資產。於2019年12月15日，本集團與北京有明雲訂立補充協議，將可換股票據的到期日延至2020年6月30日。於2019年12月15日至2020年6月30日，可換股票據的固定票面年利率為12%。

於2018年及2019年12月31日的公允價值乃以獨立專業估值師所作估值為基準算出，其與本集團並無任何關連，且在類似金融工具估值方面具有適當資格及近期經驗。可換股票據的公允價值乃使用通過計算各二項式結點的兌換、贖回及持有價值的二項式點陣模式釐定。

24. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(c) As at 31 December 2019, the Group held 97,288,000 shares of an independent third party listed in the Stock Exchange. As at 31 December 2018, the Group held 13,705,200 shares and 39,500,000 shares of two independent third parties listed in the Stock Exchange, respectively. The Group's shareholding in these listed companies are less than 5% of the issued shares of them and the Group does not exercise significant influence over them.

(d) During the year ended 31 December 2019, the Group subscribed a few unlisted bonds at an aggregate cash consideration of USD30,200,000 (equivalent to RMB211,164,000). The management of the Group designated these investments as financial assets at FVTPL. The fair value as at 31 December 2019 is determined based on the discounted cash flow method by calculating the present value of the expected future economic benefits that will flow to the Group.

(e) On 15 December 2017, the Group subscribed a convertible note at a cash consideration of RMB20,000,000 issued by Beijing Youmingyun Software Company Limited[#] (北京有明雲軟件股份有限公司) ("Beijing Youmingyun"). The convertible note carried at a fixed coupon rate of 10% per annum and was convertible into 3,738,333 shares of Beijing Youmingyun at a conversion price of RMB5.32 per share.

The convertible note can only be executed at the maturity date which is 24 months after the acquisition date with no early redemption right. The financial assets is mandatorily measured at FVTPL. On 15 December 2019, the Group and Beijing Youmingyun entered into a supplementary agreement to extend the maturity date of the convertible note to 30 June 2020. The convertible note from 15 December 2019 to 30 June 2020 carried at a fixed coupon rate of 12% per annum.

The fair value as at 31 December 2018 and 2019 has been arrived at on the basis of valuation carried out by a firm of independent professional valuers not connected with the Group, who have appropriate qualifications and recent experience in the valuation of similar financial instrument. The fair value of the convertible note is determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node.

[#] English name is for identification purpose only

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25. 受限制銀行結餘、已抵押銀行存款以及銀行結餘及現金

銀行結餘及現金

銀行結餘按當前市場利率每年0.35% (2018: 0.35%) 計息。

已抵押銀行存款

本集團之已抵押銀行存款指為擔保本集團獲授予銀行融資向銀行抵押之存款。本集團已抵押全部存款以取得短期銀行貸款，因此被分類為流動資產。本集團的已抵押銀行存款的固定利率為每年2.5% (2018年: 2.5%)。

受限制銀行結餘

於2019年12月31日，受限制銀行結餘分別為自房地產經紀網絡服務分部的物業買家收取而尚未轉賬予物業賣家的銀行結餘。相應負債已記錄為其他應付款項中代物業賣家收款。受限制銀行結餘按固定利率每年0.35% (2018年: 0.35%) 計息。

本集團以本集團功能貨幣以外的貨幣計值的受限制銀行結餘、已抵押銀行存款以及銀行結餘及現金載列如下：

25. RESTRICTED BANK BALANCES, PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Bank balances and cash

Bank balances carried interest at prevailing market interest rates which were 0.35% (2018: 0.35%) per annum.

Pledged bank deposits

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The entire deposits have been pledged to secure short-term bank loans and are therefore classified as current assets. The Group's pledged bank deposits carried fixed interest rate of 2.5% (2018: 2.5%) per annum.

Restricted bank balances

As at 31 December 2019, the restricted bank balances represented the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. A corresponding liability is recorded as receipts on behalf of property sellers in other payable. The restricted bank balances carried fixed interest rate at 0.35% (2018: 0.35%) per annum.

The Group's restricted bank balances, pledged bank deposits and bank balances and cash that are denominated in currencies other than the functional currency of the Group are set out below:

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
受限制銀行結餘、已抵押銀行存款以及銀行結餘及現金分析(按貨幣)：	Analysis of restricted bank balances, pledged bank deposits and bank balances and cash by currency:		
以美元(「美元」)計值	Denominated in US Dollar ("US\$")	1,509,523	959,791
以港元計值	Denominated in HK\$	551,628	607,795
以越南盾計值	Denominated in Vietnamese Dong	1,941	1,604

26. 應付賬款及其他應付款項

26. ACCOUNTS AND OTHER PAYABLES

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
應付賬款	Accounts payables	623,463	325,700
其他應付款項	Other payables		
應付利息	Interest payable	78,627	1,296
應付增值稅	Value added tax payables	307,245	198,215
其他應付稅項	Other tax payables	33,289	23,929
代物業賣家收款(附註i)	Receipts on behalf of property sellers (note i)	158,492	52,238
已收房地產開發商 可退還按金(附註21(b))	Refundable deposits received from a property developer (note 21(b))	483,000	483,000
自房地產經紀門店所收按金 (附註ii)	Deposits received from real estate brokerage stores (note ii)	61,072	51,512
根據保理安排持有應收賬款 收款(附註iii)	Receipts of accounts receivables held under the Factoring Arrangement (note iii)	35,742	-
其他應付款項	Other payables	37,363	47,364
		1,194,830	857,554

附註：

- (i) 代物業賣家收款指自房地產經紀網絡服務分部的物業買家收取而尚未轉賬予物業賣家的銀行結餘。該等已收銀行結餘分類為附註25中的受限制銀行結餘。
- (ii) 自房地產經紀門店收取的可退還按金指為達成相互合作而向本集團支付的誠意金。誠意金將於合作安排終止後發還予房地產經紀門店。
- (iii) 截至2019年12月31日止年度，本集團根據保理安排向獨立第三方出售無追索權的本集團應收賬款人民幣1,300,000,000元，詳情載於附註21(a)。截至2019年12月31日，本集團已自物業開發商客戶收取人民幣535,742,000元，本集團已匯予獨立第三方人民幣500,000,000元。直至該等綜合財務報表刊發日期，保理安排項下全部餘額人民幣800,000,000元已由本集團收取且本集團已悉數匯予獨立第三方。

Notes:

- (i) Receipts on behalf of property sellers represent the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. Such bank balances received are classified as restricted bank balances in note 25.
- (ii) Refundable deposits received from real estate brokerage stores represent earnest deposits paid to the Group enabling the cooperation with each other. The earnest deposits will be released to the real estate brokerage stores upon termination of the cooperation arrangement.
- (iii) During the year ended 31 December 2019, the Group sold accounts receivables amounted to RMB1,300,000,000 without recourse to an independent third party under the Factoring Arrangement as detailed in Note 21 (a). Up to 31 December 2019, the Group had received RMB535,742,000 from its property developer customers and the Group had remitted RMB500,000,000 to the independent third party. Up to the date of issuance of these consolidated financial statements, full amount of the remaining balance of RMB800,000,000 under the Factoring Arrangement has been received by the Group and the Group has remitted in full to the independent third party.

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26. 應付賬款及其他應付款項 (續)

應付賬款主要為應付本集團一手房代理服務提供商的諮詢費，一般不授予信貸期。本集團須於有關協議完成時或根據其條款及條件結清到期款項。以下為本集團於各報告期末按獲得服務日期呈列的應付款項賬齡分析：

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
一年以內	Within 1 year	610,062	324,893
一至兩年	1 – 2 years	13,401	142
兩年以上	Over 2 years	–	665
		623,463	325,700

26. ACCOUNTS AND OTHER PAYABLES (Continued)

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:

27. 合約負債

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
就以下各項預收的款項 – 房地產數據服務收入 (附註5 ^(附註))	Amount received in advance in respect of – real estate data service income (note 5 ^(note))	95,842	82,557

27. CONTRACT LIABILITIES

預期於本集團政策營運週期結算的合約負債分類為流動負債。

於截至2018年及2019年12月31日止年度，除了一手市場房地產代理服務外，概無已確認的有關上年已達成的履約義務的收益。於截至2019年12月31日止年度，一手市場房地產代理服務確認有關上年已達成的履約義務的可變對價人民幣97,904,000元(2018年：人民幣116,967,000元)。截至2019年12月31日止年度，所確認計入年初合約負債結餘的收入金額為人民幣82,557,000元(2018年：人民幣33,113,000元)。

Contract liabilities that were expected to be settled within the Group's normal operating cycle are classified as current liabilities.

During the year ended 31 December 2018 and 2019, except for the real estate agency services in the primary market, there were no revenue recognised that related to performance obligations that were satisfied in prior year. During the year ended 31 December 2019, the real estate agency services in the primary market recognised variable consideration of RMB97,904,000 (2018: RMB116,967,000) that related to performance obligations that were satisfied in prior year. During the year ended 31 December 2019, the amount of revenue recognised that was included in the contract liability balance at the beginning of the year amounted to RMB82,557,000 (2018: RMB33,113,000).

28. 銀行及其他借款

28. BANK AND OTHER BORROWINGS

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
銀行借款	Bank borrowings		
有抵押無擔保	Secured and unguaranteed	898,000	400,000
無抵押有擔保	Unsecured and guaranteed	950,000	600,000
		1,848,000	1,000,000
優先票據，無抵押有擔保	Senior notes, unsecured and guaranteed	3,406,130	–
		5,254,130	1,000,000

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
應償還上述借款的賬面值*：	The carrying amounts of the above borrowings are repayable*：		
一年以內	Within one year	1,848,000	1,000,000
超過一年但不超過兩年	Within a period of more than one year but not exceeding two years	2,056,274	–
超過兩年但不超過五年	Within a period of more than two years but not exceeding five years	1,349,856	–
		5,254,130	1,000,000
減：於流動負債列示的一年內到期款項	Less: Amounts due within one year shown under current liabilities	(1,848,000)	(1,000,000)
於非流動負債列示的款項	Amounts shown under non-current liabilities	3,406,130	–

* 該等到期款項乃基於貸款協議中規定的計劃還款日期。

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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28. 銀行及其他借款 (續)

本集團銀行借款的實際利率範圍 (亦等於合同利率) 如下:

28. BANK AND OTHER BORROWINGS (Continued)

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

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
實際利率:	Effective interest rate:		
固定利率銀行借款	Fixed-rate bank borrowings	3.915% – 5.5%	4.35% – 5.5%

由關聯方物業擔保及／或抵押的銀行借款詳情載於附註41(b)(ix)。

Details of bank borrowings guaranteed by and/or secured by properties of related parties are set out in note 41(b)(ix).

優先票據

於2019年2月21日，本公司向獨立第三方發行於聯交所上市之於2021年2月28日到期的200百萬美元 (相當於人民幣1,374,940,000元) 之7.75% 優先票據 (「原有票據」)。於2019年5月9日，本公司進一步向獨立第三方發行亦於聯交所上市之於2021年2月28日到期的100百萬美元 (相當於人民幣687,470,000元) 優先票據 (「額外票據」)。於各方面，發行日期及發行價格除外，額外票據已與於2019年2月21日發行的原有票據合併並組成為單一系列。合併的2021年300百萬美元 (相當於人民幣2,062,410,000元) 之優先票據的票面年利率為7.75%。原有票據及額外票據的實際年利率分別為9.4%及9.3%。基於優先票據於2019年12月31日於聯交所的買入價釐定的公允價值為人民幣2,095,992,000元 (第一級公允價值層級)。

Senior notes

On 21 February 2019, the Company issued US\$200 million (equivalent to RMB1,374,940,000) 7.75% senior notes ("Original Notes") which are listed on the Stock Exchange to independent third parties 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 are also listed on the Stock Exchange to independent third parties due on 28 February 2021. 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 bear coupon at 7.75% per annum. The effective interest rates on the Original Notes and Additional Notes are 9.4% and 9.3% per annum, respectively. The fair value of Senior Note I are determined based on the quoted bid price in the Stock Exchange as at 31 December 2019 is RMB2,095,992,000 (Level 1 fair value hierarchy).

28. 銀行及其他借款(續)

優先票據(續)

於2019年10月18日，本公司進一步向獨立第三方發行於聯交所上市之於2022年4月18日到期的200百萬美元(相當於人民幣1,395,106,000元)之7.625%優先票據(「原有票據II」)。原有票據II的實際年利率為9.2%。優先票據II基於2019年12月31日於聯交所所報買入價釐定的公允價值為人民幣1,356,169,000元(第一級公允價值層級)。

29. 租賃負債

28. BANK AND OTHER BORROWINGS (Continued)

Senior notes (Continued)

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

29. LEASE LIABILITIES

		於2019年 12月31日 人民幣千元 As at 31 December 2019 RMB'000
應付之租賃負債：	Lease liabilities payable:	
一年以內	Within one year	86,451
超過一年但不超過兩年	Within a period of more than one year but not exceeding two years	36,886
超過兩年但不超過五年	Within a period of more than two years but not exceeding five years	3,729
五年以上	Within a period of more than five years	1,304
		128,370
減：於流動負債列示的12個月內 結算到期款項	Less: Amounts due for settlement with 12 months shown under current liabilities	(86,451)
於非流動負債列示的12個月後 結算到期款項	Amounts due for settlement after 12 months shown under non-current liabilities	41,919

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29. 租賃負債(續)

以本集團之功能貨幣以外的貨幣計值之租賃義務載列如下：

29. LEASE LIABILITIES (Continued)

Lease obligations that are denominated in currency other than the functional currencies of the Group are set out below:

		於2019年 12月31日 人民幣千元 As at 31 December 2019 RMB' 000
以港元計值	Denominated in HK\$	1,650

30. 遞延稅項資產／負債

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已經對銷。下表為就財務報告而言的遞延稅項餘額的分析：

30. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for the financial reporting purposes:

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
遞延稅項資產	Deferred tax assets	534,603	488,076
遞延稅項負債	Deferred tax liabilities	-	(73)
		534,603	488,003

30. 遞延稅項資產／負債 (續)

以下為年內的主要遞延稅項變動：

30. DEFERRED TAX ASSETS/LIABILITIES (Continued)

The following are the major deferred tax movements thereon during the year:

		應計僱員 福利及佣金 人民幣千元 Accrued staff welfare and commission RMB'000	呆壞賬撥備 人民幣千元 Allowance for bad and doubtful debts RMB'000	稅項虧損 人民幣千元 Tax losses RMB'000	其他 人民幣千元 Others RMB'000	合計 人民幣千元 Total RMB'000
於2018年1月1日 (扣除自)計入損益 稅率變動影響(附註10)	At 1 January 2018 (Charge) credit to profit or loss Effect of change in tax rate (note 10)	277,973 (69,585) (3,213)	125,654 28,768 (8,639)	97,101 31,193 -	3,287 5,464 -	504,015 (4,160) (11,852)
於2018年12月31日 (扣除自)計入損益	At 31 December 2018 (Charge) credit to profit or loss	205,175 (38,060)	145,783 52,964	128,294 30,620	8,751 1,076	488,003 46,600
於2019年12月31日	At 31 December 2019	167,115	198,747	158,914	9,827	534,603

於2019年12月31日，本集團有人民幣955,056,000元(2018年：人民幣801,383,000元)的未動用稅項虧損，可供用於抵扣未來溢利。已分別就人民幣637,782,000元(2018年：人民幣513,177,000元)的稅項虧損確認遞延稅項資產。由於未來溢利來源難以預測，故並未就餘下稅項虧損人民幣317,274,000元(2018年：人民幣288,206,000元)確認遞延稅項資產。未確認稅項虧損將於以下年度到期：

At 31 December 2019, the Group had unused tax losses of RMB955,056,000 (2018: RMB801,383,000) available to offset against future profits. Deferred tax assets have been recognised in respect of tax losses of RMB637,782,000 (2018: RMB513,177,000). No deferred tax asset has been recognised for the remaining tax losses of RMB317,274,000 (2018: RMB288,206,000), due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

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30. 遞延稅項資產／負債 (續) 30. DEFERRED TAX ASSETS/LIABILITIES (Continued)

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
2019年	2019	-	10,917
2020年	2020	72,294	72,294
2021年	2021	88,932	88,932
2022年	2022	45,225	45,225
2023年	2023	46,433	46,433
2024年	2024	24,997	232
2025年	2025	-	-
2026年	2026	19,204	19,204
2027年	2027	3,418	3,418
2028年	2028	1,551	1,551
2029年	2029	15,220	-
		317,274	288,206

根據中國稅務部門於截至2018年12月31日止年度發佈的新生效公告，合資格認定為高新技術企業的實體所產生的稅項虧損可自2018年1月1日起10年內動用。因此，該等合資格認定為高新技術企業的實體所產生稅項虧損的期限於自2018年由5年延長至10年。

於2019年12月31日，本集團擁有合共人民幣1,682,259,000元（2018年：人民幣1,596,550,000元）的可扣減暫時性差額，主要產生自應計僱員福利及佣金以及呆壞賬撥備，可用於抵扣未來溢利。已就人民幣1,647,610,000元（2018年：人民幣1,568,130,000元）的可扣減暫時性差額確認遞延稅項資產。由於未來不大可能有可扣減暫時性差額可用以抵銷應稅溢利，故並未就餘下可扣減暫時性差額人民幣34,649,000元（2018年：人民幣28,420,000元）確認遞延稅項資產。

According to the newly effective announcement published by the PRC tax authority during the year ended 31 December 2018, tax losses arising from those entities qualified as High Technology Enterprise can be utilised for 10 years since 1 January 2018. Accordingly, the expiry of the tax losses arising from those entities qualified as High Technology Enterprise was extended from for a period of 5 years to 10 years since 2018.

At 31 December 2019, the Group had deductible temporary differences, mainly arising from accrued staff welfare and commission and allowance for bad and doubtful debts, totaling RMB1,682,259,000 (2018: RMB1,596,550,000) available to offset against future profits. Deferred tax assets have been recognised in respect of deductible temporary differences of RMB1,647,610,000 (2018: RMB1,568,130,000). No deferred tax assets have been recognised in relation to the remaining deductible temporary differences of RMB34,649,000 (2018: RMB28,420,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

30. 遞延稅項資產／負債 (續)

根據《中國企業所得稅法》，自2008年1月1日起，須就中國附屬公司溢利宣派的股息徵收預扣稅。於2019年12月31日，綜合財務報表並未就人民幣2,435,614,000元(2018年：人民幣1,454,260,000)的本公司擁有人應佔的中國附屬公司未分派溢利應佔的所有暫時性差額計提遞延稅項撥備，因為本集團能夠控制撥回暫時性差額的時機，並且暫時性差額於可見將來很可能不會撥回。

於各報告期末，並無任何其他重大未確認暫時性差額。

30. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2019, deferred taxation has not been provided for in the consolidated financial statements in respect of all temporary differences attributable to undistributed profits of the PRC subsidiaries attributable to owners of the Company amounting to RMB2,435,614,000 (2018: RMB1,454,260,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There were no other significant unrecognised temporary differences at the end of each reporting period.

31. 股本

31. SHARE CAPITAL

		股份數目 Number of shares	股本 千美元 Share capital US\$' 000	以人民幣 呈列的股本 人民幣千元 Share capital presented in RMB RMB' 000
每股0.00001美元之普通股	Ordinary shares of US\$0.00001 each			
法定，已發行及繳足	Authorised, issued and fully paid			
於2018年1月1日	As at 1 January 2018	1,144,600,000	11	76
增加(附註i)	Increase (note i)	325,637,700	3	22
於2018年12月31日	As at 31 December 2018	1,470,237,700	14	98
行使購股權	Exercise of share options	16,500	—*	—*
已購回及已註銷(附註ii)	Repurchased and cancelled (note ii)	(80,299,100)	(1)	(5)
於2019年12月31日	As at 31 December 2019	1,389,955,100	13	93

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31. 股本 (續)

附註：

- i) 於2018年7月20日，本公司於聯交所主板上市。基於發售價每股14.38港元，本公司從全球發售（發售322,836,000股股份）收取的所得款項淨額（扣除本公司就全球發售應付的包銷佣金及其他開支後）為4,453,514,000港元（相當於人民幣3,839,490,000元）以及從配發及發行超額配售股份（發售2,801,700股股份）收取的所得款項淨額（扣除部分行使超額配售權相關的包銷佣金及其他開支後）為32,940,000港元（相當於人民幣28,701,000元）。因此，收取的所得款項淨額總計為4,486,454,000港元（相當於人民幣3,868,191,000元）。
- ii) 於本年度，本公司每股0.00001美元之81,720,500股普通股按每股介乎7.67港元至10.8港元的價格回購。於2019年12月31日，回購的80,299,100股股份已被註銷。於刊發該等綜合財務報表日期，於年內回購的餘下1,421,400股股份其後悉數被註銷及於2020年1月1日至該等綜合財務報表刊發日期期間，本公司按介乎每股6.6港元至7.93港元的價格進一步購回3,159,000股股份。
- * 金額少於1,000美元或人民幣1,000元

概無本公司附屬公司於年內購買、出售或贖回本公司任何上市證券。

32. 以股份為基礎的付款交易

易居的股份獎勵計劃

首次公開發售前購股權計劃

於2018年4月20日，本公司批准本公司的首次公開發售前購股權計劃（「首次公開發售前購股權計劃」），主要旨在激勵合資格董事、管理層及僱員，並將於2028年4月20日到期。

根據首次公開發售前購股權計劃授出的購股權必須於授出日期起10個營業日內接納。

31. SHARE CAPITAL (Continued)

Notes:

- i) On 20 July 2018, the Company is listed on the Main Board of the Stock Exchange. Based on the offer price of HK\$14.38 per share, the net proceeds with 322,836,000 shares offered from the Global Offering received by the Company, after deduction of the underwriting commission and other expenses payable by the Company in connection with the Global Offering were HK\$4,453,514,000 (equivalent to RMB3,839,490,000) and the net proceeds with 2,801,700 shares offered from the allotment and issue of the over-allotment shares after deducting the underwriting commissions and other expenses in connection with the partial exercise of the over-allotment option were HK\$32,940,000 (equivalent to RMB28,701,000). Hence, the total net proceeds received amounted to HK\$4,486,454,000 (equivalent to RMB3,868,191,000).
- ii) During the current year, 81,720,500 ordinary shares of the Company at US\$0.00001 each were repurchased at prices ranging from HK\$7.67 to HK\$10.8 per share. As at 31 December 2019, 80,299,100 shares repurchased were cancelled. As at the date of issuance of these consolidated financial statements, the remaining 1,421,400 shares repurchased during the year were all subsequently cancelled and the Company further repurchased 3,159,000 shares at prices ranging from HK\$6.6 to HK\$7.93 per share during the period from 1 January 2020 to the date of issuance of the consolidated financial statements.
- * amount less than US\$1,000 or RMB1,000

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

32. SHARE-BASED PAYMENT TRANSACTIONS

Share Incentive Plan of E-House

Pre-IPO Share Option Scheme

On 20 April 2018, the Company approved the Company's pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the primary purpose of providing incentives to eligible directors, management and employees, and will expire on 20 April 2028.

Options granted under the Pre-IPO Share Option Scheme must be taken up within 10 business days of the date of grant.

32. 以股份為基礎的付款交易 (續)

易居的股份獎勵計劃 (續)

首次公開發售前購股權計劃 (續)

有關根據易居的首次公開發售前購股權計劃所授出的購股權的具體分類詳情如下：

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of E-House (Continued)

Pre-IPO Share Option Scheme (Continued)

Details of specific categories of options granted under the Pre-IPO Share Option Scheme of E-House are as follows:

授出日期	承授人	已授出購股權 數目	歸屬期間	行使期	行使價	於授出日期 的公允價值
Date of grant	Grantee	Number of share options granted	Vesting period	Exercise period	Exercise price	Fair value at grant date
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2019年4月21日	2019年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2019	22 April 2019 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2020年4月21日	2020年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2020	22 April 2020 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2021年4月21日	2021年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2021	22 April 2021 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	僱員	6,737,200	2018年4月21日至 2019年4月21日	2019年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2019	22 April 2019 to 20 April 2028	HK\$10.37	HK\$4.92
2018年4月21日	僱員	6,737,200	2018年4月21日至 2020年4月21日	2020年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2020	22 April 2020 to 20 April 2028	HK\$10.37	HK\$4.92
2018年4月21日	僱員	6,737,200	2018年4月21日至 2021年4月21日	2021年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2021	22 April 2021 to 20 April 2028	HK\$10.37	HK\$4.92

下表披露於年內本集團僱員及董事根據首次公開發售前購股權計劃持有的購股權數目的變動。

The following table discloses movements of the number of share options held by employees and directors of the Group under the Pre-IPO Share Option Scheme during the year.

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32. 以股份為基礎的付款交易 (續)

易居的股份獎勵計劃 (續)

首次公開發售前購股權計劃 (續)

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of E-House (Continued)

Pre-IPO Share Option Scheme (Continued)

		於2019年 1月1日未行使 千份 Outstanding at 1 January 2019 '000	年內授出 千份 Granted during the year '000	年內行使 千份 Exercised during the year '000	年內沒收 千份 Forfeited during the year '000	年內到期 千份 Expired during the year '000	於2019年 12月31日未行使 千份 Outstanding at 31 December 2019 '000
購股權數目	Number of share options	90,940	-	(17)	(2,047)	-	88,876
年末可行使	Exercisable at the end of the year						29,614
加權平均行使價	Weighted average exercise price	HK\$10.37	-	HK\$10.37	HK\$10.37	-	HK\$10.37

		於2018年 1月1日未行使 千份 Outstanding at 1 January 2018 '000	年內授出 千份 Granted during the year '000	年內行使 千份 Exercised during the year '000	年內沒收 千份 Forfeited during the year '000	年內到期 千份 Expired during the year '000	於2018年 12月31日未行使 千份 Outstanding at 31 December 2018 '000
購股權數目	Number of share options	-	91,564	-	(624)	-	90,940
年末可行使	Exercisable at the end of the year						-
加權平均行使價	Weighted average exercise price	-	HK\$10.37	-	HK\$10.37	-	HK\$10.37

32. 以股份為基礎的付款交易 (續)

易居的股份獎勵計劃 (續)

首次公開發售前購股權計劃 (續)

截至2019年12月31日止年度概無授出任何購股權。截至2018年12月31日止年度，根據首次公開發售前購股權計劃授出91,563,000份購股權。授予本公司董事與本集團管理層人員及僱員的各自購股權公允價值分別為5.48港元及4.92港元。

該等公允價值乃使用二項式期權定價模式計算。該模式的輸入值如下：

		2018年 2018
行使價	Exercise price	10.37港元 HK\$10.37
預期年期	Expected life	10年 10 years
預期波幅	Expected volatility	45.7%
股息率	Dividend yield	0.0%
無風險利率	Risk-free interest rate	2.16%

計算購股權公允價值所用的變數及假設基於董事的最佳估計。變數及假設的變動可能引致購股權公允價值變動。

首次公開發售後購股權計劃

於2018年7月4日，本公司批准本公司首次公開發售後購股權計劃（「首次公開發售後購股權計劃」），主要旨在激勵合資格董事、管理層及僱員，並將於2028年7月4日到期。根據首次公開發售後購股權計劃，本公司董事會可向合資格僱員（包括本公司及其附屬公司董事）授出購股權以認購本公司股份。此外，本公司可不時就結算本公司獲提供的貨品或服務而向外部第三方授出購股權。

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of E-House (Continued)

Pre-IPO Share Option Scheme (Continued)

No share options were granted during the year ended 31 December 2019. During the year ended 31 December 2018, 91,563,000 options were granted under the Pre-IPO Share Option Scheme. The fair values of each share option granted to directors of the Company, management personnel and employees of the Group were HK\$5.48 and HK\$4.92, respectively.

These fair values were calculated using Binomial option pricing model. The inputs into the model were as follows:

		2018年 2018
行使價	Exercise price	10.37港元 HK\$10.37
預期年期	Expected life	10年 10 years
預期波幅	Expected volatility	45.7%
股息率	Dividend yield	0.0%
無風險利率	Risk-free interest rate	2.16%

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

Post-IPO Share Option Scheme

On 4 July 2018, the Company approved the Company's post-IPO share option scheme (the "Post-IPO Share Option Scheme") for the primary purpose of providing incentives to eligible directors, management and employees, and will expire on 4 July 2028. Under the Post-IPO Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

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32. 以股份為基礎的付款交易 (續)

易居的股份獎勵計劃 (續)

首次公開發售後購股權計劃 (續)

涉及根據首次公開發售後購股權計劃可能授出的該等購股權的股份總數不得超過股份於聯交所開始買賣日期本公司已發行股份的10%，而無需本公司股東的事先批准。涉及任何一年內已授予及將授予任何個人的購股權的已發行及將予發行的股份數目不得超過本公司於任何時間點已發行股份的1%，而無需本公司股東的事先批准。授予主要股東或獨立非執行董事的購股權如超過本公司股本的0.1%或總價值超過5百萬港元，則須經本公司股東事先批准。

根據首次公開發售後購股權計劃授出的購股權必須於授出日期起計20個營業日內接納。行使價由本公司董事釐定，將不會低於以下較高者：(i)本公司股份於授出日期的收市價，(ii)股份於緊接授出日期前的5個營業日的平均收市價；及(iii)本公司股份面值。

於2018年及2019年12月31日，概無購股權根據首次公開發售後購股權計劃授出。

樂居的股份獎勵計劃

樂居的股份於紐約證券交易所上市。其最終母公司為易居(中國)控股。樂居的股份獎勵計劃根據2013年12月1日通過的決議案獲採納，旨在激勵董事及合資格僱員，並將於2023年11月30日到期。根據樂居股份獎勵計劃，樂居董事會可向合資格僱員(包括本集團僱員及董事)授予可認購樂居股份的購股權或受限制股份。

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of E-House (Continued)

Post-IPO Share Option Scheme (Continued)

The total number of shares in respect of which options may be granted under the Post-IPO Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of the shares commence trading on the Stock Exchange, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with an aggregate value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted under the Post-IPO Share Option Scheme must be taken up within 20 business days of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

As at 31 December 2018 and 2019, there were no share options granted under the Post-IPO Share Option Scheme.

Share Incentive Plan of Leju

Leju's shares are listed on the New York Stock Exchange. Its ultimate parent is E-House (China) Holdings. Leju's Share Incentive Plan was adopted pursuant to a resolution passed on 1 December 2013 for the purpose of providing incentives to directors and eligible employees, and will expire on 30 November 2023. Under the Leju Share Incentive Plan, the board of directors of Leju may grant options or restricted shares to eligible employees, including employees and directors of the Group, to subscribe for shares in Leju.

32. 以股份為基礎的付款交易 (續)

樂居的股份獎勵計劃 (續)

有關根據樂居的股份獎勵計劃所授出的購股權的具體分類詳情如下：

授出日期	歸屬期間範圍	行使期間範圍	加權平均行使價	於授出日期的加權平均公允價值
Date of grant	Range of vesting period	Range of exercise period	Weighted average exercise price	Weighted average fair value at grant date
2013年12月1日	2013年12月1日至2016年12月1日	2014年12月1日至2023年11月30日	4.60美元	2.15美元
1 December 2013	1 December 2013 – 1 December 2016	1 December 2014 – 30 November 2023	US\$4.60	US\$2.15

下表披露有關本集團僱員及董事於年內所持樂居的購股權數目的變動詳情。

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of Leju (Continued)

Details of specific categories of options granted under the Share Incentive Plan of Leju are as follows:

The following table discloses movements of the number of Leju's share options held by employees and directors of the Group during the year.

		於2019年					於2019年
		1月1日未行使千份	年內授出千份	年內行使千份	年內沒收千份	年內到期千份	12月31日未行使千份
		Outstanding at 1 January 2019 '000	Granted during the year '000	Exercised during the year '000	Forfeited during the year '000	Expired during the year '000	Outstanding at 31 December 2019 '000
樂居的購股權	Leju's share option	402	-	-	-	-	402
年末未可行使	Exercisable at the end of the year						402

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32. 以股份為基礎的付款交易 (續)

樂居的股份獎勵計劃 (續)

		於2018年 1月1日 未行使 千份	年內授出 千份	年內行使 千份	年內沒收 千份	年內到期 千份	於2018年 12月31日 未行使 千份
		Outstanding at 1 January 2018 '000	Granted during the year '000	Exercised during the year '000	Forfeited during the year '000	Expired during the year '000	Outstanding at 31 December 2018 '000
樂居的購股權	Leju's share option	412	-	-	-	(10)	402
年末可行使	Exercisable at the end of the year						402

本集團確認截至2019年12月31日止年度有關本公司所授出的購股權的總開支人民幣137,025,000元(2018年：人民幣161,630,000元)。

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of Leju (Continued)

The Group recognised the total expense of RMB137,025,000 (2018: RMB161,630,000) for the year ended 31 December 2019 in relation to share options granted by the Company.

33. 資本風險管理

本集團管理其資金，務求透過優化債務與權益間的平衡，確保本集團旗下各集團公司在為股東帶來最大回報的同時可實現持續經營。從上年起，本集團的整體策略維持不變。

本集團的資本架構由債務淨額(包括附註28、29及22所披露的銀行及其他借款、租賃負債及應付關聯方非貿易性質款項，扣除現金及現金等價物)及本集團擁有人應佔權益組成。

本集團管理層定期檢討資本架構。作為該檢討的一部分，本集團管理層考慮各類資本的資本成本及相關風險。根據本集團管理層的推薦意見，本集團將透過派付股息、發行新股、發行新債務及贖回現有債務平衡其整體資本架構。

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, lease liabilities and amounts due to related parties of non-trade nature disclosed in notes 28, 29 and 22, net of cash and cash equivalent, and equity attributable to owners of the Group.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debt or redemption of existing debt.

34. 金融工具

34. FINANCIAL INSTRUMENTS

a. 金融工具分類

a. Categories of financial instruments

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
金融資產	Financial assets		
攤銷成本	Amortised cost	13,312,443	10,352,560
以公允價值計量並計入損益	FVTPL	1,708,599	271,940
		15,021,042	10,624,500
金融負債	Financial liabilities		
攤銷成本	Amortised cost	6,762,709	1,974,632

b. 金融風險管理目標及政策

b. Financial risk management objectives and policies

本集團的主要金融工具包括應收賬款、應收票據、其他應收款項、其他非流動資產、按攤銷成本計量的應收債券、受限制銀行結餘、已抵押銀行存款、銀行結餘及現金、分類為以公允價值計量並計入損益的金融資產、應付賬款、其他應付款項、應收(應付)關聯方款項以及銀行及其他借款。該等金融工具的詳情於各附註中披露。與該等金融工具有關的風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動性風險。緩解該等風險的政策載於下文。本集團管理層管理及監控該等風險，以確保及時有效地實施適當的措施。

貨幣風險

本集團若干銀行結餘及現金、應收(應付)關聯方款項及其他借款以各集團實體的外幣計值，因此面臨外幣風險。

The Group's major financial instruments include accounts receivables, bills receivables, other receivables, other non-current assets, bond receivables measured at amortised cost, restricted bank balances, pledged bank deposits, bank balances and cash, financial assets classified as FVTPL, accounts payables, other payables, amounts due from (to) related parties, and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain bank balances and cash, amounts due from (to) related parties and other borrowings are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk.

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34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貨幣風險 (續)

本集團於各報告期末以各集團實體的功能貨幣以外的貨幣計值的貨幣資產及貨幣負債的賬面值載列如下：

		資產 Assets		負債 Liabilities	
		於12月31日 As at 31 December		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000	2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
美元	US\$	2,873,271	1,089,082	3,406,130	–
港元	HK\$	935,941	2,066,246	–	–

由於本集團管理層認為本集團所面臨的外匯風險極低，故本集團目前並無外幣對沖政策。本集團將考慮於需要的時候對沖重大外匯風險。

敏感度分析

下表詳述相關集團實體功能貨幣兌外幣貶值10%時本集團的敏感度。10%為管理層評估外幣匯率合理可能變動所用的敏感度比率。敏感度分析僅包括尚未償還的外幣計值貨幣項目，並按10%的外幣匯率變動調整報告期末的換算。下表正數(負數)表示相關集團實體功能貨幣兌相關外幣貶值時年內除稅後溢利增加(減少)。若相關集團實體的功能貨幣升值10%，會對除稅後溢利構成同等程度的相反影響。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Currency risk (Continued)

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of each reporting period are as follows:

		Assets		Liabilities	
		As at 31 December		As at 31 December	
		2019 RMB' 000	2018 RMB' 000	2019 RMB' 000	2018 RMB' 000
US\$		2,873,271	1,089,082	3,406,130	–
HK\$		935,941	2,066,246	–	–

The Group currently does not have a foreign currency hedging policy as the management of the Group considers that the foreign exchange risk exposure of the Group is minimal. The Group will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% decrease in the functional currency of the relevant group entities against the foreign currency. 10% is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit for the year where the functional currency of relevant group entities weakening against the relevant foreign currencies. For a 10% strengthen of the functional currency of relevant group entities, there would be an equal and opposite impact on the profit after taxation.

34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貨幣風險 (續)

敏感度分析 (續)

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
外幣	Foreign currency		
美元	US\$	(53,286)	108,908
港元	HK\$	93,594	206,625

利率風險

本集團面臨與定息銀行及其他借款、租賃負債及按攤銷成本計量的應收債券有關的公允價值利率風險 (詳情請參閱附註28、29及23)。本集團目前並無任何利率對沖政策。本集團管理層會持續監察本集團的風險，並於需要時考慮對沖利率風險。

本集團亦面臨與浮動利率受限制銀行結餘、已抵押銀行存款及銀行結餘有關的現金流量利率風險。

本集團面臨的金融負債利率風險詳述於本附註流動性風險管理一節。

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings, lease liabilities and bond receivables measured at amortised cost (see notes 28, 29 and 23 for details). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to floating-rate restricted bank balances, pledged bank deposits and bank balances.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

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34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

利率風險 (續)

敏感度分析

以下敏感度分析乃根據於各報告日期的銀行結餘利率風險釐定。編製分析時乃假設於各報告日期未償還的金融工具於整個年度未償還。就銀行結餘採用利率上升或下降10個基點，代表管理層對利率的合理可能變動的評估。

若銀行結餘利率上升／下降10個基點，而所有其他變數保持不變，本集團年內除稅後溢利將增加(減少)以下金額：

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances at the respective reporting date. The analysis is prepared assuming the financial instruments outstanding at the respective reporting date was outstanding for the whole year. A 10 basis point increase or decrease in interest rate on bank balances is used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for bank balances and all other variables were held constant, the Group's post-tax profit for the year would have increased (decreased) by the following magnitude:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB' 000	2018年 人民幣千元 2018 RMB' 000
年內溢利增加	Increase in profit for the year	1,447	1,994

其他價格風險

本集團透過以公允價值計量且其變動計入損益的債務及股本證券投資承受股本價格風險。就聯交所的上市股本證券而言，倘各股本證券的價格上升／下跌5%，則截至2019年12月31日止年度的稅後利潤將增加／減少人民幣17,648,000元(2018年：12,687,000元)。

Other price risk

The Group is exposed to equity price risk through its investments in debt and equity securities measured at FVTPL. For listed equity securities in the Stock Exchange, if the price of the respective equity securities had been 5% higher/lower, the profit after tax for the year ended 31 December 2019 would have increased/decreased by RMB17,648,000 (2018: RMB12,687,000).

34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

信貸風險

信貸風險指交易對手未履行其合同責任而導致本集團產生財務損失的風險。

本集團就其應收賬款、應收票據、按攤銷成本計量的應收債券、其他應收款項、其他非流動資產、應收關聯方款項、受限制銀行結餘、已抵押銀行存款以及銀行結餘承受信貸風險，相當於本集團就金融資產承受的最高信貸風險。

此外，本集團面臨附註38詳述的與向銀行提供財務擔保有關的信貸風險。本集團在此方面面臨的最大風險為該擔保被要求履行時，本集團須支付的最高金額。於2018年及2019年12月31日，概無於綜合財務狀況表內就財務擔保合同確認損失準備。

本集團預期受限制銀行結餘、已抵押銀行存款及銀行現金存款不涉及重大信貸風險，因為其主要存放於國有銀行及其他大中型上市銀行。管理層預計不會因該等交易對手違約產生任何重大虧損。

於各報告期末，不計及任何所持有的抵押品或其他增信措施，本集團面臨的最大信貸風險為交易對手未能履行責任及本集團所提供財務擔保而導致本集團產生的財務損失。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk in relation to its accounts receivables, bills receivables, bond receivables measured at amortised cost, other receivables, other non-current assets, amounts due from related parties, restricted bank balances, pledged bank deposit, and bank balances, representing the Group's maximum exposure to credit risk in relation to financial assets.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks as detailed in note 38. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on. No loss allowance for the financial guarantee contracts has been recognised in the consolidated statement of financial position as at 31 December 2018 and 2019.

The Group expects that there is no significant credit risk associated with restricted bank balances, pledged bank deposits and cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

At the end of each reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group.

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截至2019年12月31日止年度 For the year ended 31 December 2019

34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

信貸風險 (續)

經參考易居(中國)控股共同控制下的關聯方先前所提供的歷史結算方式，本集團已評定該等關聯方信貸評級高。因此，於截至2018年及2019年12月31日止年度並無確認任何損失準備。

本集團存在信貸風險集中情況，原因是於2019年12月31日，應收賬款、應收票據及應收貿易性質關聯方款項－應收賬款中，有34.78% (2018年：51.23%) 為應收本集團的最大客戶的款項，且於2019年12月31日，應收賬款、應收票據及應收貿易性質關聯方款項－應收賬款中，有49.02% (2018年：60.76%) 為應收本集團的五大客戶的款項。

貿易相關結餘

於2019年12月31日，賬面總值人民幣31,106,000元 (2018年：人民幣25,920,000元) 納入本集團應收賬款、應收關聯方貿易性質款項－應收賬款，本集團就該等結餘持有房地產抵押品。安排詳情載於附註21。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

With reference to the historical settlement patterns from related parties previously under common control of E-House (China) Holdings, the Group has assessed that the credit rating for these related parties is high, thus, no loss allowance provision was recognised during the year ended 31 December 2018 and 2019.

The Group has concentration of credit risk as 34.78% (2018: 51.23%) of the total accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables was due from the Group's largest customer as at 31 December 2019, respectively, and 49.02% (2018: 60.76%) of the total accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables was due from the five largest customers as at 31 December 2019.

Trade-related balances

Included in the Group's accounts receivables and amounts due from related parties of trade nature – accounts receivables as at 31 December 2019 with aggregate carrying amounts of RMB31,106,000 (2018: RMB25,920,000), the Group has collateral of real estate properties over these balances. Details of the arrangement is set out in note 21.

34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貿易相關結餘 (續)

對於應收賬款、應收票據及應收貿易性質關聯方款項－應收賬款，本集團已應用IFRS第9號的簡易方法計量全期預期信貸損失的損失準備。該等結餘的預期信貸損失對信用評級良好的客戶（戰略類客戶）或信用風險高企的客戶（一般風險類客戶－信貸減值或高風險類客戶）按個別基準作出評估及餘下者（一般風險類客戶－非信貸減值）一併使用撥備矩陣作出評估，並根據債務人的歷史結算模式、過往違約經驗、所取得的作為抵押品的房地產物業的公允價值、債務人經營所在行業的整體經濟環境及報告日期當前情況及預測動向為依據作出估計。

當有資料顯示債務人陷入嚴重財困，且並無實際收回的可能之時（例如債務人已清算或進入破產程序），本集團撇銷應收賬款及應收關聯方款項－應收賬款。截至2018年及2019年12月31日止年度，概無已撇銷的應收賬款及應收關聯方款項－應收賬款，乃因管理層評估概無對手方處於嚴重財政困難及收款前景仍然是實際可行的。

下表詳述本集團基於撥備矩陣評估的應收賬款及應收票據的風險組合。於2019年12月31日賬面總值分別為人民幣157,643,000元（2018年：人民幣167,517,000元）、人民幣230,090,000元（2018年：人民幣226,028,000元）及人民幣3,827,974,000元（2018年：人民幣3,126,571,000元）的信貸減值的一般風險類客戶、高風險類客戶及戰略類客戶債務人個別進行評估。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Trade-related balances (Continued)

For accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these balances are assessed on an individual basis for customers with good credit rating (strategic type customers) or with high credit risk (normal risk type customers – credit-impaired or high risk type customers) and the remaining (normal risk type customers – not credit impaired) is collectively using provision matrix, estimated based on historical settlement pattern, past default experience of the debtor, fair values of real estate properties obtained as collateral, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off an accounts receivables and amounts due from related parties – accounts receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. For the year ended 31 December 2018 and 2019, none of the accounts receivables and amounts due from related parties – accounts receivables that had been written off as the management assessed that no counterparties were in severe financial difficulty and the prospect of recovery was still realistic.

The following table details the risk profile of the Group's accounts receivables and bills receivables which are assessed based on provision matrix. Debtors with normal risk type customers – credit-impaired, high risk type customers and strategic type customers, with gross carrying amounts of RMB157,643,000 (2018: RMB167,517,000), RMB230,090,000 (2018: RMB226,028,000) and RMB3,827,974,000 (2018: RMB3,126,571,000) as at 31 December 2019 were assessed individually, respectively.

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34. 金融工具(續)

b. 金融風險管理目標及政策
(續)

貿易相關結餘(續)

於2019年12月31日

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and
policies (Continued)

Trade-related balances (Continued)

As at 31 December 2019

應收賬款及應收票據 – 逾期天數
Accounts receivables and bills receivables – days past due

	一般風險類客戶 Normal risk type customers	一年內 (非信貸減值) Within 1 year (not-credit impaired)	一至兩年 (非信貸減值) 1-2 years (not-credit impaired)	合計 Total
加權平均預期 信貸損失率	Weighted average expected credit loss rate	6.89%	19.38%	9.17%
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB' 000)	3,921,353	874,510	4,795,863
全期預期信貸損失 (人民幣千元)	Lifetime ECL (RMB' 000)	(270,141)	(169,488)	(439,629)
		3,651,212	705,022	4,356,234

34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貿易相關結餘 (續)

於2018年12月31日

		應收賬款及應收票據 – 逾期天數		
		Accounts receivables and bills receivables – days past due		
一般風險類客戶		一至兩年 (非信貸減值)	一至兩年 (非信貸減值)	合計
Normal risk type customers		Within 1 year (not-credit impaired)	1-2 years (not-credit impaired)	Total
加權平均預期 信貸損失率	Weighted average expected credit loss rate	5.33%	25.89%	8.36%
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	2,421,337	419,717	2,841,054
全期預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	(128,968)	(108,679)	(237,647)
		2,292,369	311,038	2,603,407

於本年度，本集團根據撥備矩陣就應收賬款及應收票據確認淨損失準備人民幣201,982,000元(2018年：人民幣84,484,000元)，並就按個別基準評估應收賬款、應收票據及應收關聯方款項 – 來自(1)信貸減值的一般風險類客戶，(2)高風險類客戶及(3)戰略類客戶的應收賬款，確認淨損失準備人民幣21,727,000元(2018年：人民幣85,314,000元)。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Trade-related balances (Continued)

As at 31 December 2018

		應收賬款及應收票據 – 逾期天數		
		Accounts receivables and bills receivables – days past due		
一般風險類客戶		一至兩年 (非信貸減值)	一至兩年 (非信貸減值)	合計
Normal risk type customers		Within 1 year (not-credit impaired)	1-2 years (not-credit impaired)	Total
加權平均預期 信貸損失率	Weighted average expected credit loss rate	5.33%	25.89%	8.36%
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	2,421,337	419,717	2,841,054
全期預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	(128,968)	(108,679)	(237,647)
		2,292,369	311,038	2,603,407

During the current year, the Group recognised net loss allowance of RMB201,982,000 (2018: RMB84,484,000) based on the provision matrix for accounts receivables and bill receivables and recognised net loss allowance of RMB21,727,000 (2018: RMB85,314,000) assessed on an individual basis on accounts receivables, bills receivables and amounts due from related parties – accounts receivables from (1) normal risk type customers – credit-impaired, (2) high risk type customers and (3) strategic type customers.

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34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

非貿易相關結餘

為最大限度降低其他應收款項及其他非流動資產的信貸風險，本集團已委任其信貸管理委員會制定及隨時更新信貸風險等級，以根據信貸違約風險等級將風險敞口進行分類。信用評級資料由獨立評級機構(如有)提供，否則，信貸管理委員會將使用其他公開可用財務資料及本集團自有的交易記錄對其交易對手進行評級。本集團持續監控其風險敞口及其交易對手的信用評級，並將所達成的交易總值在經核准交易對手間進行攤分。

本集團現時有關其他應收款項及其他非流動資產的信貸風險等級框架包括以下類別：

類別 Category	描述 Description	確認預期信貸損失的基準 Basis for recognising ECL
良好 Performing	交易對手違約風險低，並無任何逾期款項或賬齡在一年以內。 The counterparty has a low risk of default and does not have any past-due amounts or aged within 1 year.	12個月的預期信貸損失 12m ECL
可疑 Doubtful	自初始確認起，信貸風險大幅加劇(賬齡一至兩年) There has been a significant increase in credit risk since initial recognition (aged within 1 year but less than 2 years).	全期預期信貸損失 — 無信貸減值 Lifetime ECL – not credit-impaired
違約 In default	有跡象表明資產出現信貸減值(賬齡兩年以上) There is evidence indicating the asset is credit-impaired (aged over 2 years).	全期預期信貸損失 — 信貸減值 Lifetime ECL – credit-impaired
核銷 Write-off	有跡象表明債務人陷入嚴重的財務困境，因而本集團收回款項的希望渺茫 There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	款項已被核銷 Amount is written off

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Non-trade related balances

In order to minimise credit risk on other receivables and other non-current assets, the Group has tasked its credit management committee to develop and maintain the credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework in respect of other receivables and other non-current assets comprises the following categories:

34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

非貿易相關結餘 (續)

為進行減值評估，其他應收款項及其他非流動資產被視為具有較低信貸風險，因為該等金融資產的交易對手具有較高信貸測評。因此，就減值評估而言，損失準備乃按12個月預期信貸損失的相同金額計量。於2019年12月31日，其他應收款項及其他非流動資產（面臨預期信用損失）的總賬面值為人民幣2,505,220,000元（2018年：人民幣2,147,577,000元）。

於釐定其他應收款項及其他非流動資產的預期信貸損失時，本集團管理層已計及過往違約情況及行業未來前景及／或考慮實際及預測經濟資料的各種外部來源（如適用），以估計其他應收款項及其他非流動資產各自在有關虧損評估時間範圍內的違約概率，以及違約損失率。

附註23所披露的本集團按攤銷成本計量的應收債券的賬面值最能代表其承受的最高信貸風險。本集團並未就任何該等結餘持有抵押品。

從過往年度起作出的估計技巧或重大假設並無變動。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Non-trade related balances (Continued)

For the purposes of impairment assessment, other receivables and other non-current assets are considered to have low credit risk as the counterparties to these financial assets have a high credit rating. Accordingly, for the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12m ECL. As at 31 December 2019, the gross carrying amount of other receivables and other non-current assets subjected to ECL amounted to RMB2,505,220,000 (2018: RMB2,147,577,000).

In determining the ECL for other receivables and other non-current assets, the management of the Group has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other non-current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The carrying amount of the Group's bond receivables measured at amortised cost as disclosed in note 23 best represents its maximum exposure to credit risk. The Group holds no collateral over any of the balance.

There has been no change in the estimation techniques or significant assumptions made from prior years.

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34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

流動性風險

在管理流動性風險時，本集團監察及維持現金及現金等價物於管理層認為合適的水平，以為本集團業務提供資金及降低現金流量波動的影響。本集團管理層監控銀行借款的使用，確保符合貸款契約。

下表載列本集團非衍生金融負債的剩餘合約年期詳情。有關列表乃根據本集團可能被要求付款的最早日期釐定的金融負債未折現現金流量編製。金融負債的到期日乃按協定的還款日期釐定。

下表包括利息及本金現金流量。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

34. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

流動性與利率風險表

		加權平均 實際利率 %	按要求或 少於1個月 人民幣千元	1至3個月 人民幣千元	3個月至1年 人民幣千元	1至5年 人民幣千元	未折現現金 流量總額 人民幣千元	賬面值 人民幣千元
		Weighted average effective interest rate %	On demand or less than 1 month RMB' 000	Within 1 to 3 months RMB' 000	Within 3 months to 1 year RMB' 000	1-5 years RMB' 000	Total undiscounted cash flows RMB' 000	Carrying amount RMB' 000
2019年12月31日	31 December 2019							
應付賬款及其他應付款項	Accounts and other payables	-	1,477,759	-	-	-	1,477,759	1,477,759
應付關聯方款項	Amounts due to related parties	-	30,820	-	-	-	30,820	30,820
固定利率銀行借	Fixed-rate bank borrowings	4.58%	101,250	200,435	1,603,651	-	1,905,336	1,848,000
固定利率其他借款	Fixed-rate other borrowings	9.30%	-	-	268,584	3,726,984	3,995,568	3,406,130
財務擔保合同	Financial guarantee contracts	-	53,170	-	-	-	53,170	-
租賃負債	Lease liabilities	5.50%	5,284	24,992	56,155	75,988	162,419	128,370
			1,668,283	225,427	1,928,390	3,802,972	7,625,072	6,891,079
2018年12月31日	31 December 2018							
應付賬款及其他應付款項	Accounts and other payables	-	961,110	-	-	-	961,110	961,110
應付關聯方款項	Amounts due to related parties	-	13,522	-	-	-	13,522	13,522
固定利率銀行借款	Fixed-rate bank borrowings	5.22%	363	12,264	1,020,223	-	1,032,850	1,000,000
財務擔保合同	Financial guarantee contracts	-	5,970	-	-	-	5,970	-
			980,965	12,264	1,020,223	-	2,013,452	1,974,632

上表包括的財務擔保合同金額為本集團在擔保交易對手申索金額的情況下，根據完整擔保金額的安排可能強制支付的最高金額。基於報告期末的預期，本集團認為不太可能須根據安排支付任何款項。然而，此估計或會變化，取決於交易對手根據擔保申索的概率，而該概率又取決於交易對手持有的有擔保財務應收款項承受信用損失的可能性。

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity and interest risk table

		加權平均 實際利率 %	按要求或 少於1個月 人民幣千元	1至3個月 人民幣千元	3個月至1年 人民幣千元	1至5年 人民幣千元	未折現現金 流量總額 人民幣千元	賬面值 人民幣千元
		Weighted average effective interest rate %	On demand or less than 1 month RMB' 000	Within 1 to 3 months RMB' 000	Within 3 months to 1 year RMB' 000	1-5 years RMB' 000	Total undiscounted cash flows RMB' 000	Carrying amount RMB' 000
2019年12月31日	31 December 2019							
應付賬款及其他應付款項	Accounts and other payables	-	1,477,759	-	-	-	1,477,759	1,477,759
應付關聯方款項	Amounts due to related parties	-	30,820	-	-	-	30,820	30,820
固定利率銀行借	Fixed-rate bank borrowings	4.58%	101,250	200,435	1,603,651	-	1,905,336	1,848,000
固定利率其他借款	Fixed-rate other borrowings	9.30%	-	-	268,584	3,726,984	3,995,568	3,406,130
財務擔保合同	Financial guarantee contracts	-	53,170	-	-	-	53,170	-
租賃負債	Lease liabilities	5.50%	5,284	24,992	56,155	75,988	162,419	128,370
			1,668,283	225,427	1,928,390	3,802,972	7,625,072	6,891,079
2018年12月31日	31 December 2018							
應付賬款及其他應付款項	Accounts and other payables	-	961,110	-	-	-	961,110	961,110
應付關聯方款項	Amounts due to related parties	-	13,522	-	-	-	13,522	13,522
固定利率銀行借款	Fixed-rate bank borrowings	5.22%	363	12,264	1,020,223	-	1,032,850	1,000,000
財務擔保合同	Financial guarantee contracts	-	5,970	-	-	-	5,970	-
			980,965	12,264	1,020,223	-	2,013,452	1,974,632

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to the change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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34. 金融工具 (續)

c. 金融工具的公允價值計量

本集團管理層認為，本集團於綜合財務報表中按攤銷成本列賬的金融資產及金融負債賬面值與其公允價值相若，但按攤銷成本計量的應收債券及優先票據（其公允價值分別披露於附註23及28）除外。

34. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments

The management of the Group considers that the carrying amount of the Group's financial assets and financial liabilities, except for bond receivables measured at amortised cost and Senior Notes of which their fair values are disclosed in notes 23 and 28, respectively, recorded at amortised cost in the consolidated financial statements approximate their fair values.

		公允價值 於12月31日 Fair value as at 31 December		公允價值層級 Fair value hierarchy	估值技術及關鍵輸入數據 Valuation technique and key input
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000		
金融資產	Financial assets				
分類為強制以公允價值計量並計入損益的金融資產的聯交所上市股本證券	Equity securities listed in the Stock Exchange classified as financial assets mandatorily measured at FVTPL	352,960	253,740	第一級 Level 1	於活躍市場買入價 Quoted bid prices in the active market
結構性存款	Structured deposits	809,000	不適用 N/A	第三級 Level 3	附註i note i
分類為以公允價值計量並計入損益的金融資產的非上市債務及股本投資	Unlisted debt and equity investment classified as financial assets at FVTPL	300,000	不適用 N/A	第三級 Level 3	附註ii note ii
分類為以公允價值計量並計入損益的金融資產的應收債券	Bond receivables classified as financial asset measured at FVTPL	211,164	不適用 N/A	第三級 Level 3	附註iii note iii
分類為強制以公允價值計量並計入損益的金融資產的可轉換票據	Convertible note classified as financial assets mandatorily measured at FVTPL	21,760	18,200	第三級 Level 3	附註iv note iv
分類為強制以公允價值計量並計入損益的金融資產的私募股權基金投資	Investment in private equity fund classified as financial assets mandatorily measured at FVTPL	13,715	不適用 N/A	第三級 Level 3	附註v note v

34. 金融工具 (續)

c. 金融工具的公允價值計量 (續)

截至2019年及2018年12月31日止年度內第一級與第二級之間概無轉撥。

附註 i :

於2019年12月31日的公允價值乃透過計算預期將從擁有該等結構性存款所得未來經濟利益的現值使用折現現金流量法釐定。折現現金流量法的重大不可觀察輸入數據即結構性存款的預測收益率。結構性存款的預測收益率越高，結構性存款的公允價值越高。本集團管理層認為相關工具預測收益率波動對結構性存款公允價值的影響甚微，原因是該等結構性存款期限短，因此並無呈列敏感度分析。

附註 ii :

於2019年12月31日，權益部分的公允價值採用市場法確定，方式為計算可資比較實體的企業倍數乘以該實體除利息、稅項、折舊及攤銷前盈利。市場法重大不可觀察輸入值為可資比較實體的企業倍數。本集團管理層認為，可資比較實體的企業倍數波動對該實體權益部分的公允價值影響並不重大，因此未呈列敏感度分析。

於2019年12月31日，債務部分的公允價值採用收入法確定，方式為計算債務投資所有權產生的預期未來經濟利益的現值。貼現現金流量法的重大不可觀察輸入值為債務投資的隱含收益率。本集團管理層認為，債務投資的隱含收益率波動對實體債務部分公允價值的影響不重大，因此未進行敏感度分析。

34. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

There were no transfers between Level 1 and 2 during the year ended 31 December 2018 and 2019.

Note i :

The fair value as at 31 December 2019 was determined by discounted cash flow method by calculating the present value of the expected future economic benefits to be derived from the ownership of these structured deposits. The significant unobservable input to the discounted cash flow method is the forecast yield from the structured deposits. The higher the forecast yield of the structured deposits, the higher the fair value of the structured deposits will be. The management of the Group considers that the impact of the fluctuation in forecast yield of the underlying instruments to the fair value of structured deposits is insignificant as these structured deposits have short maturities, and therefore no sensitivity analysis is presented.

Note ii :

The fair value of equity portion as at 31 December 2019 was determined using the market approach by calculating the enterprise multiple of the comparable entities multiplied by the earnings before interest, taxes, depreciation and amortisation of the entity. The significant unobservable input to the market approach was the enterprise multiple of the comparable entities. The management of the Group considers that the impact of the fluctuation in enterprise multiple of the comparable entities to the fair value of the equity portion of the entity is insignificant and therefore no sensitivity analysis is presented.

The fair value of debt portion as at 31 December 2019 was determined using the income method by calculating the present value of the expected future economic benefits to be derived from the ownership of the debt investment. The significant unobservable input to the discounted cash flow method was the implicit rate of return to the debt investment. The management of the Group considers that the impact of the fluctuation in the implicit rate of return of the debt investment to the fair value of the debt portion of the entity is insignificant and therefore no sensitivity analysis is presented.

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34. 金融工具 (續)

c. 金融工具的公允價值計量 (續)

附註iii：

於2019年12月31日的公允價值乃透過計算將流入本集團的預期未來經濟利益的現值使用折現現金流量法釐定。預期收益越高，投資公允價值將越高。本集團管理層認為，預期收益波動的影響對應收債券的公允價值而言無關緊要，因此未進行敏感性分析。

附註iv：

於2018年及2019年12月31日的公允價值乃通過計算每個二項節點的轉換價值、贖回價值及持有價值使用二項式點陣法模式釐定。二項式點陣法模式的重大不可觀察輸入數據為投資對象的股價的波動性。投資對象的波動性越高，可換股票據的公允價值就越高。本集團管理層認為，投資對象的股價波動的影響對可換股票據的公允價值而言無關緊要，因此未進行敏感性分析。

附註v：

於2019年12月31日的公允價值根據私募股權基金相關資產的公允價值釐定。重大不可觀察輸入值為相關資產的公允價值。相關資產公允價值越高，投資公允價值將越高。本集團管理層認為，相關資產公允價值波動的影響對募股權基金投資的公允價值而言無關緊要，因此未進行敏感性分析。

34. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Note iii:

The fair value as at 31 December 2019 was determined by discounted cash flow method by calculating the present value of the expected future economic benefits that will flow to the Group. The higher the expected return, the higher the fair value of the investment will be. The management of the Group considers that the impact of the fluctuation in the expected return is insignificant to the fair value of the bond receivables and therefore no sensitivity analysis is presented.

Note iv:

The fair value as at 31 December 2018 and 2019 was determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node. The significant unobservable input to the lattice binomial model being the volatility of the share price of the investee. The higher the volatility of the investee, the higher the fair value of the convertible note will be. The management of the Group considers that the impact of the fluctuation in the volatility of the share price of the investee is insignificant to the fair value of the convertible note and therefore no sensitivity analysis is presented.

Note v:

The fair value as at 31 December 2019 was determined based on the fair value of the underlying assets of the private equity fund. The significant unobservable input is the fair value of the underlying assets. The higher the fair value of the underlying assets, the higher the fair value of the investment will be. The management of the Group considers that the impact of the fluctuation in the fair value of the underlying assets is insignificant to the fair value of the investment in private equity fund and therefore no sensitivity analysis is presented.

34. 金融工具 (續)

c. 金融工具的公允價值計量 (續)

第三層級公允價值計量對賬

下表呈列第三層級金融資產及負債的變動。

於2019年12月31日

34. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

The following table represents the changes in Level 3 financial assets and liability.

As at 31 December 2019

		資產 Assets				
		分類為以公允價值計量並計入損益的金融資產的結構性存款 人民幣千元	分類為以公允價值計量並計入損益的金融資產的非上市債務及股本投資 人民幣千元	分類為以公允價值計量並計入損益的金融資產的應收債券 人民幣千元	分類為強制以公允價值計量並計入損益的金融資產的可換股票據 人民幣千元	分類為以公允價值計量並計入損益的金融資產的私募股權基金投資 人民幣千元
		Structured deposits classified as financial assets at FVTPL RMB' 000	Unlisted debt and equity investment classified as financial assets at FVTPL RMB' 000	Bond receivables classified as financial asset measured at FVTPL RMB' 000	Convertible note classified as financial assets mandatorily measured at FVTPL RMB' 000	Investment in private equity fund classified as financial asset measured at FVTPL RMB' 000
於2019年1月1日	At 1 January 2019	-	-	-	18,200	-
添置	Addition	1,315,000	300,000	251,517	-	13,781
出售	Disposal	(506,000)	-	(41,857)	-	-
於損益內確認的 (虧損) 收益總額	Total (loss) gain recognised in profit and loss	-	-	1,504	3,560	(66)
於2019年12月31日	At 31 December 2019	809,000	300,000	211,164	21,760	13,715

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34. 金融工具 (續)

34. FINANCIAL INSTRUMENTS (Continued)

c. 金融工具的公允價值計量
(續)

c. Fair value measurements of financial instruments
(Continued)

第三層級公允價值計量對賬
(續)

Reconciliation of Level 3 fair value measurements
(Continued)

於2018年12月31日

As at 31 December 2018

		資產 Asset	(負債) (Liability)
		分類為強制以公允價值計量並計入損益的金融資產的可轉換票據 人民幣千元	分類為以公允價值計量並計入損益的有條件投資基金所得款項 人民幣千元
		Convertible note classified as financial assets mandatorily measured at FVTPL RMB' 000	Conditional investment fund received classified as FVTPL RMB' 000
於2018年1月1日	At 1 January 2018	20,000	(1,253,850)
於損益內確認的(虧損)收益總額	Total (loss) gain recognised in profit and loss	(1,800)	23,864
終止確認	Derecognised	–	1,229,986
於2018年12月31日	At 31 December 2018	18,200	–

截至2019年12月31日止年度的總收益包括於報告期末與以公允價值計量並計入損益的金融資產有關的未實現收益人民幣4,998,000元(2018年:未實現虧損人民幣1,800,000元)。

Of the total gain for the year ended 31 December 2019 included an unrealised gain of RMB4,998,000 (2018: unrealised loss of RMB1,800,000) relating to financial assets at FVTPL at the end of the reporting period.

35. 融資活動產生的負債對賬

下表詳細描述本集團融資活動產生的負債的變動，包括現金和非現金變動。融資活動產生的負債是指現金流或未來現金流會在本集團的綜合現金流量表中分類為融資活動產生的現金流的負債。

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		銀行及 其他借款 人民幣千元	租賃負債 人民幣千元	代保理 安排收款 人民幣千元	應計 利息支出 人民幣千元	應付關聯方 款項(非 貿易性質) 人民幣千元	有條件投資 基金所得款項 人民幣千元	應付 發行成本 人民幣千元	應付股息 人民幣千元	應派予 非控股權益 的股息 人民幣千元	合計 人民幣千元
		Bank and other borrowing RMB' 000	Lease liabilities RMB' 000	Receipts on behalf of factoring Arrangement RMB' 000	Accrued interest expense RMB' 000	Amounts due to related parties (non-trade nature) RMB' 000	Conditional investment fund received RMB' 000	Issue cost payable RMB' 000	Dividends payables RMB' 000	Dividends payables to non- controlling interest RMB' 000	Total RMB' 000
於2018年1月1日	At 1 January 2018	450,000	-	-	622	257,927	1,253,850	-	-	-	1,962,399
融資現金流量	Financing cash flow	550,000	-	-	(24,497)	(254,875)	-	(169,101)	-	(47,946)	53,581
<i>非現金變動</i>	<i>Non-cash changes</i>										
已宣派股息	Dividend declared	-	-	-	-	-	-	-	-	47,946	47,946
確認的融資成本	Finance cost recognised	-	-	-	25,171	-	-	-	-	-	25,171
確認的發行成本	Issue cost recognised	-	-	-	-	-	-	169,101	-	-	169,101
有條件投資基金所得款項 轉換為股份溢價	Conversion of conditional investment fund received into share premium	-	-	-	-	-	(1,229,986)	-	-	-	(1,229,986)
以損益計量的金融負債的 公允價值變動	Fair value change on financial-liabilities classified as FVTPL	-	-	-	-	-	(23,864)	-	-	-	(23,864)
於2018年12月31日	At 31 December 2018	1,000,000	-	-	1,296	3,052	-	-	-	-	1,004,348
於應用國際財務報告準則 第16號後作出的調整	Adjustment upon application of IFRS 16	-	139,537	-	-	-	-	-	-	-	139,537
於2019年1月1日(經重列)	As at 1 January 2019 (restated)	1,000,000	139,537	-	1,296	3,052	-	-	-	-	1,143,885
融資現金流量	Financing cash flow	4,181,248	(78,532)	35,742	(146,813)	2,071	-	-	(277,571)	(99,213)	3,616,932
<i>非現金變動</i>	<i>Non-cash changes</i>										
已宣派股息	Dividend declared	-	-	-	-	-	-	-	277,571	99,213	376,784
匯率調整	Exchange adjustments	32,679	-	-	-	-	-	-	-	-	32,679
確認的融資成本	Finance cost recognised	40,203	7,806	-	224,144	-	-	-	-	-	272,153
訂立的新租賃	New leases entered	-	70,553	-	-	-	-	-	-	-	70,553
終止租賃	Termination of leases	-	(10,994)	-	-	-	-	-	-	-	(10,994)
於2019年12月31日	At 31 December 2019	5,254,130	128,370	35,742	78,627	5,123	-	-	-	-	5,501,992

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36. 經營租賃

本集團作為承租人

本集團根據有關租賃場所不可撤銷之經營租約於下列期間到期之未來最低租賃付款承擔如下：

		於12月31日 As at 31 December
		2018年 人民幣千元 2018 RMB'000
一年以內	Within one year	117,116
二至五年(包括首尾兩年)	In the second year to fifth year inclusive	165,907
五年以上	Over five years	593
		283,616

經營租賃付款指本集團就若干辦公場所及員工宿舍應付的租金。租金按照固定租賃期限1個月至10年商定。

36. OPERATING LEASES

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follow:

		於12月31日 As at 31 December
		2018年 人民幣千元 2018 RMB'000
一年以內	Within one year	117,116
二至五年(包括首尾兩年)	In the second year to fifth year inclusive	165,907
五年以上	Over five years	593
		283,616

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated with fixed lease term ranged from 1 month to 10 years.

37. 資本承擔

已訂約但未撥備：
物業及設備

Contracted but not provided for:
Property and equipment

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
已訂約但未撥備： 物業及設備	Contracted but not provided for: Property and equipment	771,446	381,335

38. 或然負債

於2019年12月31日，本集團就武漢的二手房轉讓為個人物業買家獲取按揭貸款批准向銀行提供財務擔保，總額為人民幣53,170,000元（2018年：人民幣5,970,000元）。於綜合財務報表刊發日期，於2019年12月31日的財務擔保人民幣2,080,000元隨後已解除。

本集團管理層經考慮擔保的性質及有關事實及情況後，認為違約概率較低，因此，於初步確認日期的公允價值並不重大，且於截至2018年及2019年12月31日止年度初步確認後並無計提撥備。

39. 收購附屬公司

於2019年4月，本公司透過向上海唯家房地產諮詢有限公司（「上海唯家」）注資現金人民幣25,000,000元以及公允價值人民幣7,106,000元的無形資產收購上海唯家50%的股權。上海唯家餘下的50%權益由本集團的關聯方持有。上海唯家受本集團控制，乃因本集團在董事會具有五分之三席次而擁有營運及融資決策權，董事會對上海唯家的相關業務亦擁有控制權。上海唯家主要從事一手房地產業務，而收購上海唯家的目標乃為提高本集團於一手房地產市場的品牌價值。

向上海唯家注資

		人民幣千元 RMB'000
現金	Cash	25,000
無形資產(附註)	Intangible assets (note)	7,106
		32,106

English name is for identification purpose only

38. CONTINGENT LIABILITIES

As at 31 December 2019, the Group provided financial guarantees to banks for individual property buyers in obtaining mortgage approval with aggregate amount of RMB53,170,000 (2018: RMB5,970,000) in relation to the secondary real estate transfer in Wuhan. As at the date of the issuance of the consolidated financial statements, the financial guarantees amounting to RMB2,080,000 as at 31 December 2019 had been subsequently released.

The management of the Group has, taking into account the nature of the guarantee and relevant facts and circumstances, considered that the probabilities of default to be low and therefore, the fair value of which on initial date of recognition was insignificant and also there was no provision made subsequent to initial recognition during the year ended 31 December 2018 and 2019.

39. ACQUISITION OF A SUBSIDIARY

In April 2019, the Group acquired a 50% interest in Shanghai Vhome Real Estate Consulting Ltd.# (上海唯家房地產諮詢有限公司) ("Shanghai Vhome") by capital injection into Shanghai Vhome of cash amounting to RMB25,000,000 and intangible assets with fair value of RMB7,106,000. The remaining 50% interest in Shanghai Vhome is held by a related party of the Group. The Group has control over Shanghai Vhome as the Group has control over decision-making of operating and financing by having three out of five seats on board of directors, which the board of directors has the power over the relevant activities of Shanghai Vhome. Shanghai Vhome is principally engaged in the primary real-estate business and was acquired with the objective of improving the Group's brand value in the primary real-estate market.

Capital injected into Shanghai Vhome

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39. 收購附屬公司(續)

39. ACQUISITION OF A SUBSIDIARY
(Continued)

於收購日期確認的資產及負債

Assets and liabilities recognised at the date of
acquisition

人民幣千元
RMB' 000

流動資產	Current assets	
銀行結餘及現金	Bank balances and cash	70,532
應收賬款及其他應收款項	Accounts and other receivables	5,310
應收關聯方款項	Amounts due from related parties	22,117
非流動資產	Non-current assets	
物業及設備	Property and equipment	1,715
無形資產(附註)	Intangible assets (note)	7,106
使用權資產	Right-of-use assets	2,737
流動負債	Current liabilities	
應付賬款及其他應付款項	Accounts and other payables	(2,148)
應計職工薪酬及福利開支	Accrued payroll and welfare expenses	(30,950)
合約負債	Contract liabilities	(25)
應付稅項	Tax payables	(5,013)
應付關聯方款項	Amounts due to related parties	(4,433)
租賃負債	Lease liabilities	(1,358)
非流動負債	Non-current liability	
租賃負債	Lease liabilities	(1,379)
		64,211

附註：

向上海唯家注資的無形資產為本集團內部產生的無形資產，該無形資產先前已於本集團損益中確認為開支。

Note:

The intangible assets injected into Shanghai Vhome were internally generated intangible assets by the Group which were previously recognised as expenses in the profit or loss of the Group.

39. 收購附屬公司(續)

非控股權益

於收購日期確認的上海唯家的非控股權益(50%)乃參照按比例應佔上海唯家資產淨值的已確認金額計量為人民幣32,105,000元。

收購產生的商譽

39. ACQUISITION OF A SUBSIDIARY (Continued)

Non-controlling interests

The non-controlling interests (50%) in Shanghai Vhome recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Shanghai Vhome and amounted to RMB32,105,000.

Goodwill arising on acquisition

		人民幣千元 RMB' 000
已轉讓對價	Consideration transferred	32,106
加：非控股權益	Plus: non-controlling interests	32,105
減：所收購可識別資產淨值的 已確認金額(100%)	Less: recognised amount of identifiable net assets acquired (100%)	(64,211)
收購產生的商譽	Goodwill arising on acquisition	–

於收購時產生的現金流入淨額

Net cash inflows arising on acquisition

		人民幣千元 RMB' 000
已付現金對價	Consideration paid in cash	25,000
減：已收購銀行結餘及現金	Less: bank balances and cash acquired	(70,532)
		(45,532)

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39. 收購附屬公司(續)

收購對本集團業績的影響

產生自上海唯家的人民幣5,638,000元計入年內利潤。年內收入包括上海唯家貢獻的人民幣303,091,000元。

倘收購上海唯家於年內開始時已落實，則本集團於年內來自持續經營業務的收入總額將為人民幣9,207,870,000元，而年內來自持續經營業務的利潤金額將為人民幣971,698,000元。備考資料僅供說明之用，並非旨在反映倘收購事項於年初完成，則本集團實際已取得的收入及經營業績，亦不旨在預測未來業績。

於釐定本集團在上海唯家已於年初收購的情況下的「備考」收入及利潤時，本公司董事根據收購日期已確認的物業及設備金額計算有關物業及設備的折舊及攤銷。

40. 退休福利計劃

本集團於中國的僱員為中國政府運營的國家管理退休福利計劃成員。本公司位於中國的附屬公司須按工資成本的指定百分比向退休福利計劃供款，以提供福利資金。本集團就該等退休福利計劃的唯一義務為作出指定供款。

於截至2019年12月31日止年度，本集團向計劃作出的供款總額及自損益扣除的成本為本集團按計劃規則指定比率已付或應付計劃的供款。截至2019年12月31日止年度，本集團作出的退休福利計劃供款為人民幣413,952,000元(2018年：人民幣387,061,000元)。

39. ACQUISITION OF A SUBSIDIARY (Continued)

Impact of acquisition on the results of the Group

Included in the profit for the year is RMB5,638,000 attributable to Shanghai Vhome. Revenue for the year includes RMB303,091,000 is attributable to Shanghai Vhome.

Had the acquisition of Shanghai Vhome been effected at the beginning of the year, the total amount of revenue of the Group from continuing operations for the year would have been RMB9,207,870,000, and the amount of the profit for the year from continuing operations would have been RMB971,698,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the “pro-forma” revenue and profit of the Group had Shanghai Vhome been acquired at the beginning of the year, the directors of the Company calculated depreciation and amortisation of property and equipment based on the recognised amounts of property and equipment at the date of the acquisition.

40. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Company's subsidiaries situated in the PRC are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

During the year ended 31 December 2019, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to RMB413,952,000 (2018: RMB387,061,000) for the year ended 31 December 2019.

41. 關聯方披露

(a) 關聯方結餘

與關聯方的尚未償還結餘詳情載於綜合財務狀況表附註22。

(b) 關聯方交易

於年內，除綜合財務報表其他地方披露者外，本集團曾與其關聯方訂立下列交易。

(i) 廣告服務、代理收入及諮詢服務所得

廣告服務

附註iii

代理收入

41. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in note 22.

(b) Related party transactions

During the year, saved as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with its related parties.

(i) Advertising service, agency revenue, consulting service earned

Advertising service

Agency revenue

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
		-	4,881
		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註i	Note i	3,226,019	1,937,705
附註ii	Note ii	17,562	16,774
附註iii	Note iii	-	2,951
		3,243,581	1,957,430

綜合財務報表附註
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41. 關聯方披露 (續)

41. RELATED PARTY DISCLOSURES
(Continued)

(b) 關聯方交易 (續)

(b) Related party transactions (Continued)

(i) 廣告服務、代理收入及諮詢服務所得 (續)

(i) Advertising service, agency revenue, consulting service earned (Continued)

諮詢服務

Consulting service

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註i	Note i	12,664	8,832
附註ii	Note ii	12,202	13,338
附註iii	Note iii	-	236
		24,866	22,406

(ii) 所產生服務成本 (主要包括員工培訓及發展成本)

(ii) Service cost incurred (including mainly staff training and development cost)

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註i	Note i	13,827	10,526
附註iii	Note iii	-	1,094
		13,827	11,620

41. 關聯方披露 (續)

41. RELATED PARTY DISCLOSURES (Continued)

(b) 關聯方交易 (續)

(b) Related party transactions (Continued)

(iii) 所產生租金開支

(iii) Rental expenses incurred

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註i及iv	Note i and iv	-	34,235

(iv) 已產生短期租賃及／或 低價值資產租賃租金開支

(iv) Rental expenses for short-term leases and/or low-value assets leases incurred

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註i	Note i	267	-

(v) 租賃負債的利息開支

(v) Interest expenses on lease liabilities

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註i	Note i	3,876	-

(vi) 租賃負債

(vi) Lease liabilities

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註i	Note i	41,294	-

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41. 關聯方披露 (續)

(b) 關聯方交易 (續)

(vii) 購買無形資產

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
附註 <i>i</i>	Note <i>i</i>	23,585	-

附註：

- (i) 本公司股東控制的實體，其對本公司實施重大影響力。
- (ii) 本公司非全資附屬公司的非控股股東，其對本公司的附屬公司實施重大影響力。
- (iii) 於本集團於2018年7月20日於聯交所上市後，該等實體不再被識別為本集團的關聯方。
- (iv) 截至2018年12月31日止年度，本集團訂立若干新租賃協議，作辦公用途，為期三年。
- (v) 截至2019年12月31日止年度，本集團訂立若干新租賃協議，作辦公用途，為期兩年。本集團於租約訂立日期已確認使用權資產及租賃負債增加的金額為人民幣13,579,000元。

(viii) 易居管理及北京易傑優的託收代理安排

業務轉讓完成後，易居管理及北京易傑優已就該等未完成一手房代理合同作為代表本集團的託收代理人。

41. RELATED PARTY DISCLOSURES
(Continued)

(b) Related party transactions (Continued)

(vii) Purchase of intangible assets

Notes:

- (i) Entities controlled by shareholders of the Company which exercises significant influence over the Company.
- (ii) Non-controlling shareholder of a non-wholly owned subsidiary of the Company which exercises significant influence over the subsidiary of the Company.
- (iii) After the Group was listed on Stock Exchange on 20 July 2018, these entities are no longer identified as related parties to the Group.
- (iv) During the year ended 31 December 2018, the Group entered into several new lease agreements for the use of office for 3 years.
- (v) During the year ended 31 December 2019, the Group entered into several new lease agreements for the use of office for 2 years. The Group has recognised an addition of right-of-use assets and lease liabilities of RMB13,579,000 on the lease inception date.

(viii) Collection agency arrangement with E-House Management and Beijing EJU

Subsequent to the completion of the Business Transfer, E-House Management and Beijing EJU, had acted as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts.

41. 關聯方披露 (續)

(b) 關聯方交易 (續)

(ix) 由關聯方所提供資產進行擔保及質押

於2017年12月31日，本公司同系附屬公司易居管理就本集團的銀行借款人民幣450,000,000元向銀行提供公司擔保。該等銀行借款已於2018年5月24日前悉數償還。

(c) 主要管理人員補償

於年內主要管理人員（指本公司董事及本集團主要執行人員）的薪酬如下：

41. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

(ix) Guarantees and pledged of assets provided by related parties

At 31 December 2017, E-House Management, a fellow subsidiary of the Company, had provided corporate guarantees to banks in respect of the Group's bank borrowings amounted to RMB450,000,000. These bank borrowings had been fully repaid by 24 May 2018.

(c) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the year was as follows:

		截至12月31日止年度 Year ended 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
薪金、花紅及其他津貼	Salaries, bonus and other allowances	19,575	20,826
退休福利計劃供款	Retirement benefit scheme contributions	631	481
以股權結算的股份付款開支	Equity-settled share-based payment expenses	82,764	85,886
		102,970	107,193

董事及主要執行人員的薪酬根據個人表現和市場趨勢確定。

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

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42. 本公司的財務狀況表及儲備 42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
非流動資產	Non-current assets		
於附屬公司的權益	Interest in a subsidiary	10,486,313	10,486,273
按攤銷成本計量的應收債券	Bond receivables measured at amortised cost	–	129,291
其他非流動資產	Other non-current asset	34,000	–
於一間聯營公司的權益	Interest in an associate	45,256	–
		10,565,569	10,615,564
流動資產	Current assets		
應收賬款	Accounts receivables	3,942	–
其他應收款項	Other receivables	1,194,880	1,207,941
應收關聯方款項	Amounts due from related parties	3,649,800	–
以公允價值計量並計入損益的金融資產	Financial assets at FVTPL	564,124	253,740
銀行結餘及現金	Bank balances and cash	917,916	1,151,127
		6,330,662	2,612,808
流動負債	Current liability		
其他應付款項	Other payables	78,213	13,792
應付關聯方款項	Amounts due to related parties	1,287,829	45,695
		1,366,042	59,487
流動資產淨額	Net current assets	4,964,620	2,553,321
資產總值減流動負債	Total assets less current liabilities	15,530,189	13,168,885
非流動負債	Non-current liability		
其他借款	Other borrowings	3,406,130	–
資產淨值	Net assets	12,124,059	13,168,885
資本及儲備	Capital and reserves		
股本	Share capital	93	98
股份溢價	Share premium	4,104,603	5,098,146
庫存股	Treasury stock	–*	–
儲備	Reserves	8,019,363	8,070,641
總權益	Total equity	12,124,059	13,168,885

* 低於人民幣1,000元的金額

* amount less than RMB1,000

42. 本公司的財務狀況表及儲備 (續)

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

本公司儲備的變動

Movements of the Company's reserves

		庫存股 人民幣千元 Treasury stock RMB'000	股份溢價 人民幣千元 Share premium RMB'000	其他儲備 人民幣千元 Other reserves RMB'000	累積虧損 人民幣千元 Accumulated losses RMB'000	合計 人民幣千元 Total RMB'000
於2018年1月1日	At 1 January 2018	-	-	(9)	(129)	(138)
年內虧損及全面開支總額	Loss and total comprehensive expense for the year	-	-	-	(447,873)	(447,873)
有條件投資基金所得款項 撥入股份溢價	Conversion of conditional investment fund received into share premium	-	1,229,977	9	-	1,229,986
自本公司直屬母公司獲得 的注資	Capital contribution received from the immediate parent of the Company	-	-	8,357,013	-	8,357,013
確認以股權結算的股份 付款開支	Recognition of equity-settled share-based payment expenses	-	-	161,630	-	161,630
本公司發行股份	Issue of shares of the Company	-	4,037,270	-	-	4,037,270
發行新股的成本	Cost of issuing new shares	-	(169,101)	-	-	(169,101)
於2018年12月31日	At 31 December 2018	-	5,098,146	8,518,643	(448,002)	13,168,787
年內虧損及全面開支總額	Loss and total comprehensive expense for the year	-	-	-	(188,231)	(188,231)
購回股份	Repurchase of shares	-*	(716,192)	-	-	(716,192)
確認為分派的股息	Dividend recognised as distribution	-	(277,571)	-	-	(277,571)
確認以股權結算的股份 付款開支	Recognition of equity-settled share-based payment expenses	-	-	137,025	-	137,025
行使購股權	Exercise of share option	-	220	(72)	-	148
於2019年12月31日	At 31 December 2019	-*	4,104,603	8,655,596	(636,233)	12,123,966

* 低於人民幣1,000元的金額

* amount less than RMB1,000

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43. 主要附屬公司詳情

於本報告期末，本公司直接及間接所持主要附屬公司詳情載列如下。

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

附屬公司名稱 Name of subsidiaries	註冊成立/ 成立日期及地點 Date and place of incorporation/ establishment	已發行及繳足股本/ 註冊資本 Issued and fully paid share capital/registered capital	於以下日期本集團應佔股權 12月31日 Equity interest attributable to the Group as at 31 December		主要活動 Principal activities
			2019年 2019	2018年 2018	
直接擁有 <i>Directly held</i>					
Fangyou (BVI)	英屬維爾京群島， 2010年2月8日 the BVI, 8 February 2010	1,000美元 USD1,000	100%	100%	投資控股
Fangyou (BVI)			100%	100%	Investment holding
間接擁有 <i>Indirectly held</i>					
河南易居房地產顧問有限公司(「河南易居」)(附註b) Henan E-House Real Estate Consultancy Co., Ltd.* (河南易居房地產顧問有限公司) ("Henan Yiju") (note b)	中國鄭州，2005年7月7日 Zhengzhou, the PRC, 7 July 2005	人民幣2,000,000元 RMB2,000,000	100%	100%	房地產代理、房地產營銷 Real estate agents, real estate marketing
上海易居祥悅房地產銷售有限公司(「易居祥悅」) (附註b) Shanghai E-House Xiangyue Real Marketing Estate Sales Co., Ltd* (上海易居祥悅房地產銷售 有限公司) (Yijuxiangyue) (note b)	中國上海， 2010年1月18日 Shanghai, the PRC, 18 January 2010	人民幣50,000,000元 RMB50,000,000	100%	100%	房地產 Real estate agents
易居企業(附註a) PRC Holdco (note a)	中國上海，2006年7月3日 Shanghai, the PRC, 3 July 2006	人民幣660,000,000元 RMB660,000,000	100%	100%	技術開發 Technology development
上海大乘房地產經紀有限公司(「大乘」)(附註b) Shanghai Dacheng Real Estate Marketing Brokerage Co., Ltd* (上海大乘房地產經紀 有限公司) ("Dacheng") (note b)	中國上海， 2015年11月16日 Shanghai, the PRC, 16 November 2015	人民幣50,000,000元 RMB50,000,000	100%	100%	房地產代理 Real estate agents

43. 主要附屬公司詳情 (續)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiaries	註冊成立/ 成立日期及地點 Date and place of incorporation/ establishment	已發行及繳足股本/ 註冊資本 Issued and fully paid share capital/registered capital	於以下日期本集團應佔股權 12月31日 Equity interest attributable to the Group as at 31 December		主要活動 Principal activities
			2019年 2019	2018年 2018	
中房研協 (附註b)	中國北京， 2010年8月17日	人民幣30,000,000元	51%	51%	信息開發、諮詢
Zhongfangyanxie (note b)	Beijing, the PRC, 17 August 2010	RMB30,000,000	51%	51%	Information development, consulting
易居置業代理(沈陽)有限公司(「沈陽易居」) (附註b)	中國沈陽， 2012年8月14日	人民幣3,000,000元	100%	100%	房地產代理
E-House Real Estate Agency (Shenyang) Co., Ltd [#] (易居置業代理(沈陽)有限公司) ("Shenyang Yiju") (note b)	Shenyang, the PRC, 14 August 2012	RMB3,000,000	100%	100%	Real estate agents
上海易居房地產交易服務有限公司(「上海房友」) (附註b)	中國上海， 2015年10月30日	人民幣1,000,000元	100%	100%	房地產經紀網絡服務
Shanghai E-House Real Estate Trading Service Co., Ltd [#] (上海易居房地產交易服務有限公司) ("Shanghai Fangyou ") (note b)	Shanghai, the PRC, 30 October 2015	RMB100,000,000	100%	100%	Real estate brokerage network services

附註：

- a) 該公司為外商獨資企業。
b) 該等公司為有限公司。

於年末概無附屬公司發行任何債務證券。

Notes:

- a) The company is a wholly owned foreign enterprise.
b) The companies are limited liability companies.

None of the subsidiaries had issued any debt securities at the end of the year.

[#] English name is for identification purpose only.

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44. 擁有重大非控股權益的非全資附屬公司詳情

下表顯示本集團擁有重大非控股權益的非全資附屬公司的詳情：

附屬公司名稱 Name of subsidiary	註冊成立地點及 主要營業地點 Place of incorporation and principal place of business	透過非控股權益持有的 所有權權益及投票權比例 Proportion of ownership interests and voting rights held by non-controlling interests		分配至非控股權益 的利潤(虧損) Profit (loss) allocated to non-controlling interests		累積非控股權益 Accumulated non-controlling interests	
		31/12/2019 31/12/2019	31/12/2018 31/12/2018	31/12/2019 31/12/2019	31/12/2018 31/12/2018	31/12/2019 31/12/2019	31/12/2018 31/12/2018
中房研協及其 附屬公司	Zhongfangyanxie 中國 and its subsidiary the PRC	49%	49%	115,584	102,490	168,008	146,667
其他	Others					20,842	(2,973)
						188,850	143,694

中房研協及其附屬公司(為易居企業(中國)集團非全資附屬公司的重要組成部分)的財務資料概述如下。下表概述的財務資料呈列集團內公司間沖銷前的款項。

44. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON- CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Summarised financial information of Zhongfangyanxie and its subsidiary, being a significant component of the non-wholly owned subsidiary of PRC Holdco. The summarised financial information below presented amounts before intra-group eliminations.

44. 擁有重大非控股權益的
非全資附屬公司詳情
(續)

44. DETAILS OF NON-WHOLLY OWNED
SUBSIDIARIES THAT HAVE MATERIAL
NON- CONTROLLING INTERESTS
(Continued)

		於12月31日 As at 31 December	
		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
	中房研協及其附屬公司 Zhongfangyanxie and its subsidiary		
流動資產	Current assets	364,309	302,065
非流動資產	Non-current assets	732	1,822
流動負債	Current liabilities	(22,168)	(4,567)
本公司擁有人應佔權益	Equity attributable to owners of the Company	174,865	152,653
中房研協的非控股權益	Non-controlling interests of Zhongfangyanxie	168,008	146,667

綜合財務報表附註
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44. 擁有重大非控股權益的
非全資附屬公司詳情
(續)

44. DETAILS OF NON-WHOLLY OWNED
SUBSIDIARIES THAT HAVE MATERIAL
NON- CONTROLLING INTERESTS
(Continued)

		截至12月31日止年度 Year ended 31 December	
中房研協及其附屬公司 Zhongfangyanxie and its subsidiary		2019年 人民幣千元 2019 RMB'000	2018年 人民幣千元 2018 RMB'000
收入	Revenue	366,452	333,222
開支	Expenses	(130,565)	(124,058)
年內利潤及全面收益總額	Profit and total comprehensive income for the year	235,887	209,164
本公司擁有人應佔利潤及全面收益總額	Profit and total comprehensive income attributable to owners of the Company	120,303	106,674
中房研協非控股權益應佔利潤及全面收益總額	Profit and total comprehensive income attributable to the non-controlling interests of Zhongfangyanxie	115,584	102,490
年內利潤及全面收益總額	Profit and total comprehensive income for the year	235,887	209,164
派付予中房研協非控股權益的股息	Dividends paid to non-controlling interests of Zhongfangyanxie	(94,243)	(43,933)
經營活動產生的現金流入淨額	Net cash inflow from operating activities	62,244	211,379
投資活動產生的現金流出淨額	Net cash outflow from investing activities	(43)	–
融資活動產生的現金流入(流出)淨額	Net cash inflow (outflow) from financing activities	9,877	(102,296)
現金流入淨額	Net cash inflow	72,078	109,083

45. 主要非現金交易

於截至2019年12月31日止年度，主要非現金交易主要包括添置投資物業，該等物業為先前獲得的抵押且轉讓自物業開發商客戶，分別用以結算本集團的未收回應收賬款人民幣18,857,000元（2018年：人民幣2,645,000元）。有關該安排的詳情載於附註21。

46. 報告期後事項

除綜合財務報表其他章節所披露者外，以下事件於報告期末後發生：

1) 收購實體

於2020年3月20日，本集團訂立以下股份轉讓協議（以下交易詳情載於本公司於2020年3月22日刊載於聯交所網站的公告），包括：

- a. 與上海方加信息技術有限公司（「上海方加」，由本集團一名關連方控制的公司，）訂立的股份轉讓協議，據此，上海方加同意以總對價人民幣51,000,000元向本集團轉讓於上海房教信息技術有限公司的全部股權；
- b. 與易居管理訂立股份轉讓協議，據此，易居管理同意以對價零元向本集團轉讓其於上海易進文化發展有限公司（「易進文化」）的80%股權；
- c. 與三名個人股東（均為本集團獨立第三方）訂立股份轉讓協議，以收購彼等各自於易進文化的7%、3%及2%股權，對價均為零元；

45. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2019, the major non-cash transactions mainly include the addition of investment properties which were collateral previously obtained and were transferred from property developer customers as settlement of the Group's outstanding accounts receivables in the amount of RMB18,857,000 (2018: RMB2,645,000). Details of the arrangement are set out in note 21.

46. EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

1) Acquisition of entities

On 20 March 2020, the Group entered into the following share transfer agreements (details of the below transactions are set out in the Company's announcements published on the website of the Stock Exchange on 22 March 2020), including:

- a. a share transfer agreement with Shanghai Fangjia Information Technique Co., Ltd.# (上海方加信息技術有限公司) ("Shanghai Fangjia"), a company controlled by a related party of the Group, pursuant to which Shanghai Fangjia agreed to transfer the entire equity interest in Shanghai Fangjiao Information Technology Co., Ltd.# (上海房教信息技術有限公司) to the Group, for a total consideration of RMB51,000,000;
- b. a share transfer agreement with E-House Management pursuant to which E-House Management agreed to transfer its 80% equity interest Shanghai Yijin Culture Development Co., Ltd.# (上海易進文化發展有限公司) ("Yijin Culture") to the Group, for nil consideration;
- c. share transfer agreements with each of the three individual shareholders of Yijin Culture, all of whom are independent third parties of the Group, to acquire their 7%, 3% and 2%, respectively, equity interest in Yijin Culture, all for nil consideration;

English name is for identification purpose only

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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46. 報告期後事項 (續)

1) 收購實體 (續)

- d. 與易居管理訂立股份轉讓協議，據此，易居管理同意以總對價人民幣84,920,000元向本集團轉讓於上海尚林物業管理有限公司的全部股權；及
- e. 與易居管理訂立股份轉讓協議，據此，易居管理同意以總對價人民幣199,260,000元向本集團轉讓於上海尚友物業管理有限公司的全部股權。

2) 爆發新冠疫情

2020年伊始，在新冠疫情的全球蔓延影響下，各行各業受到不同程度的考驗。經過中國政府的有效管控措施，國內疫情已逐步受到控制，響應國家領導和政府號召，本集團全力支持相關疫情防控工作，緊急成立防控疫情應急工作小組，有效阻斷疫情於本集團內傳播。

本集團已逐步恢復其營運。自2020年2月以來，本集團通過線上溝通，實現客戶追蹤及銷售信息反饋。

由於本綜合財務報表刊發日期，有關疫情仍不穩定，本公司董事仍持續評估對本集團營運及業績的影響。儘管如此，爆發新冠疫情預計將對本集團未來的綜合業績造成一定程度的負面影響。

46. EVENTS AFTER REPORTING PERIOD (Continued)

1) Acquisition of entities (Continued)

- d. a share transfer agreement with E-House Management pursuant to which E-House Management agreed to transfer the entire equity interest in Shanghai Shanglin Property Management Co., Ltd.# (上海尚林物業管理有限公司) to the Group, for a total consideration of RMB84,920,000; and
- e. a share transfer agreement with E-House Management pursuant to which E-House Management agreed to transfer the entire equity interest in Shanghai Shangyou Property Management Co., Ltd.# (上海尚友物業管理有限公司) to the Group for a total consideration of RMB199,260,000.

2) Outbreak of COVID-19

At the beginning of 2020, the COVID-19 outbreak spread across the globe, putting various industries under different forms of stress. Following effective control measures implemented by the PRC government, the outbreak had gradually come under control in the mainland China. Under the leadership of the PRC government and in response to the government's call, the Group spared no effort in supporting pandemic prevention and control by promptly establishing an outbreak emergency response task force to help prevent a wider spread of the outbreak within the Group.

The Group had resumed its operation gradually. Since February 2020, the Group made use of online communications to keep in touch with the customers, and track sales details and feedback.

As the situation remains fluid on the date of issuance of these consolidated financial statements, the directors of the Company are still evaluating the impact on the Group's operation and results. Nevertheless, the COVID-19 outbreak is expected to negatively affect to a certain extent to the consolidated results of the Group in the coming year.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

致易居（中國）企業控股有限公司列位股東
（於開曼群島註冊成立的有限公司）

To the shareholders of E-House (China) Enterprise Holdings Limited (incorporated in the Cayman Islands with limited liability)

意見

本核數師行就第140頁至第290頁所載的易居（中國）企業控股有限公司（「貴公司」）及其附屬公司（統稱「貴集團」）審核綜合財務報表，該等綜合財務報表包括2018年12月31日綜合財務狀況表、截至該日止年度綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及包括重大會計政策概要的綜合財務報表附註。

本核數師行認為，該等綜合財務報表已根據國際會計準則理事會（「國際會計準則理事會」）頒佈的《國際財務報告準則》（「IFRS」）真實而中肯地反映 貴集團於2018年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及其綜合現金流量，並已遵照香港公司條例的披露規定妥為擬備。

意見的基礎

本核數師行已根據《國際審計準則》（「國際審計準則」）進行審計。本核數師行在該等準則下承擔的責任已在本報告核數師就審計綜合財務報表須承擔的責任一節中作進一步闡述。根據國際會計師職業道德準則理事會頒佈的職業會計師道德守則（「守則」），我們獨立於 貴集團，並已履行守則中的其他職業道德責任。本核數師行相信，本核數師行所獲得的審計憑證能充分及適當地為本核數師行的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據本核數師行的職業判斷，對本期綜合財務報表的審計最為重要的事項。該等事項是在本核數師行審計整體綜合財務報表及出具意見時處理，且本核數師行不會對該等事項提供單獨的意見。

OPINION

We have audited the consolidated financial statements of E-House (China) Enterprise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 140 to 290, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

關鍵審計事項
Key audit matter

本核數師行的審計如何處理關鍵審計事項
How our audit addressed the key audit matter

應收款項預期信貸損失（「預期信貸損失」）的損失準備及應收款項的屬貿易性質的應收關聯方款項。

Loss allowance for expected credit losses (“ECL”) on accounts receivables and amounts due from related parties of trade nature – accounts receivables.

本核數師行確認應收款項預期信貸損失的損失準備及應收款項的屬貿易性質的應收關聯方款項作為關鍵審計事項，因為該等金額屬重要且評估涉及重大的估計不確定性的預期信貸損失的損失準備。

We identified loss allowance for ECL on accounts receivables and amounts due from related parties of trade nature – accounts receivables as a key audit matter because the amounts were significant and assessment of loss allowance for ECL involved significant estimation uncertainty.

貴集團管理層根據各自應收款項的信貸風險估計應收款項預期信貸損失的損失準備及應收款項的屬貿易性質的應收關聯方款項。貴集團於評估應收款項預期信貸損失的損失準備及應收款項的屬貿易性質的應收關聯方款項委聘一名獨立專業估值師。損失撥備金額乃按資產賬面值及估計未來現金流量現值計量，並考慮各應收賬款的預期未來信貸損失。

The management of the Group estimated the amount of loss allowance for ECL on accounts receivables and amounts due from related parties of trade nature – accounts receivables based on the credit risk of the respective accounts receivables. The Group engaged an independent professional valuer in assessing the loss allowance for ECL on accounts receivables and amounts due from related parties of trade nature – accounts receivables. The loss allowance amount is measured as the asset’s carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective accounts receivables.

本核數師行有關應收賬款預期信貸損失的損失準備及應收款項的屬貿易性質的應收關聯方款項包括：

Our procedures in relation to the loss allowance for ECL on accounts receivables and amounts due from related parties of trade nature – accounts receivables included:

1. 評估與支付收款、信用評級管理及應收預期信貸損失評估以及應收款項的屬貿易性質的應收關聯方款項有關的關鍵控制的設計及實施；
1. Evaluating the design and implementation of key controls relating to payment collection, the credit grading management, and ECL assessment on accounts receivables and amounts due from related parties of trade nature – accounts receivables;
2. 邀請我們的內部評估專家評估管理層在評估估值方法時作出的判斷；
2. Involving our internal valuation experts to evaluate the management’s judgments in assessing the valuation methodology;
3. 質疑管理層在釐定應收賬款及應收貿易性質關聯方款項（截至2018年12月31日的應收賬款）的信貸虧損撥備時的基準及判斷，包括識別和評估單獨評估的房地產開發商客戶（策略類客戶或高風險類型客戶）、管理層將剩餘房地產開發商客戶（一般風險類型客戶）分組到撥備矩陣不同類別的合理性以及在撥備矩陣每個類別應用的估計損失率的基準（參考歷史違約率及前瞻性資料）；
3. Challenging the management’s basis and judgments in determining credit loss allowance on accounts receivables and amounts due from related parties of trade nature – accounts receivables as at 31 December 2018, including their identification and evaluation of individually assessed property developer customers (strategic type customers or high risk type customers), the reasonableness of the management’s grouping of the remaining property developer customers (normal risk type customers) into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information);

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

關鍵審計事項 Key audit matter

於2018年12月31日，根據綜合財務報表附註20及21所披露，貴集團的該等應收賬款的賬面值為人民幣4,191,009,000元（扣除預期信貸損失的損失準備為人民幣639,151,000元），佔貴集團流動資產的39.76%。

As at 31 December 2018, the Group's carrying amount of these receivables amounted to RMB4,191,009,000 net of loss allowance for ECL amounted to RMB639,151,000 as disclosed in notes 20 and 21 to the consolidated financial statements, representing 39.76% of the current assets of the Group.

本核數師行的審計如何處理關鍵審計事項 How our audit addressed the key audit matter

4. 以抽樣方式審查各自的房地產代理協議以瞭解結算時間表等相關條款；
4. Reviewing the respective real estate agency agreements, on a sample basis, to understand relevant terms such as settlement schedules;
5. 跟蹤結算記錄並隨後以抽樣方式銀行水單結算；
5. Tracing the settlement records and subsequent settlement to bank slips, on a sample basis;
6. 倘該等具有房地產物業的應收賬款作為抵押品獲得，則瞭解並評估管理層對該等物業的公允價值估計的方法；及
6. Where those accounts receivables with real estate properties obtained as collateral, understanding and assessing the management's approach on the estimation of fair value of these properties; and
7. 評估有關應收賬款及應收貿易性質關聯方款項（綜合財務報表附註20、21及32的應收賬款）的披露資料。
7. Evaluating the disclosures regarding the impairment assessment of accounts receivables and amounts due from related parties of trade nature – accounts receivables in notes 20, 21 and 32 to the consolidated financial statements.

關鍵審計事項
Key audit matter

一手房代理服務收入確認

Revenue recognition on real estate agency services in the primary market

本核數師行將一手房代理服務收入確認確定為關鍵審計事項，因為該等數額屬重大且收入確認屬推定舞弊風險。

We identified the revenue recognition on real estate agency services in the primary market as a key audit matter because the amount was significant and revenue recognition is a presumed fraud risk.

截至2018年12月31日止年度，貴集團確認一手房代理服務收入為人民幣4,753,395,000元。一手房代理服務收入於提供服務的時間點確認，及：

The Group recognised revenue from real estate agency services in the primary market of RMB4,753,395,000 for the year ended 31 December 2018. Revenue from real estate agency services in the primary market is recognised at a point in time when the service is rendered and:

- i) 物業買方已簽立買賣協定並支付所需的首期款項；或
- i) the property buyer has executed the sales and purchase agreement and made the required down-payment; or
- ii) 買賣協議已根據不同代理合同中規定的條款及條件在相關政府部門註冊。
- ii) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts.

本核數師行的審計如何處理關鍵審計事項
How our audit addressed the key audit matter

本核數師行有關一手房代理服務的程序包括：

Our procedures in relation to the real estate agency services in the primary market included:

1. 了解、評估及測試管理層對一手房代理服務收入確認的關鍵控制；
1. Understanding, evaluating and testing management's key controls in respect of the revenue recognition on real estate agency services in the primary market;
2. 以抽樣方式向房地產開發商客戶發出確認書，以確認截至2018年12月31日止年度的應收賬款及交易金額的期末結餘；
2. On sample basis, sending confirmation to property developer customers to confirm closing balance of accounts receivables and transaction amounts as at and for the year ended 31 December 2018;
3. 按抽樣方式甄選一手房代理服務的交易，及：
3. Selecting transactions on a sample basis real estate agency services in the primary market and:
 - 獲得並核實房地產代理服務協議所載有關履約責任達標的條款和條件；
 - obtaining and verifying the terms and conditions set out in the real estate agency service agreement on the criteria of satisfaction of performance obligation;
 - 向買家完成財產轉移時獲得相關證明文件；及
 - obtaining the relevant supporting documents on the completion of property transfer to buyers; and
 - 檢查及核實確認一手房代理服務收入所用的佣金費率。
 - checking and verifying the commission rate used to recognise the revenue from real estate agency services in the primary market.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內所載的資料，但不包括綜合財務報表及本核數師行載於其中的核數師報告。

本核數師行對綜合財務報表的意見並不涵蓋其他資料，本核數師行亦不對該等其他資料發表任何形式的保證結論。

就本核數師行對綜合財務報表的審計，本核數師行的責任乃細閱其他資料，在此過程中，考慮其他資料與綜合財務報表或本核數師行在審計過程中所知悉的情況是否存在重大抵觸或看似存在重大錯誤陳述。基於本核數師行已執行的工作，倘本核數師行認為其他資料存在重大錯誤陳述，本核數師行需要報告該事實。本核數師行就此並無任何事項須報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據國際財務報告準則及香港公司條例的披露規定編製真實而公平的綜合財務報表，並對貴公司董事認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

核數師就審計綜合財務報表須承擔的責任

本核數師行的目標乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本核數師行意見的核數師報告，並按照協定的委聘條款僅向閣下（作為整體）報告，除此之外本報告別無其他目的。本核數師行概不就本報告的內容對任何其他人士負責或承擔責任。合理保證為高水平的保證，但不能保證按照國際審計準則進行的審計總能發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，倘合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據國際審計準則進行審計其中一環，本核數師行運用專業判斷，保持專業懷疑態度。本核數師行亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為本核數師行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- 獲取瞭解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評估貴公司董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

- 對 貴公司董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘本核數師認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂本核數師行的意見。本核數師行的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營業務。
- 評估綜合財務報表的整體列報方式、結構及內容（包括披露）事項以及綜合財務報表是否公平反映相關交易及事項。
- 貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。本核數師行負責 貴集團審計的方向、監督及執行。本核數師行為審計意見承擔全部責任。
- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

本核數師行與治理層溝通審計的計劃範圍及時間以及重大審計發現等，其中包括本核數師行在審計中識別出內部控制的任何重大不足之處。

本核數師行亦向治理層提交聲明，表明本核數師行已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響本核數師行獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

從與治理層溝通的事項中，本核數師行確定該等對本期間綜合財務報表的審計最為重要的事項，因而構成關鍵審計事項。本核數師行在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於本核數師行之報告中註明某事項造成的負面後果超過產生的公眾利益，則本核數師行決定不應在報告中註明該事項。

出具獨立核數師報告的審計項目合夥人為謝明輝。

德勤•關黃陳方會計師行
執業會計師

香港
2019年3月27日

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tse Ming Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 March 2019

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至2018年12月31日止年度 For the year ended 31 December 2018

		截至12月31日止年度 Year ended 31 December		
	附註	2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	
	Notes			
收入	Revenue	5	5,948,172	4,633,360
員工成本	Staff costs		(2,993,818)	(2,623,332)
宣傳及推廣開支	Advertising and promotion expenses		(310,360)	(236,053)
辦公場所經營租金費用	Operating lease charges in respect of office premises		(118,923)	(105,571)
折舊及攤銷開支	Depreciation and amortisation expenses		(26,170)	(27,870)
以攤銷成本計量的金融 資產損失準備	Loss allowance on financial assets measured at amortised cost	8A	(166,590)	(119,866)
諮詢開支	Consultancy expenses		(217,748)	(224,424)
分銷開支	Distribution expenses		(331,516)	(51,726)
其他經營成本	Other operating costs		(368,740)	(284,539)
其他收入	Other income	7	106,519	38,256
其他收益及虧損	Other gains and losses	8B	18,828	3,355
其他開支	Other expenses		(42,666)	(8,831)
應佔聯營公司業績	Share of result of associates		1,144	148
融資成本	Finance costs	9	(25,171)	(21,650)
稅前利潤	Profit before taxation		1,472,961	971,257
所得稅開支	Income tax expense	10	(391,308)	(205,951)
年內利潤及全面收益總額	Profit and total comprehensive income for the year	11	1,081,653	765,306
以下人士應佔年內利潤及 全面收益總額：	Profit and total comprehensive income for the year attributable to:			
本公司擁有人	Owners of the Company		950,312	352,020
非控股權益	Non-controlling interests		131,341	413,286
			1,081,653	765,306
每股盈利	Earnings per share	14		
— 基本 (人民幣分)	— Basic (RMB cents)		80.51	70.40
— 攤薄 (人民幣分)	— Diluted (RMB cents)		76.86	不適用 N/A

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於2018年12月31日 As at 31 December 2018

		於12月31日		
		As at 31 December		
		2018年	2017年	
		人民幣千元	人民幣千元	
附註		2018	2017	
Notes		RMB'000	RMB'000	
非流動資產		Non-current assets		
物業及設備	Property and equipment	15	59,455	62,249
投資物業	Investment properties	16	20,340	18,688
商譽	Goodwill	17	5,109	5,109
無形資產	Intangible assets	18	2,238	5,744
於聯營公司權益	Interests in associates	19	212,511	11,015
應收關聯方款項	Amounts due from related parties	21	10,786	–
應收債券	Bond receivables	22	129,291	–
遞延稅項資產	Deferred tax assets	28	488,076	504,234
其他非流動資產	Other non-current assets	20	350,737	31,669
		1,278,543	638,708	
流動資產		Current assets		
應收賬款及應收票據	Accounts receivables and bills receivables	20	4,164,244	3,308,002
其他應收款項	Other receivables	20	1,794,139	71,590
應收關聯方款項	Amounts due from related parties	21	1,565,196	379,070
按公允價值計入損益 （「按公允價值計入損益」）	Financial assets at fair value through profit or loss (“FVTPL”）	23	271,940	20,000
受限制銀行結餘	Restricted bank balances	24	52,539	131,264
現金及現金等價物	Cash and cash equivalents	24	2,692,001	1,791,290
		10,540,059	5,701,216	
流動負債		Current liabilities		
應付賬款	Accounts payables	25	325,700	174,561
客戶墊款	Advance from customers		46,097	83,468
應計薪金及福利開支	Accrued payroll and welfare expenses		909,864	1,161,640
其他應付款項	Other payables	25	857,554	1,571,273
合約負債	Contract liabilities	26	82,557	33,113
應付稅項	Tax payables		513,311	405,733
應付關聯方款項	Amounts due to related parties	21	67,841	297,294
銀行借款	Bank borrowings	27	1,000,000	450,000
		3,802,924	4,177,082	

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於2018年12月31日 As at 31 December 2018

		於12月31日	
		As at 31 December	
	附註	2018年	2017年
	Notes	人民幣千元	人民幣千元
		2018	2017
		RMB'000	RMB'000
流動資產淨額	Net current assets	6,737,135	1,524,134
資產總值減流動負債	Total assets less current liabilities	8,015,678	2,162,842
非流動負債	Non-current liability		
遞延稅項負債	Deferred tax liabilities	28	219
資產淨值	Net assets	8,015,605	2,162,623
資本及儲備	Capital and reserves		
實繳股本／股本	Paid in/share capital	29	330,076
股份溢價	Share premium	5,098,146	–
儲備	Reserves	2,773,667	695,034
本公司擁有人應佔權益	Equity attributable to owners of the Company	7,871,911	1,025,110
非控股權益	Non-controlling interests	143,694	1,137,513
權益總額	Total equity	8,015,605	2,162,623

第140至290頁的綜合財務報表由董事會於2019年3月27日批准並授權發行，並由以下董事代表簽署：

The consolidated financial statements on pages 140 to 290 were approved and authorised for issue by the board of directors on 27 March 2019 and are signed on its behalf by:

黃燦浩 董事
Huang Canhao, DIRECTOR

丁祖昱 董事
Ding Zuyu, DIRECTOR

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2018年12月31日止年度 For the year ended 31 December 2018

		本公司擁有人應佔 Attributable to owners of the Company								
		實繳股本 人民幣千元	股份溢價 人民幣千元	合併儲備 人民幣千元 (附註a)	法定盈餘儲備 人民幣千元 (附註b)	其他儲備 人民幣千元 (附註c)	保留溢利 人民幣千元	小計 人民幣千元	非控股權益 人民幣千元	合計 人民幣千元
		Paid in share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 (note a)	Statutory surplus reserve RMB'000 (note b)	Other reserves RMB'000 (note c)	Retained profits RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
於2017年1月1日	At 1 January 2017	330,007	-	(8,819)	122,522	227,622	34,698	706,030	756,178	1,462,208
年內利潤及全面收益總額	Profit and total comprehensive income for the year	-	-	-	-	-	352,020	352,020	413,286	765,306
確認為分派予非控股股東的股息	Dividend recognised as distribution to non-controlling shareholders	-	-	-	-	-	-	-	(28,951)	(28,951)
轉撥至法定盈餘儲備	Transferred to statutory surplus reserve	-	-	-	14,264	-	(14,264)	-	-	-
本公司發行股份(附註29)	Issue of shares of the Company (note 29)	69	-	-	-	(9)	-	60	-	60
集團重組的影響(附註d)	Effect of Group Reorganisation (note d)	-	-	(33,000)	-	-	-	(33,000)	(3,000)	(36,000)
於2017年12月31日	At 31 December 2017	330,076	-	(41,819)	136,786	227,613	372,454	1,025,110	1,137,513	2,162,623
年內利潤及全面收益總額	Profit and total comprehensive income for the year	-	-	-	-	-	950,312	950,312	131,341	1,081,653
確認為分派予非控股股東的股息	Divided recognised as distribution to non-controlling shareholders	-	-	-	-	-	-	-	(47,946)	(47,946)
轉撥至法定盈餘儲備	Transferred to statutory surplus reserve	-	-	-	23,742	-	(23,742)	-	-	-
自本公司直屬母公司獲得的注資(附註d)	Capital contribution received from the immediate parent of the Company (note d)	-	-	8,357,013	-	-	-	8,357,013	-	8,357,013
集團重組的影響(附註d)	Effect of Group Reorganisation (note d)	(330,000)	-	(7,389,716)	-	-	-	(7,719,716)	(1,080,284)	(8,800,000)
有條件投資基金所得款項撥入股份溢價(附註e)	Conversion of conditional investment fund received into share premium (note e)	-	1,229,977	-	-	9	-	1,229,986	-	1,229,986
非控股股東注資	Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	2,880	2,880
發行本公司股份(附註29)	Issue of shares of the Company (note 29)	22	4,037,270	-	-	-	-	4,037,292	-	4,037,292
發行新股份成本	Cost of issuing new shares	-	(169,101)	-	-	-	-	(169,101)	-	(169,101)
確認為以股權結算的股份付款開支	Recognition of equity-settled share-based payment expenses	-	-	-	-	161,630	-	161,630	-	161,630
註銷附屬公司	De-registration of a subsidiary	-	-	-	-	(615)	-	(615)	190	(425)
於2018年12月31日	At 31 December 2018	98	5,098,146	925,478	160,528	388,637	1,299,024	7,871,911	143,694	8,015,605

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2018年12月31日止年度 For the year ended 31 December 2018

附註：

- a) 於2017年1月1日的合併儲備主要包括因受易居(中國)控股有限公司(「易居(中國)控股」)集團重組(定義見附註1b)而受共同控制的實體所引起的財務影響。
- b) 根據於中華人民共和國(「中國」)成立的附屬公司的組織章程細則，於每年向擁有人分派任何股息之前，該等附屬公司須根據中國成立企業適用的相關會計原則及財務法規將除稅後利潤的至少10%轉撥至法定盈餘儲備，直至儲備達到其各自註冊資本的50%。法定盈餘儲備可用於彌補過往年度的虧損、擴大現有業務或轉為附屬公司額外資本。
- c) 於2017年1月1日的其他儲備主要包括：
- 因先前發行予本集團僱員及董事的購股權而視作來自易居(中國)控股及易居(中國)控股的聯營公司樂居控股有限公司(「樂居」)的注資金額人民幣200,849,000元，無需本集團償還；
 - 2015年本集團的附屬公司非控股股東上海築想信息科技股份有限公司(「上海築想」)的注資人民幣15,826,000元；及
 - 2015年因向易居(中國)控股控制的實體出售上海方加信息技術有限公司(「方加技術」)、上海易進文化發展有限公司(「易進」)及上海城申文化發展有限公司(「城申」)而產生的收益人民幣10,876,000元，被入賬列作出售共同控制下的附屬公司。
- d) 於2017年9月30日，本集團以對價人民幣36,000,000元自方加技術收購上海昉加信息技術有限公司(「上海昉加」)100%的股本權益。經計及易居(中國)信息技術有限公司(「CRE BVI」)已向若干獨立第三方轉讓易居企業(中國)集團有限公司(「易居企業(中國)集團」)50%的股本權益(詳情載於附註1b的集團重組一節)，其對分別自合併儲備及非控股權益中扣除的人民幣33,000,000元及人民幣3,000,000元帶來整體影響。

NOTES:

- a) Merger reserve as at 1 January 2017, mainly comprised the financial impact arising from those entities under common control of E-House (China) Holdings Limited (易居(中國)控股有限公司) (“E-House (China) Holdings”) Group Reorganisation (as defined in note 1b).
- b) In accordance with the Articles of Association of the subsidiaries established in the People’s Republic of China (“PRC”), the subsidiaries are required to transfer at least 10% of their profit after tax in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC before any distribution of dividends to owner each year to statutory surplus reserve until the reserve reaches 50% of their respective registered capital. The statutory surplus reserve can be used to make up for previous years’ losses, expand the existing operations or convert into additional capital of the subsidiaries.
- c) Other reserves as at 1 January 2017 mainly comprised:
- the deemed capital contribution from E-House (China) Holdings and Leju Holdings Limited (“Leju”), an associate of E-House (China) Holdings, as a result of their share options previously issued to the Group’s employees and directors, amounted to RMB200,849,000 of which was not required to repay by the Group;
 - the capital injection by non-controlling shareholders of a subsidiary of the Group, Shanghai Zhuxiang Information Technology Co., Ltd.# (上海築想信息科技股份有限公司) (“Shanghai Zhuxiang”), amounted to RMB15,826,000 in 2015; and
 - the gain of RMB10,876,000 arising from the disposal of Shanghai Fangjia Information Technique Co., Ltd.# (上海方加信息技術有限公司) (“Fangjia Technique”), Shanghai Yijin Culture Development Co., Ltd.# (上海易進文化發展有限公司) (“Yijin”) and Shanghai Chengshen Culture Development Co., Ltd.# (上海城申文化發展有限公司) (“Chengshen”) to entities controlled by E-House (China) Holdings in 2015, which were accounted for as disposal of subsidiaries under common control.
- d) On 30 September 2017, the Group acquired 100% equity interests of Shanghai Fangjia Information Technology Co., Ltd.# (上海昉加信息技術有限公司) (“Shanghai Fangjia”) from Fangjia Technique with the consideration of RMB36,000,000. Taken into account the 50% equity interest of the E-House Enterprise (China) Group Co., Ltd.# (易居企業(中國)集團有限公司) (“PRC Holdco”) was transferred by E-House (China) Information Technology Co., Ltd. (易居(中國)信息技術有限公司) (“CRE BVI”) to a number of independent third parties as detailed in the Group Reorganisation in note 1b, it resulted in an overall effect of RMB33,000,000 and RMB3,000,000 debited to merger reserves and non-controlling interests, respectively.

English name is for identification purpose only

附註：(續)

於2018年3月，中國房產信息集團（「中國房產信息集團」）（集團重組完成前本公司的直接母公司）向本公司注資10,300,000,000港元（「港元」）（相當於人民幣8,357,013,000元），該款項計入合併儲備，供本集團用於完成集團重組。於2018年3月5日，本公司的全資附屬公司香港房友軟件技術有限公司（「香港房友」）以總對價人民幣8,800,000,000元自CRE BVI收購易居企業（中國）集團50%的股本權益，並自多名獨立第三方收購易居企業（中國）集團50%的股本權益。此舉導致易居企業（中國）集團50%的非控股權益（合計人民幣1,080,284,000元）及易居企業（中國）集團50%的股本（合計人民幣330,000,000元）被終止確認。已付對價的差額，被終止確認的易居企業（中國）集團50%的非控股權益及50%的股本（合計人民幣7,389,716,000元）已借記入合併儲備。集團重組隨後於該日完成。本集團已於2018年4月支付人民幣8,800,000,000元。

- e) 於2018年3月5日，香港房友完成對易居企業（中國）集團100%的股本權益的收購後，此前分類為以公允價值計量並計入損益的金融負債（賬面值為人民幣1,229,986,000元）的有條件投資基金所得款項於當日成為無條件，隨後據此悉數轉換為股本。

NOTES: (Continued)

In March 2018, China Real Estate Information Corporation (“CRE Corp”), the immediate parent of the Company prior to the completion of Group Reorganisation, contributed Hong Kong Dollar (“HK\$”) 10,300,000,000 (equivalent to RMB8,357,013,000) to the Company, credited to merger reserve, for the Group to complete the Group Reorganisation. On 5 March 2018, Hong Kong Fangyou Software Technology Company Limited (香港房友軟件技術有限公司) (“Hong Kong Fangyou”), a wholly-owned subsidiary of the Company, acquired 50% equity interests of PRC Holdco from CRE BVI and 50% equity interests of PRC Holdco from a number of independent third parties for a total consideration of RMB8,800,000,000. This resulted in the derecognition of 50% non-controlling interests of PRC Holdco amounting to RMB1,080,284,000 and 50% share capital of PRC Holdco amounting to RMB330,000,000. The difference of consideration paid, derecognition of 50% non-controlling interests and 50% share capital of PRC Holdco amounting to RMB7,389,716,000 had been debited to merger reserve. The Group Reorganisation has then been completed on that date. The Group paid RMB8,800,000,000 in April 2018.

- e) On 5 March 2018, upon completion of acquisition of 100% equity interests in PRC Holdco by Hong Kong Fangyou, the conditional investment fund received previously classified as financial liabilities at FVTPL at a carrying amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to equity, accordingly.

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至2018年12月31日止年度 For the year ended 31 December 2018

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
經營活動	OPERATING ACTIVITIES		
稅前利潤	Profit before taxation	1,472,961	971,257
就以下各項調整：	Adjustments for:		
物業及設備折舊	Depreciation of property and equipment	21,994	21,862
投資物業折舊	Depreciation of investment properties	670	305
無形資產攤銷	Amortisation of intangible assets	3,506	5,703
應佔聯營公司的業績	Share of result of associates	(1,144)	(148)
出售投資物業的收益	Gain on disposal of investment properties	(50)	(1,787)
出售物業及設備的(虧損) 收益淨值	Net (loss) gain on disposal of property and equipment	626	(65)
註銷附屬公司收益	Gain on de-registration of a subsidiary	(425)	-
匯兌差額	Exchange difference	(36,732)	16,651
利息收入	Interest income	(35,750)	(6,122)
融資成本	Finance costs	25,171	21,650
按攤銷成本計量的金融資產 減值損失	Impairment loss on financial assets measured at amortised cost	166,590	119,866
投資物業減值損失	Impairment loss on investment properties	-	602
按公允價值計量並計入損益的 金融資產的公允價值變動	Loss on changes in fair value of financial assets at FVTPL	15,096	-
按公允價值計量並計入損益的 金融負債的公允價值變動收益	Gain on changes in fair value of financial liabilities measured at FVTPL	(23,864)	(17,027)
以股權結算的股份付款開支	Equity-settled share-based payment expenses	161,630	-
營運資金變動前的經營 現金流量	Operating cash flows before movements in working capital	1,770,279	1,132,747
應收關聯方款項減少	Decrease in amounts due from related parties	6,627	29,321
應付關聯方款項增加(減少)	Increase (decrease) in amounts due to related parties	25,422	(40,485)
其他非流動資產減少(增加)	Decrease (increase) in other non-current assets	4,830	(16,400)
應收賬款及應收票據增加	Increase in accounts receivables and bills receivables	(2,544,191)	(1,141,085)
其他應收款項增加	Increase in other receivables	(1,721,949)	(35,716)
應付賬款增加	Increase in accounts payables	151,139	64,947
客戶墊款(減少)增加	(Decrease) increase in advances from customers	(37,371)	18,927
合同負債增加	Increase in contract liabilities	49,444	9,628
應計薪金及福利開支(減少) 增加	(Decrease) increase in accrued payroll and welfare expenses	(251,776)	200,094
其他應付款項增加	Increase in other payables	539,458	87,440
經營(所用)所得現金	Cash (used in) generated from operations	(2,008,088)	309,418
已收利息	Interest received	32,338	5,553
已付所得稅	Income tax paid	(267,718)	(522,348)
經營活動所用現金淨額	NET CASH USED IN OPERATING ACTIVITIES	(2,243,468)	(207,377)

截至12月31日止年度
Year ended 31 December

	2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	
投資活動	INVESTING ACTIVITIES		
購買物業及設備以及物業及設備按金	Purchase of and deposits placed for property and equipment	(354,928)	(18,462)
購買以公允價值計量並計入損益的金融資產	Purchase of financial assets measured at FVTPL	(267,036)	–
向聯營公司注資	Capital injection to associates	(200,600)	(5,000)
購買應收債券	Purchase of bond receivables	(128,866)	–
購買以公允價值計量並計入損益的可換股票據	Purchase of convertible note measured at FVTPL	–	(20,000)
出售物業及設備所得款項	Proceeds from disposal of property and equipment	2,162	3,228
出售投資物業所得款項	Proceeds from disposal of investment properties	373	6,713
向關聯方墊款	Advance to related parties	(12,713)	(2,520)
關聯方還款	Repayments from related parties	336,330	40,189
出售或註銷一間聯營公司產生的所得款項	Proceeds arising from disposal or de-registration of an associate	248	96
已收利息	Interest received	3,412	569
購買無形資產	Purchase of intangible assets	–	(241)
提取受限制銀行結餘	Withdrawal of restricted bank balances	3,469,464	3,994,763
存放受限制銀行結餘	Placement of restricted bank balances	(3,390,739)	(4,062,404)
投資活動(所用)所得現金淨額	NET CASH (USED IN) FROM INVESTING ACTIVITIES	(542,893)	(63,069)
融資活動	FINANCING ACTIVITIES		
新募集的銀行借款	New bank borrowings raised	1,000,000	450,000
償還銀行借款	Repayments of bank borrowings	(450,000)	(390,000)
關聯方墊款	Advance from related parties	1,654	1,040,181
償還關聯方款項	Repayment to related parties	(256,529)	(1,163,981)
非控股股東注資	Capital injection by non-controlling shareholders	2,880	–
股東注資	Capital injection by shareholders	8,357,013	–
確認為金融負債的獨立第三 方有條件注資所得款項 (附註25)	Proceed from conditional capital injection by independent third parties recognised as financial liabilities (note 25)	–	1,253,850
發行股份所得款項	Proceeds from issue of shares	4,037,292	60
已付發行股份成本	Share issue costs paid	(169,101)	–
已付利息	Interest paid	(24,497)	(21,718)
派付予附屬公司非控股股東的股息	Dividends paid to a non-controlling shareholder of a subsidiary	(47,946)	(28,951)
已付共同控制下附屬公司的收購對價	Consideration paid for the acquisition of subsidiaries under common control	(8,800,000)	(36,000)
融資活動所得現金淨額	NET CASH FROM FINANCING ACTIVITIES	3,650,766	1,103,441
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS	864,405	832,995
年初	AT THE BEGINNING OF THE YEAR	1,791,290	974,946
匯率變動的影響	EFFECT OF EXCHANGE RATE CHANGE	36,306	(16,651)
以現金及現金等價物表示的 年末現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR REPRESENTED BY CASH AND CASH EQUIVALENTS	2,692,001	1,791,290

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至2018年12月31日止年度 For the year ended 31 December 2018

1. 一般資料、集團重組及編製基準

1a. 一般資料

易居(中國)企業控股有限公司(「本公司」)於2010年2月22日於開曼群島根據開曼群島公司法註冊成立為獲豁免有限公司。本公司的股份已於2018年7月20日於香港聯合交易所有限公司(「聯交所」)主板上市。本公司的註冊辦事處及主要營業地點的地址分別為PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands及中華人民共和國上海靜安區廣延路383號秋實樓11樓。

本公司及其附屬公司(統稱「本集團」)在中國向房地產行業提供眾多服務,包括一手房代理服務、房地產數據及諮詢服務以及房地產經紀網絡服務。

該等綜合財務報表以人民幣(「人民幣」)呈列,這亦為本公司的功能貨幣。

1b. 集團重組及編製基準

為了籌備本公司股份於聯交所的初步上市,本集團旗下公司進行下述的集團重組(「集團重組」)。

集團重組的主要步驟包括如下各步驟:

- 於2015年1月6日,易居企業(中國)集團向本集團的同系附屬公司及易居(中國)控股的全資附屬公司方加技術出售其於上海昉加的100%股權。

1. GENERAL INFORMATION, GROUP REORGANISATION 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, 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 PRC.

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

1b. Group Reorganisation and Basis of Preparation

In preparing for the initial listing of the shares of the Company on the Stock Exchange, the companies comprising the Group underwent a group reorganisation as described below (“Group Reorganisation”).

The major steps of Group Reorganisation comprised the following steps:

- On 6 January 2015, PRC Holdco disposed of its 100% equity interests of Shanghai Fangjia to Fangjia Technique, a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings.

1. 一般資料、集團重組及編製基準 (續)

1b. 集團重組及編製基準 (續)

- 於2015年9月17日，上海易居祥悅房屋銷售有限公司(「易居祥悅」)向本集團的同系附屬公司及易居(中國)控股的全資附屬公司上海太德勵拓互聯網科技股份有限公司收購上海勵拓房地產經紀有限公司(「上海勵拓」)的100%股權。於本集團收購前，上海勵拓由本集團的同系附屬公司上海城香商用房地產經紀有限公司(「城香」，受易居(中國)控股的共同控制)持有100%權益。
- 於同日，易居祥悅的全資附屬公司河北易居金岳房地產經紀有限公司向本集團的同系附屬公司及易居(中國)控股的全資附屬公司易居(中國)管理有限公司收購天津金岳100%股權。
- 於2015年12月31日，本集團的若干附屬公司與易居(中國)企業管理集團有限公司(「易居管理」)及北京易傑優企業管理諮詢有限公司(「北京易傑優」)訂立業務轉讓協議，易居管理及北京易傑優向本集團的若干附屬公司轉讓彼等進行的一手市場業務(「主要業務」)的房地產代理服務及之後不再進行任何主要業務(「業務轉讓」)，惟易居管理及北京易傑優繼續就該等未完成一手房地產代理合同作為代表本集團的託收代理人(詳情請參閱附註21(b))除外。據此，本集團將承擔彼等的主要業務、勞動力，收購若干物業及設備以及就明確指認為主要業務的未付應計薪金承擔責任。業務轉讓已於2015年12月31日完成。

1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION (Continued)

1b. Group Reorganisation and Basis of Preparation (Continued)

- On 17 September 2015, Shanghai E-House Xiangyue Real Estate Sales Co., Ltd.[#] (上海易居祥悅房屋銷售有限公司) (“E-House Xiangyue”) acquired 100% equity interest of Shanghai Lituo Real Estate Brokerage Co., Ltd.[#] (上海勵拓房地產經紀有限公司) (“Shanghai Lituo”) from Shanghai Ted Lituo Internet Technology Inc.[#] (上海太德勵拓互聯網科技股份有限公司), a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings. Prior to the Group’s acquisition, Shanghai Lituo was 100% held by Shanghai Chengxiang Commercial Real Estate Broker Co., Ltd.[#] (上海城香商用房地產經紀有限公司) (“Chengxiang”), a fellow subsidiary of the Group which was under common control of E-House (China) Holdings.
- On the same date, Hebei E-House Jinyue Real Estate Broker Co., Ltd.[#] (河北易居金岳房地產經紀有限公司), a wholly-owned subsidiary of E-House Xiangyue, acquired 100% equity interest of Tianjin Jinyue from E-House (China) Management Company Limited[#] (易居(中國)管理有限公司), a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings.
- On 31 December 2015, certain subsidiaries of the Group with E-House (China) Enterprise Management Group., Ltd.[#] (易居(中國)企業管理集團有限公司) (“E-House Management”) and Beijing Yijieyou Enterprise Management Consultancy Co., Ltd.[#] (北京易傑優企業管理諮詢有限公司) (“Beijing EJU”) entered into a business transfer agreement, E-House Management and Beijing EJU transferred their real estate agency services in the primary market business carried out by E-House Management and Beijing EJU (“Primary Business”) to certain subsidiaries of the Group and ceased to carry out any Primary Business thereafter (“Business Transfer”), except that E-House Management and Beijing EJU continued to act as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts (see note 21(b) for details). Pursuant to which the Group will assume their Primary Business, labour work force, acquired certain property and equipment and assumed the obligation in respect of the outstanding accrued payroll that are specifically identified to the Primary Business. The Business Transfer had been completed on 31 December 2015.

[#] English name is for identification purpose only

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. 一般資料、集團重組及編製基準 (續)

1b. 集團重組及編製基準 (續)

- 於2016年10月31日，易居企業(中國)集團的直接控股公司CRE BVI在未失去控制權的情況下向若干獨立第三方轉讓易居企業(中國)集團合共50%的股權。該項交易導致攤薄CRE BVI應佔本集團權益，因此，導致確認易居企業(中國)集團的50%非控股權益。
- 於2017年9月30日，易居企業(中國)集團向本集團的同系附屬公司及易居(中國)控股的全資附屬公司方加技術收購上海昉加的100%股權。
- 於2017年11月6日，決議(i) 本公司將每股面值1美元的股份拆細為100,000股每股面值0.00001美元的股份；(ii) 股份拆細後，本公司透過增設9,000,000股每股面值0.00001美元的900,000,000股股份將法定股本總額由1,000美元增至10,000美元(每股股份與當時已發行股份於各方面享有同等地位)；及(iii) 本公司向中國房產信息集團發行9,000,000股每股面值0.00001美元的900,000,000股股份。於2017年12月1日，(i) 本公司透過增設144,600,000股每股面值0.00001美元的股份將法定股本由10,000美元增至11,446美元(每股股份與當時已發行股份於各方面享有同等地位)；及(ii) 本公司有條件地向Captain Valley (Cayman) Limited (為萬科企業股份有限公司的附屬公司)、樂意發展有限公司(為中國恒大集團的附屬公司)及Heyday Surge Limited (為碧桂園控股有限公司的代名人) 分別發行48,200,000股每股面值0.00001美元的股份。於2018年1月5日，Heyday Surge Limited將其於本公司的48,200,000股有條件股份轉讓予碧桂園(香港)發展有限公司(為碧桂園控股有限公司的附屬公司)。

1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION (Continued)

1b. Group Reorganisation and Basis of Preparation (Continued)

- On 31 October 2016, PRC Holdco's immediate holding company, CRE BVI has transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control. This transaction diluted the Group's interest attributable to CRE BVI and therefore, resulted in the recognition of 50% non-controlling interests of PRC Holdco.
- On 30 September 2017, PRC Holdco acquired 100% equity interest of Shanghai Fangjia from Fangjia Technique, a fellow subsidiary of the Group and a wholly-owned subsidiary of E-House (China) Holdings.
- On 6 November 2017, it was resolved that (i) the Company subdivided its shares on the basis that every share of US\$1 each into 100,000 shares of US\$0.00001 each; (ii) subsequent to the share subdivision, the Company increased its total authorised share capital from US\$1,000 to US\$10,000 by the creation of an additional of 900,000,000 shares of US\$9,000 of US\$0.00001 each, each ranking pari passu with the then shares in issue in all respect and (iii) the Company issued 900,000,000 shares of US\$9,000 of US\$0.00001 each to CRE Corp. On 1 December 2017, (i) the authorised share capital of the Company was increased from US\$10,000 to US\$11,446 by the creation of an additional of 144,600,000 shares of US\$0.00001 each, each ranking pari passu with the then shares in issue in all respects and (ii) the Company conditionally issued 48,200,000 number of shares to each of Captain Valley (Cayman) Limited (a subsidiary of China Vanke Co., Ltd.), Jovial Idea Developments Limited (a subsidiary of China Evergrande Group) and Heyday Surge Limited (a nominee of Country Garden Holdings Company Limited) at US\$0.00001 per share. On 5 January 2018, Heyday Surge Limited transferred its 48,200,000 conditional shares of the Company to Country Garden (Hong Kong) Development Company Limited (a subsidiary of Country Garden Holdings Company Limited).

1. 一般資料、集團重組及編製基準 (續)

1b. 集團重組及編製基準 (續)

- 於2018年3月，中國房產信息集團向本公司注資10,300,000,000港元(相當於人民幣8,357,013,000元)，以便本集團有充足資金完成集團重組。
- 於2018年3月5日(集團重組完成日期)，本公司的全資附屬公司香港房友以對價人民幣8,800,000,000元收購易居企業(中國)集團100%的股本權益。

上述合併實體、易居管理及北京易傑優所進行的主要業務及本公司於集團重組前及後均受易居(中國)控股的共同控制。因此，收購上述合併實體及主要業務乃使用合併會計法入賬列為共同控制下的業務合併。

截至2017年12月31日止年度編製的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，包括公司及主要業務的業績、權益變動及現金流量，猶如於整個截至2017年12月31日止年度或自有關成立、註冊成立或收購日期以來(以較短期間為準)本公司一直為本集團的控股公司，主要業務及於集團重組完成後的集團架構一直存在。

本集團於2017年12月31日的綜合財務狀況表乃按上述基準編製以呈列本集團旗下公司及主要業務的資產及負債，猶如於該等日期(並考慮有關成立、註冊成立或收購日期，如適用)本公司一直為本集團的控股公司且於集團重組完成後的集團架構一直存在。

1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION (Continued)

1b. Group Reorganisation and Basis of Preparation (Continued)

- In March 2018, CRE Corp contributed HK\$10,300,000,000 (equivalent to RMB8,357,013,000) to the Company as to enable the Group to have adequate funding to complete the Group Reorganisation.
- On 5 March 2018, being the completion date of Group Reorganisation, Hong Kong Fangyou, a wholly-owned subsidiary of the Company, acquired 100% equity interests of PRC Holdco for a consideration of RMB8,800,000,000.

The abovementioned combined entities, Primary Business carried out by E-House Management and Beijing EJU and the Company are under common control of E-House (China) Holdings before and after the Group Reorganisation. Therefore, the acquisition of the abovementioned combined entities and Primary Business are accounted for as business combination under common control by applying the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended 31 December 2017 including the results, changes in equity and cash flows of the companies and the Primary Business as if the Company had always been the holding company of the Group and the group structure upon completion of the Group Reorganisation had been in existence throughout the year ended 31 December 2017, or since their respective dates of establishment, incorporation or acquisition, where this is a shorter period.

The consolidated statements of financial position of the Group as at 31 December 2017 have been prepared to present the assets and liabilities of the companies and the Primary Business comprising the Group, on the basis stated above, as if the Company had always been the holding company of the Group and the group structure upon completion of the Group Reorganisation had been in existence at those dates taking into account the respective dates of establishment, incorporation or acquisition, where applicable.

綜合財務報表附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至2018年12月31日止年度 For the year ended 31 December 2018

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本

就編製及呈列本集團截至2018年12月31日止年度綜合財務報表而言，本集團於截至2018年及2017年12月31日止年度貫徹採納符合於2018年1月1日開始的會計期間生效之IFRS的會計政策。

已頒佈但尚未生效的新訂IFRS及其修訂本

本集團並無提早應用以下已頒佈但尚未生效的新訂IFRS及IFRS修訂本。

IFRS第16號	租賃 ¹
IFRS第17號	保險合約 ⁴
國際財務報告 詮釋委員會 第23號詮釋	所得稅處理方式的 不確定因素 ¹
IFRS第3號 修訂本	業務的定義 ³
IFRS第9號 修訂本	具有負補償的提前 還款特性 ¹
IFRS第10號及 《國際會計 準則》第 28號修訂本	投資者與其聯營 公司或合資企業之 間的資產出售或 注入 ⁵
《國際會計 準則》第1號 及《國際會計 準則》第28號 修訂本	重大的定義 ²
《國際會計 準則》第 19號修訂本	計劃修訂、縮減或 結算 ¹
《國際會計 準則》第 28號修訂本	於聯營公司及合資 企業的長期權益 ¹
IFRS修訂本	2015至2017年週期 的IFRS年度改進 ¹

- ¹ 於2019年1月1日或之後開始的年度期間生效。
- ² 於2020年1月1日或之後開始的年度期間生效。
- ³ 適用於收購日期為2020年1月1日或之後開始的首個年度期間開始當日或之後進行的業務合併。
- ⁴ 於2021年1月1日或之後開始的年度期間生效。
- ⁵ 於待定期限或之後開始的年度期間生效。

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.

2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

IFRS第16號「租賃」

IFRS第16號同時為出租人及承租人引入識別租賃安排及會計處理的綜合模式。IFRS第16號將於生效後取代《國際會計準則》第17號「租賃」及有關詮釋。

IFRS第16號根據所識別資產是否由客戶控制來區分租賃與服務合約。此外，IFRS第16號要求根據IFRS第15號的要求確定銷售和回租交易，以確定相關資產的轉移是否應作為銷售入帳。IFRS第16號還包括與轉租和租賃修改有關的要求。

除短期租賃及低價值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中移除，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，隨後按成本（若干例外情況除外）減累計折舊及減值損失計量，並就租賃負債任何重新計量作出調整。租賃負債初步按當時未支付的租賃付款現值計量。隨後，租賃負債就（其中包括）利息及租賃付款以及租賃變動影響作出調整。就現金流量分類而言，本集團現時呈列經營租賃付款呈列為經營現金流量。應用IFRS第16號後，有關租賃負債的租賃付款將分配至本金及利息部分，而該部分將由本集團呈列為融資現金流量，預付租賃款項將繼續根據性質作為投資或經營現金流量呈列（如適當）。

除亦適用於出租人的若干規定外，IFRS第16號大致上沿用《國際會計準則》第17號的出租人會計處理規定，並繼續要求出租人將租賃分類為經營租賃或融資租賃。

此外，IFRS第16號要求作出廣泛披露。

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

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.

綜合財務報表附註

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2. 應用新訂及國際財務報告準則（「IFRS」）修訂本（續）

IFRS第16號「租賃」（續）

於2018年12月31日，本集團擁有不可撤銷經營租賃承擔人民幣283,616,000元（如附註34所披露）。初步評估表明該等安排將符合租賃界定，於應用IFRS第16號後，本集團將就所有該等租賃確認使用權資產及相應負債，惟低價值或短期租賃除外。

此外，本集團目前將已付可退租金定金人民幣17,821,000元視為適用《國際會計準則》第17號的租賃項下權利。根據IFRS第16號的租賃付款定義，該等定金並非與相關資產的使用權相關的付款，因此該等定金的賬面值可調整至攤銷成本。已付可退租金定金的調整將被視為額外租賃付款並計入使用權資產的賬面值。

應用新規定可能導致上文所示計量、呈列及披露變動。本集團選擇實際權宜的方法將IFRS第16號應用於先前《應用國際會計準則》第17號及國際財務報告詮釋委員會第4號詮釋「釐定安排是否包含租賃」下識別為租賃的合約，而不會應用此準則於先前應用《國際會計準則》第17號及國際財務報告詮釋委員會第4號詮釋並無識別為包括租賃的合約。因此，本集團將不會重新評估於首次應用日期前已存在的合約是否屬（或是否包括）租賃。再者，本集團選擇就有合理類似特徵的租賃組合應用單一貼現率。此外，本集團作為承租人就採納IFRS第16號選擇經修訂的追溯法並將確認首次應用對期初保留利潤的累積影響，而不會重列比較資料。本集團管理層評估，該等變動將增加本集團的綜合資產及綜合負債，但不會導致本集團未來財務報表的綜合資產淨值發生重大變動。

除以上所述者外，本集團管理層預計應用其他新訂IFRS及IFRS修訂本在可預見未來不會對本集團的綜合財務報表造成重大影響。

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 16 Leases (Continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB283,616,000 as disclosed in note 34. 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 elected 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 elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. Furthermore, the Group elected 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 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. 重大會計政策

綜合財務報表乃根據與國際會計準則理事會（「國際會計準則理事會」）所頒佈IFRS一致的會計政策編製。此外，綜合財務報表包括《聯交所證券上市規則》（「《上市規則》」）及香港《公司條例》規定的適用披露。

綜合財務報表乃按歷史成本編製，惟若干金融工具則按各報告期末的公允價值計量，如下文所載會計政策解釋。歷史成本一般以就換取服務所付出的對價的公允價值為基準。

公允價值是指市場參與者之間在計量日進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格，無論該價格是直接觀察到的結果還是採用其他估值技術作出的估計。在對資產或負債的公允價值作出估計時，本集團考慮了市場參與者在計量日為該資產或負債進行定價時將會考慮的那些特徵。在綜合財務報表中計量和／或披露的公允價值均在此基礎上予以確定，但IFRS第2號「以股份為基礎的付款」範圍內的以股份為基礎的支付交易、《國際會計準則》第17號「租賃」範圍內的租賃交易，以及與公允價值類似但並非公允價值的計量（例如，《國際會計準則》第2號「存貨」中的可變現淨值或《國際會計準則》第36號「資產減值」中的使用價值）除外。

非金融資產的公允價值計量計及市場參與者通過以最高和最佳用途使用資產或將其出售予另一市場參與者（將以最高和最佳用途使用資產）的方式獲得經濟利益的能力。

對於按公允價值進行交易的金融工具和投資物業以及在隨後的期間使用不可觀測的輸入數據來計量公允價值的估值技術，對估值技術進行調整，以便在初始確認時估值技術的結果等於交易價格。

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 “Share-based Payment” leasing transactions that are within the scope of IAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 “Inventories” or value in use in IAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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3. 重大會計政策 (續)

此外，就財務報告目的而言，公允價值計量乃按其輸入數據對公允價值計量的可觀察程度及該等輸入數據對公允價值計量整體的重要性劃分為第一、二或三級，說明如下：

- 第一級輸入數據為實體於計量日可獲得的相同資產或負債於活躍市場的報價（未調整）；
- 第二級輸入數據為（不包括計入第一級的報價）資產或負債可直接或間接觀察的輸入數據；及
- 第三級輸入數據為資產或負債無法觀察的輸入數據。

所採納的主要會計政策如下：

綜合基準

綜合財務報表將本公司的財務資料與本公司及其附屬公司所控制實體的財務報表合併。在下列情況下，本公司取得控制權：

- 對被投資方擁有權力；
- 可取得或有權獲取享有被投資方經營產生的可變回報；及
- 能夠運用其權力影響所取得的回報。

倘有事實及情況顯示上述三個控制要素中的一個或多個發生變化，則本公司會重新評估是否仍然控制被投資方。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. 重大會計政策 (續)

綜合基準 (續)

倘本集團於投資對象的投票權未能佔大多數，但投票權足以賦予本集團實際能力可單方面掌控投資對象的相關活動時，本集團即對投資對象擁有權力。在評估本集團於投資對象的投票權是否足以賦予其權力時，本集團考慮一切相關事實及情況，包括：

- 本集團持有投票權的規模相對於其他投票權持有人持有投票權的規模及分散性；
- 本集團、其他投票權持有人及其他各方持有的潛在投票權；及
- 其他合約安排產生的權利。

當本集團取得附屬公司之控制權，便將該附屬公司綜合入賬；當本集團失去附屬公司之控制權，便停止將該附屬公司綜合入賬。具體而言，年內收購或出售之附屬公司之收入及支出會於本集團取得控制權當日起計入綜合損益及其他全面收益表，直至本集團對該附屬公司之控制權終止當日為止。

損益及其他全面收益的各個組成部分歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額歸屬於本公司的擁有人及非控股權益，即使這將導致非控股權益的金額為負數。

當需要，附屬公司之財務報表將作出調整，以使其會計政策與本集團之會計政策一致。

所有有關本集團成員公司間交易的集團內部資產及負債、權益、收入、支出及現金流量均於綜合入賬時全數對銷。

於附屬公司的非控股權益與本集團在附屬公司中的股權分開列示，後者代表當前的所有權權益，賦予其持有人在清算時按比例分佔相關附屬公司的淨資產。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders and other parties; and
- rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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3. 重大會計政策 (續)

本集團於現有附屬公司的權益變動

本集團於附屬公司的權益發生的變動，倘不會導致本集團喪失對附屬公司的控制權，則列為股權交易。本集團分佔的權益部分及非控股權益的賬面值將作調整，以反映其各自於附屬公司相對權益的變化。非控股權益調整額與已付或已收對價之公允價值的任何差額直接於權益中確認並歸屬於本公司擁有人。

當本集團喪失對附屬公司的控制權時，該附屬公司的資產及負債以及非控股權益（如有）將終止確認。收益或虧損將於損益中確認，其計算為(i)所收到的對價的公允價值和任何保留權益的公允價值總額與(ii)本公司擁有人應佔附屬公司資產（包括商譽）及負債的賬面值之間的差額。此前於其他全面收益中確認的與附屬公司相關的全部金額應視同本集團已直接出售該附屬公司的相關資產或負債進行核算，即重新分類到損益或結轉到適用的IFRS規定／允許的其他權益類別。

受共同控制實體的業務合併的合併會計法

綜合財務報表包括發生共同控制合併的合併實體或業務的財務報表項目，猶如該等合併實體或業務自受控制方首次控制之日起已合併。

合併實體或業務的資產淨值按控制方意願使用現有賬面值合併列賬。概不會就商譽或收購方所佔被收購方可識別資產、負債及或然負債公平淨值超過於共同控制合併時的成本的差額（以控制方權益持續性為限）確認任何金額。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

3. 重大會計政策 (續)

受共同控制實體的業務合併的合併會計法 (續)

綜合損益及其他全面收益表包括各合併實體或業務由最早呈列日期起或自合併實體或業務首次受共同控制之日起 (以較短者為準, 而不論共同控制合併日期) 的業績。

綜合財務報表乃假設有關係實體或業務由前一個報告期末起或首次受共同控制之日起 (以較短者為準) 合併而呈列。

商譽

收購業務產生的商譽按業務收購日期確立的成本 (請參閱以上會計政策) 減累計減值損失 (如有) 列賬。

就減值測試而言, 商譽分配至本集團預期將受益於合併產生的協同效應的各個現金產出單元 (或多組現金產出單元)。現金產出單元為出於內部管理目的對商譽進行監測的最低水平, 且不得大於經營分部。

對分配商譽的現金產出單元 (或現金產出單元組) 每年進行減值測試, 或當單元有可能減值的跡象則進行更頻繁的測試。對於在報告期由收購事項產生的商譽, 分配商譽的現金產出單元 (或現金產出單元組) 應在報告期結束之前測試其減值。如果現金產出單元的可回收金額低於其賬面值, 則減值損失應首先進行分配用來抵減該單元商譽的賬面值, 然後按比例抵減各單元 (或現金產出單元組) 資產賬面值上的其他資產。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

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3. 重大會計政策 (續)

商譽 (續)

在處置相關的現金產出單元或現金產出單元組內的任何現金產出單元時，應歸屬商譽金額包含在處置損益金額的確定中。當本集團處置現金產出單元（或現金產出單元組內的現金產出單元）內的業務時，所處置商譽的數額按所處置業務（或現金產出單元）的相對價值及所保留現金產出單元（或現金產出單元組）的部分基準計量。

本集團處理收購聯營公司所產生商譽的政策載於下文。

於聯營公司權益

一家聯營公司為本集團對其有重大影響力的實體。重大影響力指有權參與投資對象的財務及營運政策決定，但非對該等政策擁有控制權或共同控制權。

於一家聯營公司的業績與資產及負債，乃按權益會計法列入綜合財務報表。按權益法核算的聯營公司的財務報表是用在相似情況下與本集團類似交易及事項統一的會計政策來編製。根據權益法，於聯營公司的投資初步在綜合財務狀況表按成本確認，並於其後就確認本集團應佔該聯營公司的損益及其他全面收益而作出調整。除損益及其他全面收益以外的聯營公司資產淨值變動不予入賬，除非有關變動導致本集團所持所有權權益變化。當本集團應佔一家聯營公司虧損超出本集團佔該聯營公司的權益時（包括任何實際上構成本集團於聯營公司投資淨值其中部分的長遠權益），本集團會終止確認其分佔的進一步虧損。當本集團產生法定或推定責任或代表該聯營公司付款時，方會確認額外虧損。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. 重大會計政策 (續)

於聯營公司權益 (續)

聯營公司中的投資應自被投資者成為聯營公司之日起採用權益法進行核算。取得聯營公司中的投資時，投資成本超過本集團在被投資者的可識別資產及負債的公允價值淨額中所佔份額的部分確認為商譽（商譽會納入投資的賬面值內）。如果本集團在此類可識別資產及負債的公允價值淨額中所佔的份額超過投資成本，而且在重新評估後亦是如此，則超出的金額會在取得該項投資的當期立即計入損益。

本集團評估是否有客觀證據表面於一家聯營公司的權益可能減值。如有任何客觀證據證明，投資（包括商譽）的全部賬面值應按照《國際會計準則》第36號「資產減值」的規定，作為一項單項資產通過將其可收回金額（使用價值和公允價值減去銷售費用後的餘額兩者中的較高者）與其賬面值進行比較來進行減值測試。已確認的任何減值損失構成投資賬面值的一部分。該項減值損失的任何轉回金額應按照《國際會計準則》第36號的規定，以投資的可收回金額其後增加為限進行確認。

當本集團不再對聯營公司行使重大影響力時，聯營公司將作為出售於被投資方的全部權益入賬，所產生的收益或虧損於損益中確認。

當集團實體與本集團聯營公司進行交易時，與聯營公司交易產生的損益於本集團綜合財務報表中確認，惟以聯營公司於本集團無關的權益為限。

收入確認

本集團於履約責任獲履行（即某項履約責任下服務的「控制權」轉讓予客戶時）確認收入。

履約責任指個別之服務（或一籃子服務）或一系列大致相同之個別服務。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

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3. 重大會計政策 (續)

收入確認 (續)

倘符合以下其中一項標準，則控制權隨時間轉移，而收益則參照完全履行相關履約責任之進展情況而隨時間確認：

- 客戶隨著本集團履約的同時獲得及消費本集團履約所提供的利益；
- 本集團履約會創造及加強客戶隨著本集團履約而控制的資產；或
- 本集團履約不會創造可由本集團另作他用的資產，且本集團對迄今完成的履約付款擁有可強制執行的權利。

否則，收入於客戶取得服務控制權的時點確認。

合同責任表示本集團有義務將服務轉讓予本集團已收到客戶對價（或應付的對價金額）的客戶。

可變對價

對於包含可變對價的合約而言，本集團使用(a)預期價值法或(b)最可能的金額估計其有權收取的對價金額，具體取決於何種方法能更有效預測本集團將有權收取的對價金額。

僅於與可變對價相關之不確定因素於隨後獲解決，致使有關金額計入於未來應不會導致重大收益撥回時，可變對價的估計金額方會計入交易價格。

於各報告期末，本集團更新估計交易價格（包括更新其對可變對價估計是否受限的評估），以真實反映報告期末的情況及報告期內的情況變動。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. 重大會計政策 (續)

可變對價 (續)

一手房代理服務收入於已提供服務且 (a)物業買家已訂立買賣協議並支付規定首付款或(b)已根據不同代理合約所訂條款及條件向相關政府部門登記買賣協議時確認，因為僅當彼時，本集團方有權就所提供服務向物業開發商收取費用。本集團的應收佣金費率因預先協定的銷售目標而發生變化。在本集團的銷售達致協定銷售目標之前，本集團將按較低佣金費率確認收入。完成銷售目標時，本集團將就之前期間完成的履約責任按較高佣金費率確認增量收入 (為可變對價)。

房地產諮詢服務收入於已提供服務且客戶 (即物業開發商) 已簽收及背書諮詢報告時確認，因為僅當彼時，本集團方有權就所提供服務收取費用。

房地產數據服務收入於期間內 (即認購期) 確認，乃由於客戶 (即物業開發商) 同時獲得及消費當實體運作時因其績效所產生的利益。

房地產經紀網絡服務收入於房地產物業的合法業權予以轉讓時確認，因為僅當彼時，本集團方有權就所提供服務向中小型二手房經紀門店收取費用。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Variable consideration (Continued)

Revenue from real estate agency services in the primary market is recognised at a point in time when the service is rendered and (a) the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts, since only by that time the Group has a present right to payment from the property developers for the services performed. The Group's commission rate receivable is variable based on a pre-agreed sales target. Prior to the time that the Group's sales has been met the agreed sales target, the Group will recognise revenue based on a lower commission rate. Until when the sales target is met, the Group will recognise the incremental revenue, representing the variable considerations, at the higher commission rate on the performance obligations satisfied in previous periods.

Revenue from real estate consultancy services is recognised at a point in time when the service is rendered and the customer (i.e. the property developers) has received and endorsed the consultancy report, since only by that time the Group has a present right to payment for the services performed.

Revenue from real estate data services is recognised over time (i.e. the subscription period) because the customer (i.e. the property developers) simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from real estate brokerage network services is recognised at a point in time when the legal title of real estate property is transferred, since only by that time the Group has a present right to payment from the small to medium-sized secondary real estate brokerage stores for the services performed.

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3. 重大會計政策 (續)

委託人與代理人

當涉及另一方向客戶提供貨物或服務時，本集團釐定其承諾的性質是否為其自身提供指定貨物或服務的履約責任（即本集團為委託人）或安排由另一方提供該等貨物或服務（即本集團為代理人）。

倘本集團在向客戶轉讓貨物或服務之前控制指定貨物或服務，則本集團為委託人。

倘本集團的履行責任為安排另一方提供指定的貨物或服務，則本集團為代理人。在此情況下，在將貨物或服務轉讓予客戶之前，本集團不控制另一方所提供的指定貨物或服務。當本集團為代理人時，其就為換取安排另一方提供指定貨物或服務預期有權取得的任何收費或佣金的金額確認收入。

租賃

凡租約條款將所有權之絕大部分風險及回報撥歸承租人之租約均分類為融資租賃。所有其他租約均分類為經營租賃。

本集團作為承租人

經營租賃付款於租期內以直線法確認為開支。

租賃土地及樓宇

當本集團就包括租賃土地及樓宇部分的物業權益付款時，本集團乃基於對各部分所有權所附帶的所有風險及福利是否已實質上轉移至本集團的評估來分別評估各部分的分類，除非兩種部分均明確為經營租賃，於此情況下，整項物業入賬列作經營租賃。具體而言，全部對價（包括任何一次過預付款項）於初始確認時按土地部分及樓宇部分中的租賃權益相對公允價值比例在租賃土地及樓宇部分之間分配。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

3. 重大會計政策 (續)

租賃土地及樓宇 (續)

倘相關付款的分配不能在租賃土地及樓宇部分之間可靠分配，整項物業一般當作融資租賃項下的租賃土地分類。

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率記賬。於各報告期末，以外幣計值之貨幣項目均按該日之適用匯率重新換算。按公允價值入賬且以外幣計值的非貨幣項目按釐定公允價值日期的適用匯率重新換算。以外幣計值及按歷史成本列賬的非貨幣項目不會進行重新換算。

於結算及重新換算貨幣項目時產生之匯兌差額均於彼等產生期間於損益中確認。

借款成本

收購、建造或生產合格資產(即在投入原定用途或出售前必須較長時間準備之資產)的借貸成本計入其資產的成本，直至該資產已大致作好準備投入擬定用途或銷售為止。

原以支付合資格資產的特定借貸用作臨時投資，其投資所得收益將從撥充符合資本化之借貸成本中扣除。

所有其他借貸成本在其產生的期間內均於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land and building (Continued)

To the extent the allocation of the relevant payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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3. 重大會計政策 (續)

政府補助

倘有合理把握本集團將符合所有附帶條件及可獲得政府補助，方會確認政府補助。

為彌補已產生開支或虧損或向本集團提供實時財務資助(並無日後相關成本)而可收取之政府補助，乃於其成為可收取之期間於損益中確認。

短期及其他長期僱員福利

短期僱員福利獲確認為預期就僱員提供服務所支付的未折現福利金額。所有短期僱員福利獲確認為開支。

於扣除任何已支付金額後，負債獲確認為僱員應計福利(如工資及薪金)。

退休福利成本

向國家管理退休福利計劃支付的款項視作向界定供款計劃支付的款項處理，本集團在有關計劃下的責任相等於界定供款退休福利計劃所產生者。

以股權結算的股份付款交易

授予僱員的購股權

向僱員支付以股權結算的股份付款按股權工具於授出日期的公允價值計量。

於授出日期釐定的以股權結算的股份付款公允價值(不考慮所有非市場歸屬條件)，乃根據本集團對最終歸屬股權工具的估計，於歸屬期內按直線法列支，並在權益(其他儲備)內計入相應增額。於各報告期末，本集團會根據所有相關非市場歸屬條件的評估修訂預期歸屬股權工具的估計數目。修訂原有估計的影響(如有)將於損益內確認，使累計開支反映經修訂的估計，並相應調整其他儲備。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Retirement benefits costs

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

3. 重大會計政策 (續)

以股權結算的股份付款交易 (續)

授予僱員的購股權 (續)

對於授予本集團僱員的對本公司樂居產生重大影響的樂居購股權，本集團參照所授購股權於授出日期的公允價值確認所提供服務及視作注資。倘購股權獲行使或被沒收或受限制股份歸屬時，之前於其他儲備中確認的金額將繼續於其他儲備中持有。

對於授予本集團員工的本公司購股權，本集團在授予日期參照授予購股權的公允價值確認所提供的服務。當行使購股權時，先前在其他儲備中確認的金額將轉至股份溢價。當購股權在歸屬日後被沒收或在到期日仍未行使時，先前在購股權儲備中確認的金額將繼續保留在其他儲備中。

稅項

所得稅開支指即期應付稅項及遞延稅項總和。

即期應付稅項乃按年內應課稅利潤計算。應課稅利潤因其他年度的應課稅或可扣稅收支及毋須課稅或不可扣稅項目而有別於綜合損益及其他全面收益表所報「稅前利潤」。本集團即期稅項之負債使用於各報告期末前已頒佈或實質上已頒佈之稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees (Continued)

For share options of Leju, which exercises significant influence over the Company and Leju, granted to employees of the Group, the Group recognises services rendered and deemed capital contribution by reference to the fair value of share options granted at the grant date. When share options are exercised, certified or when the restricted shares are vested, the amount previously recognised in other reserves will continue to be held in other reserves.

For share options of the Company granted to employees of the Group, the Group recognises services rendered by reference to the fair value of share options granted at the grant date. When share options are exercised, the amount previously recognised in other reserves will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in other reserves.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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3. 重大會計政策 (續)

以股權結算的股份付款交易 (續)

稅項 (續)

遞延稅項乃按資產及負債在綜合財務報表的賬面值與計算應課稅溢利所用相應稅基之間的暫時性差額予以確認。遞延稅項負債一般乃就所有應課稅暫時性差額確認。遞延稅項資產一般就所有可扣稅暫時性差額確認，而其乃以應課稅溢利將可能用以抵銷該等可扣稅暫時性差額為限。倘初始確認一項交易的其他資產及負債（業務合併除外）所產生的暫時性差額不影響應課稅溢利或會計溢利，則不會確認該等遞延稅項資產及負債。此外，倘暫時性差額產生自商譽之初始確認，則不予確認遞延稅項負債。

遞延稅項負債乃就與於附屬公司的投資及聯營公司的權益有關的應納稅暫時性差額予以確認，惟倘本集團可控制暫時性差額的撥回，以及該暫時性差額在可見將來可能將不會撥回，則不予確認。與該等投資及權益有關的可扣減暫時性差額產生的遞延稅項資產，僅於可能將有充足的應課稅溢利以使用暫時性差額的利益，以及預期於可見將來可撥回時，方予確認。

遞延稅項資產的賬面值乃於各報告期末審閱，並以不再可能將存在足夠應課稅溢利以容許收回所有或部分資產為限作出扣減。

遞延稅項資產及負債乃按於各報告期末前已頒佈或實際已頒佈的稅率（及稅法），按於結清負債或變現資產期間預期適用的稅率予以計量。

遞延稅項負債及資產的計量反映本集團於各報告期末預期遵循以收回或結清其資產及負債賬面值的方式的稅務後果。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. 重大會計政策 (續)

以股權結算的股份付款交易 (續)

稅項 (續)

遞延稅項資產及負債在即期稅項資產抵銷即期稅項負債具法定強制執行權利及其與同一稅務機關徵收之所得稅有關，而本集團計劃以淨額基準處理其即期稅項資產及負債時，方予以抵銷。

即期及遞延稅項均於損益內確認。

物業及設備

物業及設備按成本減去其後累計折舊及其後累計減值損失（如有）於綜合財務狀況表列賬。

物業及設備會以直線法在其使用年限內對其資產成本減去剩餘價值後進行撇銷。估計使用年限、剩餘價值和折舊方法會在每個報告期末予以檢討，而估計之任何變動的影響則預先入賬。

當出售時或當繼續使用資產預期不會產生任何未來經濟利益時，物業及設備項目終止確認。出售或報廢物業及設備項目產生的任何收益或虧損，應按出售所得款項與該資產賬面值之間的差額予以確定，並於損益確認。

投資物業

投資物業為持有賺取租金及／或資本增值之物業。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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3. 重大會計政策 (續)

投資物業 (續)

投資物業初步按成本 (包括任何直接應佔開支) 計量。於初步確認後，投資物業按成本減其後累計折舊及減值損失 (如有) 計量。投資物業會以直線法在其估計使用年限內，經考慮其估計剩餘價值後，撇銷其成本確認折舊。估計使用年限、剩餘價值及折舊法乃於各報告期末予以檢討，任何估計變動之影響則預先入賬。

投資物業於出售時或於投資物業永久不再使用且預期出售不會產生未來經濟利益時終止確認。終止確認物業產生之任何收益或虧損 (按出售所得款項淨額與資產賬面值之間差額計算) 會計入終止確認物業期間之損益。

無形資產

單獨收購的無形資產

單獨收購、具有限使用年期的無形資產按成本減累計攤銷及任何累計減值損失 (如有) 列賬。具有限使用年期的無形資產攤銷於其估計使用年期按直線基準確認。估計使用年期及攤銷方法會於各報告期末予以檢討，任何估計變動的影響則預先入賬。

無形資產於出售時或預計使用或出售該資產並無未來經濟利益時取消確認。取消確認無形資產所產生之收益及虧損，按該資產之出售所得款項淨額與其賬面值之差額計量，在資產取消確認時於損益確認。

研發費用

研究活動的費用均在其產生的年度確認為開支。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and impairment losses, if any. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Research expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

3. 重大會計政策 (續)

有形及無形資產 (不包括商譽) 的減值 (有關商譽的會計政策請參閱上文)

本集團會於各報告期末檢討其具有有限使用年期的有形及無形資產之賬面值，以確定是否存在資產發生減值損失的任何跡象。倘存在任何有關跡象，則估計相關資產的可收回金額，以確定減值損失 (如有) 程度。

有形及無形資產的可收回數額單獨估計，當無法估計個別資產之可收回金額，本集團會估計資產所述現金產出單元之可收回金額。當可確定合理及一致之分配基準，企業資產亦分配至個別現金產出單元，否則分配至可確定合理及一致分配基準之最少現金產出單元組別。

可收回數額以公允價值減出售成本和使用價值兩者中之較高數額為準。在評估使用價值時，會使用除稅前折現率將估計未來現金流量折現至現值。該折現率反映市場當時所評估貨幣之時間價值和該資產 (或現金產出單元) 估計未來現金流量尚未作出調整之獨有風險。

倘資產 (或現金產出單元) 之可收回金額估計少於其賬面金額，則資產 (或現金產出單元) 之賬面值下調至其可收回金額。於分配減值損失時，減值損失將先分配至任何商譽賬面值 (若適用) 以將其下調，其後按照單位內各資產之賬面值比例分配至單位內之其他資產。資產賬面值不會下調至低於公允價值減去出售成本 (若可計量) 之所得數額、其使用價值 (若可釐定) 及零之較高者。本應分配至該資產的減值損失金額按比例分配至單位內之其他資產。減值損失實時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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3. 重大會計政策 (續)

有形及無形資產 (不包括商譽) 的減值 (有關商譽的會計政策請參閱上文) (續)

倘減值損失其後轉回，則資產 (或現金產出單元) 之賬面值上調至經修訂之估計可收回金額，惟經增加的賬面值不得超出資產 (或現金產出單元) 在以往年度沒有確認減值損失而應已釐定之賬面值。所轉回之減值損失實時於損益確認。

倘隨後撥回減值損失，則該資產 (或現金產出單元) 的賬面值將增加至經修訂的估計可收回金額，但增加後的賬面值不得超過倘若以往年度未就該資產 (或現金產出單元) 確認減值損失時原應釐定的賬面值。減值損失的撥回即時於損益確認。

金融工具

當一家集團實體成為工具合約條文之訂約方，會確認金融資產及金融負債。所有常規的金融資產買賣按交易日確認及終止確認。常規買賣指要求在市場法規或慣例訂定的時間範圍內交付資產的金融資產買賣。

金融資產及金融負債最初按公允價值計量，惟根據IFRS第15號初步計量的客戶合約產生的貿易應收款項除外。因收購或發行金融資產及金融負債 (按公允價值計入損益的金融資產或金融負債除外) 而直接產生之交易成本，於最初確認時於金融資產或金融負債 (按適用情況而定) 之公允價值中加入或扣除。收購按公允價值計入損益的金融資產或金融負債應佔直接交易成本立即於損益中確認。

實際利率法為一種計算金融資產或金融負債攤銷成本及於相關期間內分攤利息收入及利息開支的方法。實際利率法乃指於初始確認時將金融資產或金融負債在預期年期 (或較短的年期，倘適用) 內的估計未來現金收入及付款 (包括組成實際利率、交易成本及其他溢價或折讓的所有已付或已收費用及點數) 準確地折現成該債務工具的賬面淨值所適用的利率。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. 重大會計政策 (續)

金融工具 (續)

金融資產

金融資產的分類及其後計量

符合下列條件的金融資產其後按攤銷成本計量：

- 金融資產乃按旨在持有金融資產以收取合約現金流的業務模式持有；及
- 金融資產的合約條款於指定日期產生純粹為支付未償還本金及利息的現金流。

符合以下條件的金融資產其後透過其他全面收益按公允價值 (「透過其他全面收益按公允價值」) 計量：

- 目的為收取合約現金流量同時出售而於業務模式內持有金融資產；及
- 合約條款導致於特定日期產生的現金流量純粹用作支付本金及未償還本金額利息。

所有其他金融資產其後默認以公允價值計量並計入損益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

攤銷成本及利息收入

其後按攤銷成本計量的金融資產的利息收入乃使用實際利率法確認。利息收入乃對金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。對於其後出現信貸減值的金融資產，利息收入於下個報告期間通過對金融資產攤銷成本應用實際利率確認。若信貸減值金融工具的信貸風險好轉，使金融資產不再發生信貸減值，利息收入乃對金融資產賬面總值應用實際利率確認。

以公允價值計量並計入損益之金融資產

不符合以攤銷成本或透過其他全面收益按公允價值計量條件或指定為透過其他全面收益按公允價值計量的金融資產以公允價值計量並計入損益。

以公允價值計量並計入損益的金融資產按各報告期末的公允價值計量，任何公允價值收益或虧損於損益中確認。於損益中確認的收益或虧損淨額包括金融資產所賺取的任何股息或利息並計入「其他收益及虧損」條目。

預期信貸損失 (「預期信貸損失」) 模式下之減值

本集團對面臨預期信貸損失之金融資產 (包括應收賬款、應收票據、應收關聯方款項、應收債券、其他應收款項、其他非流動資產、受限制銀行結餘及銀行結餘) 之預期信貸損失確認損失準備。預期信貸損失金額於各報告日期更新，以反映信貸風險自初步確認以來之變動。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated at FVTOCL are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment under expected credit losses ("ECL") model

The Group recognises a loss allowance for ECL on financial assets which are subject to ECL (including accounts receivables, bills receivables, amounts due from related parties, bond receivables, other receivables, other non-current assets, restricted bank balances and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

預期信貸損失 (「預期信貸損失」) 模式下之減值 (續)

全期預期信貸損失指相關工具預計使用年期內所有潛在違約事件將會引起的預期信貸損失。相反，十二個月預期信貸損失指報告日期起計十二個月內可能出現的違約事件預期將會引起的一部分全期預期信貸損失。評估乃根據本集團過往信貸損失經驗作出，並就債務人特定因素、一般經濟環境及於報告日期對現況作出的評估以及未來狀況預測而作出調整。

本集團始終確認應收賬款、貿易性質的應收關聯方款項一應收賬款及應收票據的全期預期信貸損失。該等結餘的預期信貸損失對信用評級良好的客戶 (戰略類客戶) 或信用風險高企的客戶 (高風險類客戶) 按個別基準作出評估及餘下者 (一般風險類客戶) 一併使用撥備矩陣作出評估，根據債務人的過往違約經驗而獲的歷史信貸損失經驗、所取得作為抵押品的房地產公允價值、債務人經營的行業的一般經濟狀況以及在報告日期對當前狀況和預測趨勢的評估作出估計。

至於所有其他工具，本集團計量相等於十二個月預期信貸損失的損失準備，除非自初步確認以來信貸風險大幅上升，則本集團會確認使用全期預期信貸損失。是否確認使用全期預期信貸損失乃根據自初步確認以來出現違約事件的可能性或風險大幅上升進行評估。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment under expected credit losses ("ECL") model (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivables, amounts due from related parties of trade nature – accounts receivables and bills receivables. The ECL on these balances are assessed on an individual basis for customers with good credit rating (strategic type customers) or with high credit risk (high risk type customers) and the remaining (normal risk type customers) is collectively using provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, fair value of real estate properties obtained as collateral, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

信貸風險顯著上升

評估信貸風險自初始確認以來是否顯著上升時，本集團會比較金融工具於報告日期發生違約的風險與金融工具於初始確認日期發生違約的風險。作出評估時，本集團會考慮合理及具支持性的定量及定性資料，包括過往經驗及可以合理成本及精力獲取的前瞻性資料。

具體而言，評估信貸風險自初始確認以來是否顯著上升時會考慮以下資料：

- 金融工具外部 (如有) 或內部信貸測評的實際或預期顯著惡化；
- 信貸風險的外部市場指標顯著惡化，例如債務人的信貸息差、信用違約掉期價格顯著上升；
- 商業、金融或經濟情況目前或預期有不利變動，預計將導致債務人償還債項的能力顯著下降；
- 債務人經營業績實際或預期顯著惡化；
- 債務人的監管、經濟或技術環境有實際或預計的重大不利變動，導致債務人償還債項的能力顯著下降。

無論上述評估的結果如何，本集團假設倘合約付款逾期超過30天，則信貸風險自初次確認以來顯著增加，除非本集團有能說明信貸風險並無顯著增加的合理可靠資料，則作別論。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

信貸風險顯著上升 (續)

儘管有上述規定，若於報告日期債務工具被判定為具有較低信貸風險，本集團會假設金融工具的信貸風險自初始確認以來並未顯著上升。在以下情況下，金融工具會被判定為具有較低信貸風險：(i)債務工具具有較低違約風險；(ii)借款人有很強的能力履行近期的合約現金流量義務；及(iii)經濟及商業環境的長期不利變動有可能但未必會降低借款人履行合約現金流量義務的能力。

就財務擔保合同而言，由於本集團成為不可撤回承擔一方的日期被視為減值估值進行初始確認之日期，故於估計信貸風險自財務擔保合同初始確認起是否有顯著上升時，本集團會考慮指定債務人違背合同的風險的變動。

本集團定期監察識別信貸風險是否顯著上升所用標準的有效性，並酌情修訂以確保該標準能夠在款項逾期前識別信貸風險的顯著上升。

違約的定義

本集團認為以下情況就內部信貸風險管理目的而言構成違約事件，因為過往經驗表明符合以下任何一項條件的應收款項一般無法收回：

- 交易對手違反財務契諾；或
- 內部產生或獲取自外部來源的資料表明，債務人不太可能向債權人（包括本集團）全額還款（不考慮本集團持有的任何抵押品）。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

違約的定義 (續)

無論上述情形如何，本集團認為，倘金融資產逾期超過90日，則發生違約事件，除非本集團有合理有據資料能說明更寬鬆的違約標準更為合適，則作別論。

信貸減值金融資產

當發生對金融資產的估計未來現金流量產生不利影響的一起或多起事件之時，該金融資產即出現信貸減值。金融資產信貸減值的證據包括以下事件的可觀察數據：

- (a) 發行人或借款人陷入嚴重財困；
- (b) 違反合約，例如違約或逾期事件；
- (c) 借款人的貸款人出於與借款人財困相關的經濟或合約原因，而向借款人授予貸款人原本不會考慮的優惠；或
- (d) 借款人可能破產或進行其他財務重組。

撇銷政策

當有資料顯示交易對手陷入嚴重財困，且並無實際收回的可能之時（例如交易對手已清算或進入破產程序），本集團會撇銷金融資產。在適當情況下考慮法律意見，已撇銷的金融資產仍可根據本集團的收回程序實施強制執行。撇銷構成註銷事件。任何其後收回款項會於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Definition of default (Continued)

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a deregistration event. Any subsequent recoveries are recognised in profit or loss.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

預期信貸損失的計量及確認

預期信貸損失的計量為違約概率、違約損失率(即違約時的損失程度)及違約風險敞口的函數。評估違約概率及違約損失率的依據是過往數據，並按前瞻性資料調整。預期信貸損失的估計反映公正及概率加權金額，該金額是根據相應的權重的相應風險確定。

一般而言，預期信貸損失按根據合約應付本集團的所有合約現金流量與本集團預計收取的所有現金流量(按初始確認時釐定的實際利率折現)之間的差額估算。

就財務擔保合同而言，由於根據擔保工具條款，本集團僅須於債務人違約時作出付款。因此，預計損失為償還持有人所產生信貸損失的預計款項減本集團預計自持有人、債務人或任何其他方收取的現值。

若按綜合基準計量的預期信貸損失，以處理個別工具層面的信貸風險顯著上升證據尚未可得的情況，金融工具乃按以下基準分組：

- 金融工具的性質(即本集團的應收賬款、應收票據、屬貿易性質的應收關聯方款項及其他應收款項分別作為單獨組別評估)；
- 逾期狀況；
- 債務人的性質、規模及行業；
- 應收賬款抵押品的性質；及
- 可用的外部信貸測評。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's accounts receivables, bills receivables, amounts due from related parties of trade nature and other receivables are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for accounts receivables; and
- External credit ratings where available.

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3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

預期信貸損失的計量及確認 (續)

本公司管理層定期檢討分組方法，確保各組別的組成項目仍然具有相似的信貸風險特徵。

就財務擔保合約而言，虧損撥備按根據IFRS第9號釐定之虧損撥備或初步確認之金額減(如適用)於擔保期間確認之累計收入款項(以較高者為準)確認。

除財務擔保合同外，本集團於損益內確認所有金融工具的收益或虧損減值，及透過損失準備賬對其賬面值進行相應調整。

終止確認金融資產

本集團僅於從資產收取現金流量的合約權利屆滿時，或向另一方轉讓金融資產及該資產所有權之絕大部分風險及回報時終止確認金融資產。

於終止確認以攤銷成本計量的金融資產時，資產賬面值與已收及應收對價間之差額於損益確認。

金融負債及股權

分類為債務或股權

債務及股權工具根據所訂立合約安排之內容以及金融負債及股權工具之定義分類為金融負債或股權。

股權工具

股權工具為證明實體於扣除其所有負債後之剩餘資產權益之任何合約。本公司發行之股權工具按所收取之所得款項扣減直接發行成本確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. 重大會計政策 (續)

金融工具 (續)

金融負債及股權 (續)

金融負債

所有金融負債其後採用實際利率法以攤銷成本計量或以公允價值計量並計入損益。

以公允價值計量並計入損益的金融負債

倘金融負債被指定為以公允價值計量並計入損益，則金融負債分類為以公允價值計量並計入損益。

就指定為以公允價值計量並計入損益的金融負債而言，除非於其他全面收益內確認該負債的信貸風險變動影響會導致或擴大損益內的會計錯配，否則因該負債的信貸風險變動而造成的金融負債公允價值變動金額於其他全面收益內確認。於其他全面收益內確認的金融負債信貸風險引起的公允價值變動隨後不會重新分類至損益，而會於終止確認金融負債後轉入留存盈利。

按攤銷成本計量的金融負債

金融負債包括應付賬款、其他應付款項、應付給關聯方款項和銀行借款，隨後採用實際利率法按攤銷成本計量。

終止確認金融負債

本集團於且僅於本集團義務已履行、撤銷或到期時終止確認金融負債。終止確認的金融負債賬面值與已付及應付對價之間的差額於損益中確認。

財務擔保合同

財務擔保合同為要求發行人作出指定付款以補償持有人因特定債務人無法按照債務工具之條款支付到期款項而由此產生之損失之合同。財務擔保合同負債初步按其公允價值計量，其後按以下較高者計量：

- 根據IFRS第9號釐定之損失準備金額；及
- 初步確認金額減(如適用)隨擔保期確認之累計攤銷。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including account payables, other payables, amounts due to related parties and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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4. 重大會計判斷及估計不確定因素之主要來源

於應用附註3所述之本集團會計政策時，本集團管理層須就未能於其他來源取得的資產之賬面值作出判斷、估計及假設。估計及相關假設乃根據過往經驗及其他被認為屬相關之因素作出。實際結果可能與該等估計有異。

本集團會持續審閱該等估計及相關假設。倘會計估計之修訂僅影響修訂估計之期間，則有關估計修訂將於作出修訂之期間確認，或倘修訂對本期及未來期間均會構成影響，則會於作出修訂之期間及未來期間確認。

應用會計政策時的重大判斷

以下為本集團管理層在應用本集團的會計政策過程中作出的重大判斷（不包括涉及估計的重大判斷（見下文）），該等判斷對於綜合財務報表中確認的金額有極重大影響。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. 重大會計判斷及估計不確定因素之主要來源 (續)

確定履約責任及其完成時間的判斷

附註3載述本集團各收入來源的收入確認基準。確認本集團各收入來源需要本集團管理層在確定履約責任完成時間時作出判斷。

在作出判斷時，本公司董事審議IFRS第15號所載有關確認收入的詳細標準，具體而言，參考與其客戶及交易對手訂立的合同訂明的交易條款細則，審議本集團是在某一時段或在某一時點履行全部履約責任。

就一手房代理服務而言，雖然該等服務包括若干促銷及市場推廣活動(包括制定及執行市場推廣及銷售策略)，以促進物業開發商一手物業單元的銷售交易，相關服務費包含於預先所釐定各已售物業單元交易價的佣金率或應償還本集團的有關服務成本(按實報實銷基準)中。因此，本集團管理層估計促銷及市場推廣服務並不獨特，故將履行的所有服務入賬列作一種履約責任。此外，本集團管理層已作出評估，如(a)物業買家已簽訂購銷協議且作出必要首付；或(b)購銷協議已根據不同代理合約的條款及條件於相關政府部門註冊，則本集團有權就履行的服務向物業開發商收取費用。因此，本集團管理層信納，一手房代理服務收入相關的履約責任為在某一時點履行。此外，大多數物業開發商客戶結算小部分應付款項的時間均不會超過一年。然而，本集團管理層考慮到對價金額、物業代理服務的現金價格及中國物業市場的現行利率，信納就合同水平而言，並無重要融資成分。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Judgements in determining the performance obligations and timing of satisfaction of performance obligations

Note 3 describes the revenue recognition basis to each of the Group's revenue stream. The recognition of each of the Group's revenue stream requires judgement by the management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company consider the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For the real estate agency services in the primary market, although such services includes certain promotional and marketing activities (including formulating and executing marketing and sales strategies) to facilitate the sales transaction of first-hand property units for the property developers, the respective service fee was either included in the pre-determined commission rate of the transaction price of each property unit sold or the respective cost of services was repayable to the Group on reimbursement basis. Therefore, the management of the Group assessed that the promotional and marketing services were not distinct and account for all the services performed as a single performance obligation. In addition, the management of the Group has assessed that the Group has a present right to payment from property developers for the service performed and (a) when the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions of different agency contracts. Therefore, the management of the Group has satisfied that the performance obligation in respective of the real estate agency services in the primary market income is satisfied at a point in time. In addition, few property developer customers may settle a minor portion of the amounts due for a period of more than 1 year. However, the management of the Group has considered that the amount of consideration, the cash price of the property agency services and the prevailing interest rate in the property market in the PRC, and have satisfied that the financing component is not significant at contract level.

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4. 重大會計判斷及估計不確定因素之主要來源 (續)

確定履約責任及其完成時間的判斷 (續)

就房地產諮詢服務而言，本集團管理層已作出評估，於客戶簽收及背書諮詢報告時，本集團有權就已履行的服務向物業開發商收取費用。因此，本集團管理層信納僅有單一履約責任，相關房地產諮詢服務收入在某一時點完成。

就房地產數據服務而言，本集團管理層已作出評估，在本集團履約過程中，客戶（即物業開發商）同時收到並消費本集團履約提供的利益。本集團須在訂購期間為客戶提供必要服務。因此，本集團管理層信納收費制訂購收入的相關履約責任為在某一時段履行，並在訂購期間按直線法確認相關收入。

就房地產經紀網絡服務而言，本集團管理層已作出評估，於二手房物業的合法業權證已轉讓時，本集團有權就已履行的服務向中小型二手房經紀門店收取費用。因此，本公司董事信納僅有單一履約責任，相關二手房經紀服務收入在某一時點完成。

估計不確定因素的主要來源

以下為有關未來的關鍵假設以及報告期末估計不確定因素的其他主要來源，可能存在導致下一個財務年度的資產賬面值作出重大調整的重大風險。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Judgements in determining the performance obligations and timing of satisfaction of performance obligations (Continued)

For the real estate consultancy services, the management of the Group has assessed that the Group has a present right to payment from property developers for the services performed upon the time when the customer have received and endorsed the consultancy report. Therefore, the management of the Group has satisfied that there was only a single performance obligation, and the respective real estate consultancy services income is satisfied at a point in time.

For the real estate data services, the management of the Group has assessed that the customers (i.e. the property developers) simultaneously receive and consume benefit provided by the Group's performance as the Group performs. The Group is required to provide necessary services to the customers over the subscription period. Therefore, the management of the Group have satisfied that the performance obligation in respect of the fee-based subscription income is satisfied over time and have recognised such income on a straight-line basis over the subscription period.

For the real estate brokerage network services, the management of the Group has assessed that the Group has a present right to payment from the small and medium-sized secondary real estate brokerage stores for the services performed upon the time when the legal title of the secondary real estate property is transferred. Therefore, the directors of the Company have satisfied that there was only a single performance obligation, and the respective of the secondary real estate brokerage services income is satisfied at a point in time.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

4. 重大會計判斷及估計不確定因素之主要來源 (續)

按攤銷成本計量的債務工具的估計損失準備

本集團管理層根據有關金融工具的信貸風險，估計按攤銷成本計量的債務工具（包括應收賬款、應收票據、應收關聯方款項、應收債券、其他應收款項、其他非流動資產、受限制銀行結餘及銀行結餘）預期信貸損失的損失準備金額。本集團通過對信貸評級良好的客戶（戰略類客戶）或信貸風險高企客戶（高風險類客戶）使用個別評估並對一般風險類客戶使用撥備矩陣來確定預期信貸損失，根據債務人的過往違約經驗而獲的歷史信貸損失經驗、所取得作為應收賬款抵押品的房地產公允價值、債務人經營的行業的一般經濟狀況以及在報告日期對當前狀況和預測趨勢的評估作出估計。

評估有關金融工具的信貸風險涉及較大程度的估計及不確定因素。若實際未來現金流少於預期或多於預期，可能會因此產生重大減值損失或減值損失重大撥回。

於2018年12月31日，按攤銷成本計量的債務工具賬面值分別為人民幣10,385,931,000元（扣除人民幣647,441,000元的損失準備）（2017年：人民幣5,676,789,000元（扣除人民幣480,851,000元的損失準備））。

物業及設備以及投資物業的使用年限及估計減值

本集團釐定物業及設備以及投資物業的估計使用年限及相關折舊費用。該等估計基於以往具有相似性質及功能的設備及設備以及投資物業的實際使用年限作出。如使用年限較之前的估計年期短，則本集團將增加折舊費用。

於2018年12月31日，物業及設備以及投資物業的賬面值分別為人民幣59,455,000元（2017年：人民幣62,249,000元）及人民幣20,340,000元（2017年：人民幣18,688,000元）。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated loss allowance of debt instruments measured at amortised cost

The management of the Group estimates the amount of loss allowance for ECL on debt instruments (including accounts receivables, bills receivables, amounts due from related parties, bond receivables, other receivables, other non-current assets, restricted bank balances and bank balances) that are measured at amortised cost based on the credit risk of the respective financial instrument. The Group determines the ECL by using individual assessment for customers with good credit rating (strategic type customers) or with high credit risk (high risk type customers) and using a provision matrix for normal risk type customers, estimated based on historical credit loss experience based on the past default experience of the debtor, fair values of real estate properties obtained as collateral over accounts receivables, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2018, the carrying amount of debt instruments measured at amortised cost amounted to RMB10,385,931,000 (net of loss allowance of RMB647,441,000) (2017: RMB5,676,789,000 (net of loss allowance of RMB480,851,000)).

Useful lives and estimated impairment on property and equipment and investment properties

The Group determines the estimated useful lives and related depreciation charges for its property and equipment and investment properties. These estimates are based on the historical experience of the actual useful lives of property and equipment and investment properties of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives.

As at 31 December 2018, the carrying amount of property and equipment and investment properties amounted to RMB59,455,000 (2017: RMB62,249,000) and RMB20,340,000 (2017: RMB18,688,000), respectively.

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4. 重大會計判斷及估計不確定因素之主要來源 (續)

確認遞延稅項資產

遞延稅項資產的變現主要取決於未來是否有足夠的未來溢利或應稅暫時性差額。若產生的實際未來溢利多於或少於預期，遞延稅項資產將會因此調整並於發生該情況的期間於綜合損益及其他全面收益表內確認相應金額。

於2018年12月31日，遞延稅項資產的賬面值分別為人民幣488,076,000元(2017年：人民幣504,234,000元)。

公允價值計量及估值程序

就財務報告而言本集團的若干資產乃按公允價值計量。本集團的管理層負責就公允價值計量釐定適當的估值技術及輸入數據。

於估計資產的公允價值時，本集團使用市場可觀察數據(如可獲得)。倘一級輸入數據不可獲得，本集團使用包括並非基於可觀察市場數據的輸入數據的估值方法來估計若干類型金融工具的公允價值。附註32(c)載列有關釐定各類型金融工具公允價值時所用的估值方法、輸入數據及主要假設的詳細資料。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Recognition of deferred tax assets

The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are higher or less than expected, the deferred tax assets will be adjusted accordingly and recognised the corresponding amount in the consolidated statement of profit or loss and other comprehensive income in the periods in which such a situation takes place.

As at 31 December 2018, the carrying amount of deferred tax assets was RMB488,076,000 (2017: RMB504,234,000).

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The management of the Group is responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. When Level 1 inputs are not available, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 32(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various types of financial instruments.

5. 收入

本集團的收入來自(1)一手房代理服務，(2)房地產數據及諮詢服務，及(3)房地產經紀網絡服務。這與根據IFRS第8號就各運營及呈報分部所披露的收入資料一致：

5. 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:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
一手房代理服務，在某一時點 確認	Real estate agency services in the primary market, recognised at a point in time	4,753,395	3,926,722
房地產數據及諮詢服務 — 在某一時點確認的諮詢服務	Real estate data and consulting services — consulting services recognised at a point in time	627,330	496,984
— 在某一時段確認的數據服務 (附註)	— data services recognised over time (note)	145,997	132,438
		773,327	629,422
房地產經紀網絡服務， 在某一時點確認	Real estate brokerage network services, recognised at a point in time	421,450	77,216
		5,948,172	4,633,360

附註：

本集團訂立訂購合同（通常為一年訂購期合同）後，就其自有CRIC系統（由本集團開發的一系列專有房地產數據庫及分析系統）收取固定金額的收費制訂購費收入。於2018年12月31日，分配至與諮詢費收入及收費制訂購費收入相關的餘下未履約責任的交易價格為人民幣82,557,000元（2017年：人民幣33,113,000元），即附註26「應付賬款及其他應付款項」所載的合同負債。

本集團管理層預期分配至上述未履約或部分未履約合同的交易價格將於未來12個月期間內悉數確認為收入。

本集團的應收佣金費率因預先協定的銷售目標而發生變化。在本集團的銷售達致協定銷售目標之前，本集團將按較低佣金費率確認收入。完成銷售目標時，本集團將就之前期間完成的履約責任按較高佣金費率確認增量收入（為可變對價）。截至2018年12月31日止年度，本集團就之前期間完成的履約責任於報告期內確認可變對價人民幣116,967,000元（2017年：人民幣141,385,000元）。

Note:

The Group receives fee-based subscription fee income in relation to its proprietary CRIC systems, which are a series of proprietary real estate database and analysis system developed by the Group, for a fixed amount upon entering into the subscription contract, normally for a one year subscription period contract. As at 31 December 2018, the transaction price allocated to the remaining performance obligations in relation to the consulting fee income and fee-based subscription fee income that were unsatisfied or partially unsatisfied amounted to RMB82,557,000 (2017: RMB33,113,000) and were accounted for as contract liabilities as set out in note 26.

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

The Group's commission rate receivable is variable based on a pre-agreed sales target. Prior to the time that the Group's sales has been met the agreed sales target, the Group will recognise revenue based on a lower commission rate. Until when the sales target is met, the Group will recognise the incremental revenue, representing the variable considerations, at the higher commission rate on the performance obligations satisfied in previous periods. During the year ended 31 December 2018, the Group recognised the variable considerations in the reporting period from performance obligation satisfied in previous period amounted to RMB116,967,000 (2017: RMB141,385,000).

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6. 分部資料

本集團的運營分部乃根據出於分配資源及評估分部表現（以提供服務種類為重點）的目的而向本集團的行政總裁（為主要經營決策者）（「主要經營決策者」）匯報的資料釐定。於確定本集團的呈報分部時，並未匯總主要經營決策者所識別的運營分部。

根據內部組織及報告架構，主要經營決策者認為本集團擁有三個運營及呈報分部。此乃本集團組織的基準。

本集團的運營及呈報分部如下：

(i) 一手房代理服務

本集團提供一手房地產代理服務，主要包括為房地產開發商開發的房地產項目制訂及執行營銷及銷售策略、向潛在購買者推銷該等項目以及促成銷售交易。

(ii) 房地產數據及諮詢服務

本集團主要提供以下服務：

- 利用強大的CRIC系統為客戶提供各種數據服務；
- 提供房地產測評及排名服務；及
- 為開發商客戶度身提供在設計、開發及銷售階段所需的房地產諮詢服務，針對性解決其碰到的具體問題。

6. 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.

6. 分部資料 (續)

(iii) 房地產經紀網絡服務

本集團提供房友品牌下整合了中國中小型二手房經紀門店的房地產經紀網絡服務，為該等公司的業務運營提供豐富資源。此外，本集團可透過房友品牌店及本集團合作的其他房地產經紀公司尋找新物業買家，協助其物業發展商客戶擴展銷售管道。

分部收入及業績

以下按運營及呈報分部分分析本集團收入及業績：

截至2018年12月31日止年度

		一手房 代理服務 人民幣千元	房地產數據 及諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	對銷 人民幣千元	合計 人民幣千元
		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
收益	REVENUE					
外部銷售額	External sales	4,753,395	773,327	421,450	-	5,948,172
分部內銷售額	Inter-segment sales	2,604	72,014	78,974	(153,592)	-
合計	Total	4,755,999	845,341	500,424	(153,592)	5,948,172
分部利潤(虧損)	SEGMENT PROFIT (LOSS)	1,518,816	214,960	(94,398)	-	1,639,378
未分配開支	Unallocated expenses					(9,596)
上市開支	Listing expenses					(40,817)
未分配匯兌收益淨額	Unallocated net exchange gain					10,039
按公允價值計量並計入 損益的金融負債的 公允價值收益	Fair value gain on financial liabilities at FVTPL					23,864
應佔聯營公司的業績	Share of result of associates					1,144
利息收入	Interest income					35,750
融資成本	Finance costs					(25,171)
以股權結算的股份 付款開支	Equity-settled share-based payment expenses					(161,630)
稅前利潤	Profit before taxation					1,472,961

6. SEGMENT INFORMATION (Continued)

(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

		一手房 代理服務 人民幣千元	房地產數據 及諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	對銷 人民幣千元	合計 人民幣千元
		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
收益	REVENUE					
外部銷售額	External sales	4,753,395	773,327	421,450	-	5,948,172
分部內銷售額	Inter-segment sales	2,604	72,014	78,974	(153,592)	-
合計	Total	4,755,999	845,341	500,424	(153,592)	5,948,172
分部利潤(虧損)	SEGMENT PROFIT (LOSS)	1,518,816	214,960	(94,398)	-	1,639,378
未分配開支	Unallocated expenses					(9,596)
上市開支	Listing expenses					(40,817)
未分配匯兌收益淨額	Unallocated net exchange gain					10,039
按公允價值計量並計入 損益的金融負債的 公允價值收益	Fair value gain on financial liabilities at FVTPL					23,864
應佔聯營公司的業績	Share of result of associates					1,144
利息收入	Interest income					35,750
融資成本	Finance costs					(25,171)
以股權結算的股份 付款開支	Equity-settled share-based payment expenses					(161,630)
稅前利潤	Profit before taxation					1,472,961

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6. 分部資料 (續)

分部收入及業績 (續)

截至2017年12月31日止年度

	一手房 代理服務 人民幣千元 Real estate agency services in the primary market RMB'000	房地產數據 及諮詢服務 人民幣千元 Real estate data and consulting services RMB'000	房地產經紀 網絡服務 人民幣千元 Real estate brokerage network services RMB'000	對銷 人民幣千元 Elimination RMB'000	合計 人民幣千元 Total RMB'000
收益	REVENUE				
外部銷售額	3,926,722	629,422	77,216	–	4,633,360
分部內銷售額	776	4,601	2,659	(8,036)	–
合計	3,927,498	634,023	79,875	(8,036)	4,633,360
分部利潤 (虧損)	SEGMENT PROFIT (LOSS)				
未分配開支	Unallocated expenses (123)				
未分配匯兌收益淨額	Unallocated net exchange loss (14,917)				
按公允價值計量並計入 損益的金融負債的 公允價值收益	Fair value gain on financial liabilities at FVTPL 17,027				
應佔聯營公司的業績	Share of result of associates 148				
利息收入	Interest income 6,122				
融資成本	Finance costs (21,650)				
稅前利潤	Profit before taxation 971,257				

運營分部的會計政策與附註3所述本集團會計政策相同。分部利潤 (虧損) 為各分部產生的所得利潤或虧損，並未分配未分配開支、未分配匯兌收益 (虧損) 淨額、以公允價值計量並計入損益的金融負債的公允價值收益、應佔聯營公司的業績、利息收入、融資成本、上市開支及以股權結算的股份付款開支。此乃出於分配資源及評估表現的目的而向主要經營決策者匯報的計量標準。

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2017

	一手房 代理服務 人民幣千元 Real estate agency services in the primary market RMB'000	房地產數據 及諮詢服務 人民幣千元 Real estate data and consulting services RMB'000	房地產經紀 網絡服務 人民幣千元 Real estate brokerage network services RMB'000	對銷 人民幣千元 Elimination RMB'000	合計 人民幣千元 Total RMB'000
收益	REVENUE				
外部銷售額	3,926,722	629,422	77,216	–	4,633,360
分部內銷售額	776	4,601	2,659	(8,036)	–
合計	3,927,498	634,023	79,875	(8,036)	4,633,360
分部利潤 (虧損)	SEGMENT PROFIT (LOSS)				
未分配開支	Unallocated expenses (123)				
未分配匯兌收益淨額	Unallocated net exchange loss (14,917)				
按公允價值計量並計入 損益的金融負債的 公允價值收益	Fair value gain on financial liabilities at FVTPL 17,027				
應佔聯營公司的業績	Share of result of associates 148				
利息收入	Interest income 6,122				
融資成本	Finance costs (21,650)				
稅前利潤	Profit before taxation 971,257				

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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.

6. 分部資料 (續)

分部資產及負債

並無提供分部資產及負債資料，因為本集團並未定期向主要經營決策者提供該等資料用於資源分配及表現評估決策。

其他分部資料

截至2018年12月31日止年度

6. SEGMENT INFORMATION (Continued)

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

	一手房 代理服務 人民幣千元	房地產數據 及諮詢服務 人民幣千元	房地產經紀 網絡服務 人民幣千元	對銷 人民幣千元	合計 人民幣千元
	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
計入計量分部溢利或 虧損的金額：	Amounts included in the measure of segment profit or loss:				
折舊及攤銷	9,206	10,984	5,856	124	26,170
按攤銷成本計量的金融 資產的損失準備	141,781	4,882	19,927	–	166,590
出售物業及設備的 虧損(收益)淨值	(195)	398	423	–	626
出售投資物業收益	(50)	–	–	–	(50)

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6. 分部資料 (續)

其他分部資料 (續)

截至2017年12月31日止年度

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2017

	一手房 代理服務 人民幣千元 Real estate agency services in the primary market RMB'000	房地產數據 及諮詢服務 人民幣千元 Real estate data and consulting services RMB'000	房地產經紀 網絡服務 人民幣千元 Real estate brokerage network services RMB'000	對銷 人民幣千元 Elimination RMB'000	合計 人民幣千元 Total RMB'000
計入計量分部溢利或 虧損的金額：	Amounts included in the measure of segment profit or loss:				
折舊及攤銷	8,021	17,890	1,877	82	27,870
按攤銷成本計量的金融 資產的損失準備	115,766	4,053	47	–	119,866
出售物業及設備的 虧損(收益)淨值	102	(167)	–	–	(65)
出售投資物業收益	(1,787)	–	–	–	(1,787)
投資物業減值損失	602	–	–	–	602

6. 分部資料 (續)

地區資料

本集團的業務位於中國及越南 (2017年：中國)。

有關本集團來自外部客戶持續經營收益的資料乃根據業務地址呈列。有關本集團非流動資產的資料乃根據資產的地理位置呈列。

		截至12月31日止年度 來自外部客戶的收益 Revenue from external customers Year ended 31 December		截至12月31日止年度 非流動資產 (附註) Non-current assets (note) Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
中國	PRC	5,942,366	4,633,360	649,766	119,740
越南	Vietnam	5,806	–	6	–
		5,948,172	4,633,360	649,772	119,740

附註：

非流動資產不包括應收關聯方款項、應收債券、遞延稅項資產及分類為金融工具的若干其他非流動資產。

主要客戶的資料

於相應年度佔本集團收益總額超過10%的客戶所產生的收益如下：

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
客戶A (附註)	Customer A (note)	1,871,380	1,626,497

附註：

收入包括一手房代理服務以及房地產數據及諮詢服務以及房地產經紀網絡服務產生的收入。於2018年3月5日集團重組完成後，該物業開發商客戶成為本集團的關聯方。

6. SEGMENT INFORMATION (Continued)

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.

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:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
客戶A (附註)	Customer A (note)	1,871,380	1,626,497

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.

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7. 其他收入

7. OTHER INCOME

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
應收債券利息收入	Interest income on bond receivables	2,841	–
銀行及其他利息收入	Bank and other interest income	32,909	6,122
政府補助(附註)	Government grants (note)	70,058	31,218
其他	Others	711	916
		106,519	38,256

附註：

該金額為就企業發展支持、財政補貼及各種稅收優惠而自不同中國政府部門收取的政府補助，有關中國政府部門並未施加任何條件。

Note:

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

8A. 按攤銷成本計量的金融資產損失準備

8A. LOSS ALLOWANCE ON FINANCIAL ASSETS MEASURED AT AMORTISED COST

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
以下各項的損失準備(撥備)撥回：	(Provision) reversal for loss allowance on:		
應收賬款及應收票據	Accounts receivables and bills receivables	(151,093)	(111,851)
應收關聯方貿易性質的款項	Amounts due from related parties of trade nature	(17,269)	(4,475)
其他應收款項及其他非流動資產	Other receivables and other non-current assets	1,772	(3,540)
		(166,590)	(119,866)

8B. 其他收益及虧損

8B. OTHER GAINS AND LOSSES

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
投資物業的減值損失	Impairment loss of investment properties	–	(602)
出售投資物業的收益	Gain on disposal of investment properties	50	1,787
出售物業及設備的(虧損) 收益淨值	Net (loss) gain on disposal of property and equipment	(626)	65
外匯淨收益(虧損)	Net exchange gain (loss)	10,211	(14,922)
以公允價值計量並計入損益的 金融負債的公允價值收益	Fair value gain on financial liabilities at FVTPL	23,864	17,027
強制以公允價值計量並計入損益的 金融資產的公允價值收益	Fair value loss on financial assets mandatorily measured at FVTPL	(15,096)	–
取消註冊附屬公司的收益	Gain on de-registration of a subsidiary	425	–
		18,828	3,355

9. 融資成本

9. FINANCE COSTS

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
銀行借款利息	Interest on bank borrowings	25,171	21,650

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10. 所得稅開支

10. INCOME TAX EXPENSE

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
中國企業所得稅（「企業所得稅」） 即期稅項	PRC Enterprise Income Tax (“EIT”) Current tax	379,631	364,386
先前年度超額撥備	Overprovision in prior years	(4,335)	(4,233)
		375,296	360,153
遞延稅項開支（抵免）（附註28）	Deferred tax expense (credit) (note 28)	16,012	(154,202)
		391,308	205,951

香港

綜合財務報表並無就香港利得稅計提撥備，因為本集團於兩年內並無應課香港利得稅的溢利。

中國

除下文所披露的該等中國附屬公司外，根據《中華人民共和國企業所得稅法》及《中華人民共和國企業所得稅法實施條例》（「《企業所得稅法》」），所有其他中國附屬公司於兩年內的法定稅率為25%。

根據《企業所得稅法》及相關法規，本集團的中國附屬公司北京中房研協技術服務有限公司（「中房研協」）符合高新技術企業資格，獲准享受15%的優惠稅率，優惠期由2015年至2017年為期三年，並於截至2018年12月31日止年度續期，2018年至2021年再延長三年。

根據《企業所得稅法》及相關法規，本集團的中國附屬公司上海築想符合高新技術企業資格，獲准享受優惠稅收政策，優惠期由2015年至2019年為期五年，首兩個年度免繳所得稅，其後三年所得稅減免50%，按12.5%的稅率繳稅。因此，截至2018年及2017年12月31日止年度，上海築想的適用稅率為12.5%。

Hong Kong

No provision for Hong Kong Profits Tax was made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for both years.

PRC

Save as those PRC subsidiaries disclosed below, pursuant to the EIT Law and Implementation Regulations of the Law of the PRC (the “EIT Law”), the statutory tax rate of all other PRC subsidiaries is 25% for both years.

Beijing CREA Technology Services Ltd.# (北京中房研協技術服務有限公司) (“Zhongfangyanxie”), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of three years from 2015 to 2017 and had been renewed during the year ended 31 December 2018 for another period of three years from 2018 to 2021 in accordance with the EIT Law and relevant regulations.

Shanghai Zhuxiang, a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy preferential tax policy of a period of five years from 2015 to 2019 in accordance with EIT Law and relevant regulations, to be exempted from income tax for its first two years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years. Hence, the applicable tax rate of Shanghai Zhuxiang was 12.5% for the years ended 31 December 2018 and 2017.

English name is for the identification purpose only

10. 所得稅開支 (續)

中國 (續)

於2018年11月2日，易居企業(中國)集團收到科學技術部火炬高技術產業開發中心的通知，確認易居企業(中國)集團於截至2018年12月31日止年度被評定及符合高科技企業資格。因此，截至2018年12月31日止年度，易居企業(中國)集團的適用稅率為15%，而截至2017年12月31日止年度則為25%。

根據中國西部地區企業適用的相關法規，本集團全資中國附屬公司重慶易居投資顧問有限公司享受15%的優惠稅率，優惠期由2014年10月1日至2020年12月31日為期六年零三個月。於截至2018年及截至2017年12月31日止年度，本集團若干同樣位於中國西部地區的附屬公司(待獲有關法規年度批准)享受15%的優惠稅率。

10. INCOME TAX EXPENSE (Continued)

PRC (Continued)

On 2 November 2018, PRC Holdco received a notice from Torch High Technology Industry Development Center, Ministry of Science and Technology (科學技術部火炬高技術產業開發中心) confirming that PRC Holdco had been assessed and qualified as High Technology Enterprise for the year ended 31 December 2018. Hence, the applicable tax rate of PRC Holdco was 15% for the year ended 31 December 2018 and 25% for the year ended 31 December 2017.

Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, Chongqing E-House Investment Consultancy Co., Ltd.# (重慶易居投資顧問有限公司), a wholly-owned PRC subsidiary of the Group, enjoys a preferential tax rate of 15% for a period of six years and three months from 1 October 2014 to 31 December 2020. Certain subsidiaries of the Group also situated in the western regions of the PRC which are subject to annual approval by the relevant regulations to enjoy a preferential tax rate of 15% in the years ended 31 December 2018 and 2017.

English name is for the identification purpose only

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10. 所得稅開支 (續)

年度的所得稅開支與綜合損益及其他全面收益表的稅前利潤對賬如下：

10. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
稅前利潤	Profit before taxation	1,472,961	971,257
按適用稅率25%計算的稅項 (2017年：25%)	Tax at the applicable tax rate of 25% (2017: 25%)	368,240	242,814
應佔聯營公司業績的稅項影響	Tax effect at share of result of associates	(286)	(37)
不可扣稅開支的稅項影響	Tax effect of expenses not deductible for tax purposes	51,251	12,133
毋須課稅收入的稅項影響	Tax effect of income not taxable for tax purpose	(8,519)	(4,257)
先前年度超額撥備	Overprovision in respect of prior years	(4,335)	(4,233)
未確認稅項虧損的稅項影響	Tax effect of tax losses not recognised	8,996	10,684
動用先前未確認的稅項虧損	Utilisation of tax losses previously not recognised	(5,887)	(2,037)
未確認可扣減暫時性差額的 稅項影響	Tax effect of deductible temporary differences not recognised	1,623	967
動用先前未確認的可扣減 暫時性差額	Utilisation of deductible temporary differences previously not recognised	(1,164)	(1,598)
給予稅項減免的稅項影響	Tax effect of tax concession granted	(30,463)	(37,580)
適用稅率下調(上調)導致年初 遞延稅項資產減少(增加)	Decrease (increase) in opening deferred tax assets resulting from an decrease (increase) in applicable tax rate	11,852	(10,905)
所得稅開支	Income tax expense	391,308	205,951

11. 年內利潤及全面收益總額

於年內利潤乃扣除以下各項後計算得出：

11. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit for the year has been arrived at after charging:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
董事薪酬：	Directors' remuneration:		
– 袍金	– Fee	706	–
– 薪金、花紅及其他津貼	– Salaries, bonus and other allowances	8,952	7,720
– 退休福利計劃供款	– Retirement benefit scheme contributions	96	147
– 以股權結算的股份付款 開支	– Equity-settled share-based payment expenses	66,709	–
		76,463	7,867
其他員工成本：	Other staff costs:		
– 薪金、花紅及其他津貼	– Salaries, bonus and other allowances	2,435,469	2,304,116
– 退休福利計劃供款	– Retirement benefit scheme contributions	386,965	311,349
– 以股權結算的股份付款 開支	– Equity-settled share-based payment expenses	94,921	–
		2,917,355	2,615,465
員工成本總額	Total staff costs	2,993,818	2,623,332
物業及設備折舊	Depreciation of property and equipment	21,994	21,862
投資物業折舊	Depreciation of investment properties	670	305
無形資產攤銷	Amortisation of intangible assets	3,506	5,703
折舊及攤銷總額	Total depreciation and amortisation	26,170	27,870
審計師薪酬	Auditor's remuneration	4,800	5,994
上市開支（計入其他開支內）	Listing expense (included in other expenses)	40,817	–
計入下列各項的確認為開支的 研發成本：	Research costs recognised as an expense included in:		
– 員工成本	– Staff costs	34,715	37,900
– 折舊及攤銷開支	– Depreciation and amortisation expenses	2,508	1,507
– 其他經營成本	– Other operating costs	30,981	1,221
		68,204	40,628
各租賃場所最低經營租賃開支	Minimum operating lease rental expense in respect of rented premises	118,923	105,571

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12. 董事、最高行政人員及僱員酬金

組成本集團的實體於年內已付或應付本公司董事及最高行政人員服務的酬金詳情（包括在成為本公司董事前作為本集團實體僱員／董事服務的酬金）如下：

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) for their services during the year are as follows:

		委任為 本公司董事的日期	袍金 人民幣千元	薪金、花紅 及其他津貼 人民幣千元	退休福利 計劃供款 人民幣千元	以股權結算的 股份付款開支 人民幣千元	合計 人民幣千元
		Date of appointment as a director of the Company	Fee RMB'000	Salaries, bonus and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
截至2018年12月 31日止年度	Year ended 31 December 2018						
執行董事：	Executive directors:						
周忻	Zhou Xin	2010年2月22日 22 February 2010	-	-	-	27,477	27,477
黃燦浩	Huang Canhao	2017年11月9日 9 November 2017	-	4,160	-	18,242	22,402
程立瀾	Cheng Lilan	2018年3月16日 16 March 2018	-	-	-	2,748	2,748
丁祖昱 (附註)	Ding Zuyu (note)	2018年3月16日 16 March 2018	-	4,792	96	18,242	23,130
非執行董事：	Non-Executive directors:						
夏海鈞	Xia Hai Jun	2018年3月16日 16 March 2018	98	-	-	-	98
莫斌	Mo Bin	2018年3月16日 16 March 2018	98	-	-	-	98
祝九勝	Zhu Jiusheng	2018年3月16日 16 March 2018	98	-	-	-	98
謝梅	Xie Mei	2018年11月30日 30 November 2018	-	-	-	-	-
獨立非執行董事：	Independent Non-Executive directors:						
張磅	Zhang Bang	2018年7月10日 10 July 2018	118	-	-	-	118
朱洪超	Zhu Hongchao	2018年7月10日 10 July 2018	98	-	-	-	98
王力群	Wang Liquan	2018年7月10日 10 July 2018	98	-	-	-	98
李勁	Li Jin	2018年7月10日 10 July 2018	98	-	-	-	98
合計	Total		706	8,952	96	66,709	76,463

12. 董事、最高行政人員及僱員酬金 (續)

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

		委任為 本公司董事的日期	袍金 人民幣千元	薪金、花紅 及其他津貼 人民幣千元	退休福利 計劃供款 人民幣千元	以股權結算的 股份付款開支 人民幣千元	合計 人民幣千元
		Date of appointment as a director of the Company	Fee RMB'000	Salaries, bonus and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
截至2017年 12月31日止年度	Year ended 31 December 2017						
執行董事：	Executive directors:						
周忻	Zhou Xin	2010年2月22日 22 February 2010	-	-	-	-	-
黃燦浩	Huang Canhao	2017年11月9日 9 November 2017	-	4,160	58	-	4,218
程立瀾	Cheng Lilan	2018年3月16日 16 March 2018	-	-	-	-	-
丁祖昱 (附註)	Ding Zuyu (note)	2018年3月16日 16 March 2018	-	3,560	89	-	3,649
非執行董事：	Non-Executive directors:						
夏海鈞	Xia Hai Jun	2018年3月16日 16 March 2018	-	-	-	-	-
莫斌	Mo Bin	2018年3月16日 16 March 2018	-	-	-	-	-
祝九勝	Zhu Jiusheng	2018年3月16日 16 March 2018	-	-	-	-	-
合計	Total		-	7,720	147	-	7,867

附註：

丁祖昱亦為本公司最高行政人員，上表所披露其酬金包括其作為最高行政人員提供服務的酬金。

上文所列執行董事酬金乃就彼等管理本公司事務所提供的服務所支付。

上文所列獨立非執行董事酬金乃就彼等作為本公司及本集團董事的服務所支付。

Note:

Ding Zuyu is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company.

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company and the Group.

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12. 董事、最高行政人員及僱員酬金 (續)

截至2018年12月31日止年度，本集團五名最高薪酬人士包括本公司的三名(2017年：兩名)董事。截至2018年12月31日止年度，其餘兩名(2017年：三名)人士的酬金如下：

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

The five highest paid individuals of the Group include three (2017: two) directors of the Company for the year ended 31 December 2018. The emoluments of the remaining two (2017: three) individuals for the year ended 31 December 2018 are as follows:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
薪金、花紅及其他津貼	Salaries, bonus and other allowances	7,321	7,980
退休福利計劃供款	Retirement benefit scheme contributions	192	267
以股權結算的股份付款開支	Equity-settled share-based payment expenses	9,121	–
		16,634	8,247

五名最高薪人士的薪酬處於以下範圍內：

The emoluments of the five highest paid individuals were within the following bands:

		僱員數目 Number of employees 截至12月31日止年度 Year ended 31 December	
		2018年 2018	2017年 2017
2,000,001港元至3,000,000港元	HK\$2,000,001 to HK\$3,000,000	–	1
3,000,001港元至4,000,000港元	HK\$3,000,001 to HK\$4,000,000	–	2
4,000,001港元至5,000,000港元	HK\$4,000,001 to HK\$5,000,000	–	2
8,000,001港元至9,000,000港元	HK\$8,000,001 to HK\$9,000,000	1	–
10,000,001港元至11,000,000港元	HK\$10,000,001 to HK\$11,000,000	1	–
25,000,001港元至26,000,000港元	HK\$25,000,001 to HK\$26,000,000	1	–
26,000,001港元至27,000,000港元	HK\$26,000,001 to HK\$27,000,000	1	–
31,000,001港元至32,000,000港元	HK\$31,000,001 to HK\$32,000,000	1	–

12. 董事、最高行政人員及僱員酬金 (續)

於截至2018年及2017年12月31日止年度，本集團並無向本集團管理層或本集團五名最高薪酬人士支付任何酬金作為加入或於加入本集團時的獎勵或離職補償。本公司概無管理人員及本集團五名最高薪酬人士放棄任何酬金。

13. 股息

於報告期末後，本公司董事已建議關於截至2018年12月31日止年度的末期股息每股普通股22.67港仙(相當於人民幣19.39分)(2017年：無)，總額333,365,000港元(相當於人民幣285,093,600元)，須待本公司股東於應屆股東週年大會上批准後方可作實。

14. 每股盈利 – 基本及攤薄

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

During the year ended 31 December 2018 and 2017, no emoluments were paid by the Group to the management of the Group or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the management of the Group and five highest paid individuals of the Group has waived any emoluments.

13. 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.

14. 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:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
盈利：	Earnings:		
就每股基本盈利而言， 本公司擁有人應佔年內利潤	Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	950,312	352,020
攤薄潛在普通股的影響：	Effect of dilutive potential ordinary shares:		
以公允價值計量並計入損益的 金融負債的公允價值收益	Fair value gain on financial liabilities at FVTPL	(23,864)	–
就每股攤薄盈利而言， 本公司擁有人應佔年內利潤	Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share	926,448	352,020

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14. 每股盈利 – 基本及攤薄 (續) 14. EARNINGS PER SHARE – BASIC AND DILUTED (Continued)

		截至12月31日止年度 Year ended 31 December	
		2018年 千股 2018 '000	2017年 千股 2017 '000
股份數目：	Number of shares:		
就每股基本盈利而言， 普通股的加權平均數目	Weighted average number of ordinary shares for the purpose of basic earnings per share	1,180,347	500,000
攤薄潛在普通股的影響：	Effect of dilutive potential ordinary shares:		
有條件投資基金所得款項所產生的 或有可發行股份	Contingently issuable shares arising from the conditional investment fund received	24,958	–
本公司購股權	Share options of the Company	2,817	–
		27,775	–
就每股攤薄盈利而言， 普通股的加權平均數目	Weighted average number of ordinary share for the purpose of diluted earnings per share	1,208,122	500,000

用於計算每股基本盈利的普通股數目乃假設集團重組已於2017年1月1日生效而釐定。

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.

於2017年12月31日，本公司擁有於2017年12月1日自三名有意投資者的有條件投資基金所得款項所產生的或有可發行股份中的144,600,000股股份，詳情載於附註25(iii)。

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 as detailed in note 25(iii).

在2018年3月5日集團重組完成後，有條件投資基金所得款項成為無條件，而該等144,600,000股股份已獲發行且在外流通，因此，其可計入自截至2018年3月31日止年度之日期起每股基本盈利的計算中。

Upon the completion of Group Reorganisation 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 included in the calculation of basic earnings per share since that date for the year ended 31 December 2018.

於2018年7月20日，本公司於聯交所主板上市及全球發售中發售的322,836,000股股份變為已發行及流通，因此就截至2018年12月31日止年度而言自該日起計入每股基本盈利的計算中。

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 included in the calculation of basic earnings per share since that date for the year ended 31 December 2018.

於2018年8月15日，本公司因全球發售中超額配股權的行使而發行2,801,700股股份及該等股份就截至2018年12月31日止年度而言自該日起計入每股基本盈利的計算中。然而，計算截至2018年12月31日止年度的每股攤薄盈利並無假設行使全球發售的超額配股權，乃因超額配股權授出日期至行使日期間行使價高於本公司平均股價。

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.

14. 每股盈利 – 基本及攤薄 (續)

於2018年4月21日，本公司向合資格董事、管理層及僱員授出91,563,600股股份，及其就截至2018年12月31日止年度而言自該日起計及每股攤薄盈利的計算中。

截至2017年12月31日止年度並無呈列每股攤薄盈利，因為截至2017年12月31日止年度並無任何已發行潛在普通股。

15. 物業及設備

14. EARNINGS PER SHARE – BASIC AND DILUTED (Continued)

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.

15. PROPERTY AND EQUIPMENT

		租賃裝修 人民幣千元	租賃土地 及樓宇 人民幣千元	傢俱、裝置 及設備 人民幣千元	汽車 人民幣千元	合計 人民幣千元
		Leasehold improvements RMB'000	Leasehold land and building RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
成本	COST					
於2017年1月1日	At 1 January 2017	28,345	18,582	71,634	18,419	136,980
添置	Additions	17,414	–	2,118	2,594	22,126
出售	Disposals	(516)	(2,500)	(6,430)	(2,511)	(11,957)
於2017年12月31日	At 31 December 2017	45,243	16,082	67,322	18,502	147,149
添置	Additions	8,966	6,952	2,405	3,665	21,988
出售	Disposals	(1,675)	–	(9,024)	(3,291)	(13,990)
於2018年12月31日	At 31 December 2018	52,534	23,034	60,703	18,876	155,147
折舊	DEPRECIATION					
於2017年1月1日	At 1 January 2017	(11,688)	(3,608)	(45,824)	(10,712)	(71,832)
年內撥備	Provided for the year	(10,732)	(470)	(8,723)	(1,937)	(21,862)
於出售時對銷	Eliminated on disposals	33	409	6,060	2,292	8,794
於2017年12月31日	At 31 December 2017	(22,387)	(3,669)	(48,487)	(10,357)	(84,900)
年內撥備	Provided for the year	(11,367)	(580)	(7,794)	(2,253)	(21,994)
於出售時對銷	Eliminated on disposals	331	–	8,153	2,718	11,202
於2018年12月31日	At 31 December 2018	(33,423)	(4,249)	(48,128)	(9,892)	(95,692)
賬面值	CARRYING VALUES					
於2018年12月31日	At 31 December 2018	19,111	18,785	12,575	8,984	59,455
於2017年12月31日	At 31 December 2017	22,856	12,413	18,835	8,145	62,249

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15. 物業及設備 (續)

上述物業及設備項目乃經計及其估計剩餘價值後按以下估計使用年限以直線法折舊：

租賃裝修	相關租賃期限或 5年(以較短者 為準)
租賃土地及樓宇	30年
傢俱、裝置及設備	3至5年
汽車	5年以上

15. PROPERTY AND EQUIPMENT (Continued)

The above items of property and equipment are depreciated, taking into account their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	The shorter of the term of the relevant lease or 5 years
Leasehold land and building	30 years
Furniture, fixtures and equipment	Over 3 – 5 years
Motor vehicles	Over 5 years

16. 投資物業

16. INVESTMENT PROPERTIES

人民幣千元
RMB'000

成本	COST	
於2017年1月1日	At 1 January 2017	14,853
添置	Additions	11,940
出售	Disposals	(6,503)
於2017年12月31日	At 31 December 2017	20,290
添置	Additions	2,645
出售	Disposals	(348)
於2018年12月31日	At 31 December 2018	22,587
折舊及減值	DEPRECIATION AND IMPAIRMENT	
於2017年1月1日	At 1 January 2017	(2,272)
年內撥備	Provided for the year	(305)
在損益中確認的減值損失	Impairment loss recognised in profit or loss	(602)
於出售時對銷	Eliminated on disposals	1,577
於2017年12月31日	At 31 December 2017	(1,602)
年內撥備	Provided for the year	(670)
於出售時對銷	Eliminated on disposals	25
於2018年12月31日	At 31 December 2018	(2,247)
賬面值	CARRYING VALUES	
於2018年12月31日	At 31 December 2018	20,340
於2017年12月31日	At 31 December 2017	18,688

本集團所有投資物業僅持作資本增值且於年內本集團並無出租任何投資物業。

All of the Group's investment properties are held for capital appreciation only and the Group did not rent out any of the investment properties during the year.

16. 投資物業 (續)

於2018年12月31日，本集團的投資物業公允價值為人民幣31,940,000元(2017年：人民幣24,891,000元)。估值乃由本集團管理層參照相同地點及條件的類似物業近期的市價釐定，並考慮任何調整因素是否為必要。

於估計物業公允價值時，物業的最高及最佳使用狀況為其現有使用狀況。

於報告期末本集團的投資物業詳情及公允價值層級資料如下：

16. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties as at 31 December 2018 was RMB31,940,000 (2017: RMB24,891,000). The valuation was determined by the management of the Group by reference to recent market prices for similar properties in the same locations and conditions, and to consider if any adjustment factor necessary.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

		第三級 Level 3 人民幣千元 RMB'000	於2018年12月31日 的公允價值 Fair value as at 31 December 2018 人民幣千元 RMB'000
位於長沙的商業地產單位	Commercial property units located in Changsha	1,123	1,123
位於天津的商業地產單位	Commercial property units located in Tianjin	5,239	5,239
位於銀川的商業地產單位	Commercial property units located in Yinchuan	1,658	1,658
位於廣州的商業地產單位	Commercial property units located in Guangzhou	3,143	3,143
位於武漢的商業地產單位	Commercial property units located in Wuhan	10,666	10,666
位於青島的商業地產單位	Commercial property units located in Qingdao	7,342	7,342
位於海南的商業地產單位	Commercial property units located in Hainan	2,769	2,769
		31,940	31,940
		第三級 Level 3 人民幣千元 RMB'000	於2017年12月31日 的公允價值 Fair value as at 31 December 2017 人民幣千元 RMB'000
位於長沙的商業地產單位	Commercial property units located in Changsha	1,145	1,145
位於天津的商業地產單位	Commercial property units located in Tianjin	3,645	3,645
位於銀川的商業地產單位	Commercial property units located in Yinchuan	1,268	1,268
位於廣州的商業地產單位	Commercial property units located in Guangzhou	4,120	4,120
位於武漢的商業地產單位	Commercial property units located in Wuhan	9,958	9,958
位於青島的商業地產單位	Commercial property units located in Qingdao	4,755	4,755
		24,891	24,891

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16. 投資物業 (續)

以上投資物業經計及其估計剩餘價值
以下列年率按直線法折舊：

樓宇 30年

概無本集團投資物業被質押用作本集團
借款及／或銀行融資。

16. INVESTMENT PROPERTIES (Continued)

The above investment properties are depreciated, taking into account their estimated residual value, on a straight-line basis at the following rates per annum:

Buildings 30 years

None of the Group's investment properties are pledged for the Group's borrowings and/or banking facilities.

17. 商譽

17. GOODWILL

人民幣千元
RMB'000

成本及賬面值
於2017年1月1日、2017年12月31日
及2018年12月31日

COST AND CARRYING VALUE
At 1 January 2017, 31 December 2017
and 31 December 2018

5,109

就減值測試而言，商譽已分配至一個
現金產出單元。於2018年及2017年12
月31日，本集團管理層認為包含商譽
的現金產出單元並無減值。

For the purpose of impairment testing, goodwill has been allocated to one CGU. As at 31 December 2018 and 2017, the management of the Group determines that there is no impairment to the CGU containing goodwill.

商譽產生自2009年本集團之前對深
圳市房友軟件技術有限公司的收購，
該項收購與房地產數據及諮詢服務有
關。其主營業務涉及提供軟件開發及
信息諮詢服務。

Goodwill was arisen from the Group's previous acquisition of Shenzhen Fangyou Software Technology Co., Ltd.* (深圳市房友軟件技術有限公司) in 2009, which was related to the real estate data and consulting services. Its major business involves providing software development and information consulting service.

* English name is for the identification purpose only

18. 無形資產

18. INTANGIBLE ASSETS

		軟件	域名	獨家 合作權利 Exclusive cooperative right	其他	合計
		Software 人民幣千元 RMB'000	Domain 人民幣千元 RMB'000	人民幣千元 RMB'000	Others 人民幣千元 RMB'000	Total 人民幣千元 RMB'000
成本	COST					
於2017年1月1日	At 1 January 2017	18,559	1,559	29,855	1,425	51,398
添置	Additions	241	-	-	-	241
於2017年及2018年 12月31日	At 31 December 2017 and 2018	18,800	1,559	29,855	1,425	51,639
攤銷	AMORTISATION					
於2017年1月1日	At 1 January 2017	(14,292)	(1,039)	(23,791)	(1,070)	(40,192)
年內撥備	Provided for the year	(1,583)	(245)	(3,732)	(143)	(5,703)
於2017年12月31日	At 31 December 2017	(15,875)	(1,284)	(27,523)	(1,213)	(45,895)
年內撥備	Provided for the year	(933)	(98)	(2,332)	(143)	(3,506)
於2018年12月31日	At 31 December 2018	(16,808)	(1,382)	(29,855)	(1,356)	(49,401)
賬面值	CARRYING VALUES					
於2018年12月31日	At 31 December 2018	1,992	177	-	69	2,238
於2017年12月31日	At 31 December 2017	2,925	275	2,332	212	5,744

附註：

本集團的獨家合作權利產生自本集團一家附屬公司非控股股東於其擁有51%股權的附屬公司（於2010年8月17日成立）的初步注資，此乃於上一年度初步按公允價值入賬（經參考由國際認可的獨立專業估值師採用收入法所編製的估值報告）。獨家合作權利指非控股股東授予附屬公司的獨家權利，以(i)舉辦非控股股東所贊助的展會及活動；及(ii)訪問非控股股東所編製房地產行業的調研報告。

Note:

The Group's exclusive cooperative right was resulted from the initial capital injection of a 51% owned subsidiary established on 17 August 2010 by non-controlling shareholders of a subsidiary of the Group, of which was initially carried at fair value with reference to a valuation report using income approach performed by an internationally recognised independent professional valuer in the prior year. The exclusive cooperative right represents the exclusive right granted to the subsidiary by the non-controlling shareholders to (i) host exhibition and activities sponsored by the non-controlling shareholders and (ii) access to real estate industry research reports prepared by the non-controlling shareholders.

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18. 無形資產 (續)

上述軟件、域名、獨家合作權利及其他項目根據以下估計使用期間按直線基準攤銷：

軟件	逾3年至10年
域名	5年
獨家合作權利	8年
其他	10年

19. 於聯營公司權益

18. INTANGIBLE ASSETS (Continued)

The above items of software, domain, exclusive cooperative right and others are amortised, on a straight-line basis over their estimated useful lives as follows:

Software	Over 3 – 10 years
Domain	5 years
Exclusive cooperative right	8 years
Others	10 years

19. INTERESTS IN ASSOCIATES

		於12月31日 At 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
投資成本，未上市	Cost of investments, unlisted	209,650	9,830
應佔收購後業績	Share of post-acquisition results	2,861	1,185
		212,511	11,015

19. 於聯營公司權益 (續)

本集團於聯營公司的權益詳情如下：

公司名稱 Name of Company	註冊國家 Country of registration	經營地點 Place of operation	繳足註冊資本 Paid up Registered capital 人民幣千元 RMB'000	本集團所持所有權權益比率 於12月31日 Proportion of ownership interest held by the Group As at 31 December		本集團所持投票權比率 於12月31日 Proportion of voting rights held by the Group As at 31 December		主要活動 Principal activity
				2018年 2018	2017年 2017	2018年 2018	2017年 2017	
				上海深察科技有限公司 Shanghai Shencha Technology Co., Ltd.* (上海深察科技有限公司)	中國 the PRC	中國 the PRC	2,000	
鉅安海上明珠二號專項私募基金 (「明珠二號」) Juan Haishang Mingzhu No.2 Private Equity Fund.* (鉅安海上明珠二號專項私募基金) ("Mingzhu No.2")	中國 the PRC	中國 the PRC	667,800	29.95%	-	29.95%	-	投資及物業開發服務 Investment and property developing services
武漢中城易居營銷策劃有限公司 Wuhan Zhongcheng E-House Sales and Marketing Co., Ltd.* (武漢中城易居營銷策劃有限公司)	中國 the PRC	中國 the PRC	5,000	45.00%	45.00%	40.00%	40.00%	房地產行業諮詢及經紀服務 Consulting and brokerage service in real estate industry
悉瑞 (上海) 投資諮詢有限公司 (「悉瑞」) Xirui (Shanghai) Investment Consultancy Co., Ltd.* (悉瑞 (上海) 投資諮詢有限公司) ("Xirui")	中國 the PRC	中國 the PRC	2,000	(附註) (note)	39.00%	(附註) (note)	39.00%	諮詢服務 Consulting service
深圳市克而瑞華美顧問有限公司 Shenzhen CRIC Huamei Consultancy Co., Ltd.* (深圳市克而瑞華美顧問有限公司)	中國 the PRC	中國 the PRC	1,000	20.00%	20.00%	20.00%	20.00%	投資控股及諮詢服務 Investment holding and consulting service
深圳大海智地投資管理有限公司 Shenzhen Dahai Zhide Investment Management Co., Ltd.* (深圳大海智地投資管理有限公司)	中國 the PRC	中國 the PRC	30,000	20.00%	20.00%	20.00%	20.00%	投資管理 Investment management
上海卓家信息科技有限公司 Shanghai Zhuojia Information Technology Co., Ltd.* (上海卓家信息科技有限公司)	中國 the PRC	中國 the PRC	1,100	20.00%	20.00%	20.00%	20.00%	計算機信息技術諮詢服務 Computer information technology consulting service

附註：

截至2018年12月31日止年度，本集團取消登記其於悉瑞的39%股權（賬面淨值人民幣248,000元），以換取退還現金人民幣248,000元（等於悉瑞於取消登記日期的資產淨值份額），於損益賬並無確認收益或虧損。

Note:

During the year ended 31 December 2018, the Group de-registered its 39% equity interests in Xirui at net carrying amount of RMB248,000 for a cash refund of RMB248,000 which equivalent to the share of the net asset value of Xirui on the date of de-registration, with no gain or loss recognised in profit or loss.

* English name is for identification purpose only

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19. 於聯營公司權益 (續)

重大聯營公司的財務資料概要

關於明珠二號的財務資料概要載列如下。下文財務資料概要為該聯營公司財務報表 (根據IFRS編製) 所示金額。

明珠二號於該等綜合財務報表內使用權益法入賬。

明珠二號的資產僅包括透過損益按公允價值計量的金融資產，於2018年12月31日為人民幣667,800,000元。

上述財務資料概要於綜合財務報表所確認於明珠二號權益賬面值的對賬：

19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates

Summarised financial information in respect of Mingzhu No.2 is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

Mingzhu No.2 is accounted for using the equity method in these consolidated financial statements.

Mingzhu No.2's asset solely included financial asset measured at FVTPL amounted to RMB667,800,000 as at 31 December 2018.

Reconciliation at the above summarised financial information to the carrying amount of the interest in Mingzhu No.2 recognised in the consolidated financial statements:

		於2018年 12月31日 人民幣千元 As at 31 December 2018 RMB'000
明珠二號資產淨值	Net assets of Mingzhu No.2	667,800
本集團於明珠二號的權益比例	Proportion of the Group's interest in Mingzhu No.2	29.95%
本集團於明珠二號的權益賬面值	Carrying amount of the Group's interest in Mingzhu No.2	200,000

20. 應收賬款、應收票據、
其他非流動資產及其他
應收款項

20. ACCOUNTS RECEIVABLES, BILLS
RECEIVABLES, OTHER NON-CURRENT
ASSETS AND OTHER RECEIVABLES

		於12月31日 At 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
應收賬款及應收票據	Accounts receivables and bills receivables	4,751,046	3,774,357
減：應收賬款及應收票據的 損失準備	Less: Loss allowance for accounts receivables and bills receivables	(586,802)	(466,355)
應收賬款及應收票據總額	Total accounts receivables and bills receivables	4,164,244	3,308,002
已付房地產開發商的按金 (附註a)	Deposits paid to property developers (note a)		
– 即期	– current	1,738,026	39,439
– 非即期	– non-current	1,500	18,796
預付款項(即期)	Prepayments (current)	19,433	16,298
租賃定金	Rental deposits		
– 即期	– current	2,140	3,095
– 非即期	– non-current	15,681	15,389
收購物業及設備的已付按金 (非即期)(附註b)	Deposits paid for acquisition of property and equipment (non-current) (note b)	334,368	1,428
長期遞延開支(非即期)	Long-term deferred expenses (non-current)	70	118
其他應收款項 – 其他(即期)	Other receivables – others (current)	36,359	15,177
		2,147,577	109,740
減：以攤銷成本計量的其他 應收款項及其他非流動 資產損失準備	Less: Loss allowance for other receivables and other non-current assets measured at amortised cost	(2,701)	(6,481)
		2,144,876	103,259
應收賬款、應收票據、 其他非流動資產及 其他應收款項總額	Total accounts receivables, bills receivables, other non-current assets and other receivables	6,309,120	3,411,261
綜合財務狀況表內所披露其他 非流動資產及其他應收款項	Other non-current assets and other receivables disclosed in the consolidated statement of financial position as:		
– 即期	– Current	1,794,139	71,590
– 非即期	– Non-current	350,737	31,669
		2,144,876	103,259

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20. 應收賬款、應收票據、其他非流動資產及其他應收款項 (續)

附註：

- a) 該款項指本集團支付予物業開發商的誠意金，用以使本集團開展一手房代理服務項目，按金可於以下兩項的較早期間解除：(i)各協議協定的期間；及(ii)於各協議完成後。於2018年12月31日，本集團支付的誠意金中主要包括2筆一手房項目房地產代理服務。關於其中一個項目，本集團就中國的一手房項目房地產代理服務支付200,000,000港元（相當於人民幣175,239,000元）作為誠意金，預期於一年內悉數發還。關於另一個項目，本集團就中國及海外的項目支付150,000,000美元（相當於人民幣1,029,472,000元）作為誠意金，亦預期於一年內悉數退還。

此外，截至2018年12月31日止年度，本集團與一名獨立第三方（「賣方」）訂立買賣協議，據此，本集團有獨家權利於2020年4月11日或之前出售52個寫字樓單位。根據買賣協議，本集團同意及承諾出售全部52個寫字樓單位，總代價不少於人民幣660,000,000元，而倘該等52個寫字樓單位出售款合共超過人民幣660,000,000元，則本集團有權享有全部淨餘。倘本集團於2020年4月11日或之前並無出售全部52個寫字樓單位，則寫字樓單位的未售單位將轉入本集團。

於2018年12月31日，本集團向賣方支付人民幣250,000,000元作為按金。此外，根據買賣協議，倘寫字樓單位總對價金額於2019年2月28日（「結算日期」）前達不到人民幣660,000,000元，則本集團將需要支付截至2019年2月28日所售寫字樓單位總對價金額與結算日期承諾金額人民幣660,000,000元之間的差額。本集團於2018年12月31日尚未結算此買賣協議項下承擔人民幣410,000,000元。

於2019年2月28日前所售寫字樓單位總對價金額達不到人民幣660,000,000元。於2019年3月28日，本集團與賣方相互同意延長結算日期至2019年3月31日及本集團於2019年4月30日後可能要求進一步延長結算日期，視乎該時的進一步情況及市況而定。

20. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Note:

- a) Amount represents earnest deposits paid by the Group to property developers enabling the Group to carry out the real estate agency services in the primary market projects, which will be released to the Group at the earlier of (i) period agreed in the respective agreements and (ii) upon completion of the respective agreements. As at 31 December 2018, out of the earnest deposits paid by the Group mainly included 2 real estate agency services in the primary market projects. For one of the project, the Group paid HK\$200,000,000 (equivalent to RMB175,239,000) as earnest deposit for a real estate agency services in the primary market project situated in the PRC which expects to be fully release within a year. For another project, the Group paid USD150,000,000 (equivalent to RMB1,029,472,000) as earnest deposit for projects situated in the PRC and overseas which is also expect to be fully release within a year.

In addition, during the year ended 31 December 2018, the Group entered into a sales and purchase agreement with an independent third party ("the Vendor"), pursuant to which the Group has an exclusive right to sell 52 office building units on or before 11 April 2020. In accordance with the sales and purchase agreement, the Group agreed and committed to sell all 52 office building units for an aggregate consideration of not less than RMB660,000,000, while the Group is entitled to all the surplus if these 52 office building units were sold in aggregate over RMB660,000,000. In the event that the Group does not sell all 52 office building units on or before 11 April 2020, the unsold units of the office building units will be transferred to the Group.

As at 31 December 2018, the Group paid RMB250,000,000 as deposit to the Vendor. Furthermore, pursuant to the sales and purchase agreement, if the sum of total consideration of the office building units sold does not reach RMB660,000,000 by 28 February 2019 (the "Settlement Date"), the Group would need to pay for the shortfall between the sum of total consideration of the office building units already sold up to 28 February 2019 and the committed amount of RMB660,000,000 on the Settlement Date. The Group has unsettled commitment of RMB410,000,000 under this sales and purchase agreement at 31 December 2018.

The sum of total consideration of the office building units sold by 28 February 2019 did not reach RMB660,000,000. On 28 March 2019, the Group and the Vendor have mutually agreed to extend the Settlement Date to 31 March 2019 and the Group may request to further extend the Settlement Date after 30 April 2019, subject to further circumstances and market conditions at that time.

20. 應收賬款、應收票據、其他非流動資產及其他應收款項 (續)

附註：(續)

- b) 於2018年12月20日，本集團與一名獨立房地產開發商訂立買賣協議，據此，本集團同意向該賣方購買一處物業或持有該物業的實體的全部實繳資本，總代價人民幣600,000,000元。於2018年12月31日，本集團向該賣方支付人民幣250,000,000元作為按金。本集團未來擬使用該物業作為培訓中心及員工宿舍。由於持有該物業的實體並無任何業務，本集團支付的按金於2018年12月31日入賬列賬已付物業及設備購買按金。

於符合有關協議的條款及條件並開具有關發票後，本集團允許其所有客戶享有30日(2017年：30天)的信貸期。

下表為應收賬款(扣除損失準備、按於報告期末提供服務的日期及更高佣金的銷售目標達成日期(該日期與各收入確認日期相近)呈列)的賬齡分析：

		於12月31日 At 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
一年以內	Within 1 year	2,312,674	2,325,803
一至兩年	1 – 2 years	300,293	220,797
兩年以上	Over 2 years	24,420	33,421
		2,637,387	2,580,021

20. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Note: (Continued)

- b) On 20 December 2018, the Group entered into a sales and purchase agreement with an independent property developer, pursuant to which the Group agreed to buy a property or the entire paid-in capital of the entity holding the property from the vendor for a total consideration of RMB600,000,000. As at 31 December 2018, the Group paid RMB250,000,000 as deposit to the vendor. The Group intends to use the property as training centre and staff quarter in the future. As the entity holding the property does not have any operation, the deposit paid by the Group is accounted for as a deposit paid for acquisition of property and equipment as at 31 December 2018.

The Group allows all of its customers a credit period of 30 days (2017: 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:

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20. 應收賬款、應收票據、 其他非流動資產及其他 應收款項 (續)

於2018年12月31日，納入本集團應收賬款結餘為債務人賬面總額人民幣2,044,841,000元(2017年：人民幣1,945,278,000元)，其於報告日期已逾期。過往逾期結餘中，人民幣1,452,295,000元(2017年：人民幣1,310,535,000元)已逾期90日以上，由於本集團管理層未被視為違約，根據歷史結算模式、行業慣例及本集團歷史實際虧損經驗，已評估該等逾期90日債務人的客戶結算概率很高。本集團管理層認為當該等應收款項已逾期2年以上時，違約風險變得很高且已違約。關於過往逾期結餘，本集團管理層認為信用風險將於該等應收款項逾期1年以上時大幅增加。

於應收賬款到期後，本集團若干客戶將向本集團簽發商業票據以結清其應收賬款。本集團的應收票據指於報告期末尚未到期的手頭應收票據。截至2018年12月31日止年度，本集團並未向任何交易對手背書已收票據，且並未向任何銀行及／或金融機構貼現票據。

於2018年12月31日，納入本集團應收票據的賬面值為人民幣1,522,082,000元(2017年：人民幣715,636,000元)的票據為某物業開發商發行的商業票據。於2018年3月5日，集團重組完成後，該物業開發商成為對本公司有重大影響的股東。

20. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

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.

20. 應收賬款、應收票據、其他非流動資產及其他應收款項 (續)

下表為應收票據(扣除呆賬準備、按於報告期末應收票據的剩餘到期日期呈列)的到期日分析。

		於12月31日 At 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
180日以內	Within 180 days	684,479	722,644
181至365日	181 – 365 days	841,992	5,337
365日以上	Over 365 days	386	–
		1,526,857	727,981

在接納任何新客戶前，本集團會評估潛在客戶的信貸質素，從而確定客戶的信用額度。客戶的信用額度及獲授的信貸期會定期進行審核。本集團已確認就應收賬款(作為抵押品而獲得的房地產物業應收賬款除外)的未結清餘額作出100%的預期信貸損失準備，該等未結清餘額產生自(i)正常風險類客戶，其賬齡自收入確認日期起已超過兩年；及(ii)較高風險類客戶，本集團管理層已評估該等客戶，基於過往經驗及結算模式，管理層認為有關賬款通常不可收回。

於2018年12月31日，本集團的應收賬款包括賬面總值為人民幣25,920,000元(2017年：人民幣56,420,000元)款項，本集團已就該等結餘獲得房地產物業抵押品。

倘本集團的客戶使用房地產物業作為抵押品以部分或悉數結清未支付的應收賬款，本集團將根據當前市價對房地產物業的公允價值進行評估並與本集團客戶達成一致意見。截至2018年12月31日止年度，本集團獲得公允價值分別為人民幣2,645,000元(2017年：人民幣11,940,000元)的房地產物業，並將該等房地產物業確認為投資物業，將相應款項計入應收賬款。

20. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

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.

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.

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20. 應收賬款、應收票據、
其他非流動資產及其他
應收款項 (續)

20. ACCOUNTS RECEIVABLES, BILLS
RECEIVABLES, OTHER NON-CURRENT
ASSETS AND OTHER RECEIVABLES
(Continued)

就應收賬款及應收票據確認的
生命週期的預期信貸損失變
動。

Movement in lifetime ECL that has been recognised
for accounts receivables and bills receivables.

		截至2018年12月31日止年度 For the year ended 31 December 2018		
		非信貸減值 人民幣千元 Not credit impaired RMB'000	信貸減值 人民幣千元 Credit impaired RMB'000	合計 人民幣千元 Total RMB'000
年初	At beginning of the year	180,805	285,550	466,355
轉入信貸減值	Transfer to credit impaired	(21,390)	21,390	–
確認減值受損淨額	Net impairment loss recognised	106,727	44,366	151,093
轉入應收關聯方款項 (附註ii)	Transfer to amounts due from related parties (note ii)	(30,646)	–	(30,646)
年末	At end of the year	235,496	351,306	586,802

		截至2017年12月31日止年度 For the year ended For the year ended 31 December 2017		
		非信貸減值 人民幣千元 Not credit impaired RMB'000	信貸減值 人民幣千元 Credit impaired RMB'000	合計 人民幣千元 Total RMB'000
年初	At beginning of the year	126,841	227,913	354,754
轉入信貸減值	Transfer to credit impaired	(82,239)	82,239	–
確認(撥回)減值損失淨額 (附註i)	Net impairment loss recognised (reversed) (note i)	136,203	(24,352)	111,851
已撤銷款項	Amounts written off	–	(250)	(250)
年末	At end of the year	180,805	285,550	466,355

20. 應收賬款、應收票據、其他非流動資產及其他應收款項（續）

就其他應收款項及其他非流動資產確認的預期信貸損失變動。

20. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES (Continued)

Movement in ECL that has been recognised for other receivables and other non-current assets.

		截至12月31日止年度 For the year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
年初	At beginning of the year	6,481	2,943
確認的減值損失（撥回）淨額	Net impairment losses (reversed) recognised	(1,772)	3,540
已撤銷款項	Amounts written off	–	(2)
轉入應收關聯方款項 （附註ii）	Transfer to amounts due from related parties (note ii)	(2,008)	–
年末	At end of the year	2,701	6,481

附註：

- (i) 減值損失撥回是由於本集團收回應收賬款所致。
- (ii) 2018年3月5日，於集團重組完成後，萬科企業股份有限公司（「萬科」）、中國恒大集團有限公司（「恒大」）及碧桂園控股有限公司（「碧桂園」）成為本公司股東，並對本集團施加重大影響力。因此，萬科企業股份有限公司、中國恒大集團及碧桂園控股有限公司的聯屬公司成為本集團的關聯方。

Note:

- (i) Reversal of impairment loss is due to the Group's recovery of accounts receivables.
- (ii) On 5 March 2018, upon completion of the Group Reorganisation, China Vanke Co., Ltd.[#] (萬科企業股份有限公司) ("Vanke"), China Evergrande Group[#] (中國恒大集團有限公司) ("Evergrande"), and Country Garden Holdings Company Limited[#] (碧桂園控股有限公司) ("Country Garden"), became shareholders of the Company and exercise significant influence over the Group. As a result, the affiliates of China Vanke Co., Ltd., China Evergrande Group and Country Garden Holdings Company Limited became related parties of the Group.

[#] English name is for identification purpose only

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21. 應收(應付)關聯方款項

本集團應收(應付)關聯方款項包括應收(應付)股東及關聯方的款項，不包括應收股東票據，詳情如下。

21. AMOUNT DUE FROM (TO) RELATED PARTIES

The Group's amounts due from (to) related parties comprised of amounts due from (to) shareholders and related parties and excluded bills receivables from a shareholder, details of which are set out below.

		於12月31日 At 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
資產	Assets		
應收控股公司款項	Amounts due from holding companies		
– 非貿易性質(附註a)	– non-trade nature (note a)	–	13,950
應收關聯方款項(附註b)	Amounts due from related parties (note b)	1,575,982	365,120
		1,575,982	379,070
於綜合財務狀況表披露如下：	Disclosed in the consolidated statement of financial position as:		
– 流動資產	– Current assets	1,565,196	379,070
– 非流動資產	– Non-current assets	10,786	–
		1,575,982	379,070
分析如下：	Analysed as:		
貿易性質：	Trade nature:		
應收關聯方款項	Amounts due from related parties	1,623,655	53,203
減：應收關聯方款項的損失準備	Less: Loss allowance for amounts due from related parties	(57,938)	(8,015)
		1,565,717	45,188
非貿易性質：	Non-trade nature:		
應收控股公司款項	Amounts due from holding companies	–	13,950
應收關聯方款項	Amounts due from related parties	10,265	319,932
		10,265	333,882
		1,575,982	379,070
負債	Liabilities		
應付直接控股公司款項 –	Amount due to immediate holding company		
非貿易性質(附註c)	– non-trade nature (note c)	–	850
應付關聯方款項(附註d)	Amounts due to related parties (note d)	67,841	296,444
		67,841	297,294
於綜合財務狀況表內披露如下：	Disclosed in the consolidated statement of financial position as:		
– 流動負債	– Current liabilities	67,841	297,294
分析如下：	Analysed as:		
– 貿易性質	– trade nature	64,789	39,367
– 非貿易性質	– non-trade nature	3,052	257,927
		67,841	297,294

21. 應收(應付)關聯方款項(續)

(a) 應收控股公司款項 – 非貿易性質

應收控股公司款項詳情披露如下：

		於12月31日 As at 31 December		於1月1日 As at 1 January
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	2017年 人民幣千元 2017 RMB'000
易居(中國)控股	E-House (China) Holdings	–	517	517
中國房產信息集團	CRE Corp	–	13,433	13,433
		–	13,950	13,950
於綜合財務狀況表內披露如下	Disclosed in the consolidated statement of financial position as:			
– 流動資產	– Current assets	–	13,950	

就應收控股公司款項而言，於年內未收回的最高額款項如下所列：

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
易居(中國)控股	E-House (China) Holdings	517	517
中國房產信息集團	CRE Corp	13,433	13,433

應收控股公司款項屬非貿易性質、無擔保、免息及須按要求償還。

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(a) Amounts due from holding companies – non-trade nature

Particulars of the amounts due from holding companies are disclosed as follows:

For amounts due from holding companies, the maximum amount outstanding during the year is as follows:

The amounts due from holding companies were non-trade in nature, unsecured, interest-free and repayable on demand.

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21. 應收(應付)關聯方款項(續)

(b) 應收關聯方款項

貿易性質的應收關聯方款項詳情披露如下：

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due from related parties

Particulars of the amounts due from related parties of trade nature are disclosed as follows:

		關係	於12月31日	
		Relationship	As at 31 December	
		(附註)	2018年	2017年
		(note)	人民幣千元	人民幣千元
			2018	2017
			RMB'000	RMB'000
上海城開(集團)有限公司 (「上海城開」)	Shanghai Urban Development (Group) Co., Ltd.# (上海城開(集團)有限公司) ("Shanghai Urban")			
— 應收賬款	— accounts receivables	(ii)	1,565	2,270
中國恒大集團聯屬公司	China Evergrande Group's affiliates			
— 應收賬款	— accounts receivables	(i)	1,406,884	不適用 N/A
— 其他非流動資產	— other non-current assets	(i)	600	不適用 N/A
萬科企業股份有限公司 聯屬公司	China Vanke Co., Ltd.'s affiliates			
— 應收賬款	— accounts receivables	(i)	57,096	不適用 N/A
— 其他非流動資產	— other non-current assets	(i)	10,186	不適用 N/A
碧桂園控股有限公司 聯屬公司	Country Garden Holdings Company Limited's affiliates			
— 應收賬款	— accounts receivables	(i)	74,566	不適用 N/A

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21. 應收(應付)關聯方款項(續)

(b) 應收關聯方款項(續)

應收關聯方貿易性質款項的詳情披露如下：

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due from related parties (Continued)

Particulars of the amounts due from related parties of trade nature are disclosed as follows:

		關係	於12月31日	
		Relationship	As at 31 December	
		(附註)	2018年	2017年
		(note)	人民幣千元	人民幣千元
			2018	2017
			RMB'000	RMB'000
易居管理	E-House Management*			
– 應收賬款	– accounts receivables	(i)	11,474	38,429
北京易傑優	Beijing EJU*			
– 應收賬款	– accounts receivables	(i)	1,220	3,654
重慶市華策職業培訓學校 (「華策」)	Chongqing Huace Education Training School# (重慶市華策職業培訓學校) (“Huace”)			
– 應收賬款	– accounts receivables	(i)	–	50
重慶安邦房地產經紀 有限公司(「重慶安邦」)	Chongqing Anbang Real Estate Broker Co., Ltd.# (重慶安邦房地產經紀有限公司) (“Chongqing Anbang”)			
– 應收賬款	– accounts receivables	(i)	–	123
上海房教信息技術有限公司 (「房教」)	Shanghai Fangjiao Information Technology Co., Ltd.# (上海房教信息技術有限公司) (“Fangjiao”)			
– 應收賬款	– accounts receivables	(i)	94	662
– 其他應收款項	– other receivables	(i)	359	–
蘇州微點商務資訊諮詢 有限公司(「蘇州微點」)	Suzhou Weidian Information Technology Co., Ltd.# (蘇州微點商務資訊諮詢有限公司) (“Suzhou Weidian”)			
– 應收賬款	– accounts receivables	(i)	3	–
上海尚林物業管理有限公司 (「尚林」)	Shanghai Shanglin Property Management Co., Ltd.# (上海尚林物業管理有限公司) (“Shanglin”)			
– 應收賬款	– accounts receivables	(i)	720	–
上海太德文化 播有限公司 (「太德文化」)	Shanghai Ted Culture Communication Co., Ltd.# (上海太德文化傳播有限公司) (“TED Culture”)			
– 其他應收款項	– other receivables	(i)	950	–
			1,565,717	45,188

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21. 應收(應付)關聯方款項(續)

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) 應收關聯方款項(續)

(b) Amounts due from related parties (Continued)

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
於綜合財務狀況表內披露如下：	Disclosed in the consolidated statement of financial position as:		
– 流動資產	– Current assets	1,554,931	45,188
– 非流動資產	– Non-current assets	10,786	–
		1,565,717	45,188
應收關聯方貿易性質款項：	Amounts due from related parties of trade nature:		
– 應收賬款	– Accounts receivables	1,553,622	45,188
– 其他應收款項	– Other receivables	1,309	–
– 其他非流動資產	– Other non-current assets	10,786	–
		1,565,717	45,188

* 於業務轉讓完成後，易居管理及北京易傑優已停止開展主要業務。於業務轉讓完成日期，由於一些一手房代理服務合同尚未完成，本集團、易居管理及北京易傑優於同日訂立兩份代理協議，據此，本集團將執行主要業務，而於該等未完成合約完成前，易居管理及北京易傑優將繼續作為收款代理人代表本集團收取未支付的應收物業開發商客戶款項。於2018年12月31日，未支付的應收物業開發商客戶款項（鑒於易居管理及北京易傑優為收款代理人，計入應收易居管理及北京易傑優款項）分別合共為人民幣12,694,000元（2017年12月31日：人民幣42,083,000元）。

* Upon completion of the Business Transfer, E-House Management and Beijing EJU had ceased to carry out the Primary Business. At the completion date of the Business Transfer, as some of the real estate agency services in the primary market contracts are incomplete, the Group, E-House Management and Beijing EJU entered into two agency agreements on the same date, pursuant to which the Group will perform the Primary Business while E-House Management and Beijing EJU will continue to act as collection agents on behalf of the Group to collect the outstanding accounts receivables from the property developer customers till completion of those incomplete contracts. As at 31 December 2018, outstanding accounts receivables due from the property developer customers whereas E-House Management and Beijing EJU acted as collection agents and included in amounts due from E-House Management and Beijing EJU totaling RMB12,694,000 (31 December 2017: RMB42,083,000).

21. 應收(應付)關聯方款項(續)

(b) 應收關聯方款項(續)

於有關協議完成後或根據有關協議的條款及條件，本集團就全部貿易性質交易授予其全部關聯方30日(2017年：30日)的信貸期。

以下為應收關聯方貿易性質款項－應收賬款(扣除損失準備，根據報告期末提供服務的日期及更高佣金的銷售目標達成日期(近似於各收入確認日期)呈列)的賬齡分析：

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
一年以內	Within 1 year	1,338,591	29,561
一至兩年	1 – 2 years	203,064	14,440
兩年以上	Over 2 years	11,967	1,187
		1,553,622	45,188

於接受與關聯方的任何新交易前，本集團評估潛在關聯方的信貸質素並規定關聯方的信貸額。關聯方的信貸額及授予關聯方的信貸期受定期審閱。本集團應收關聯方貿易性質款項並無拖欠付款記錄。

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due from related parties (Continued)

The Group allows all of its related parties a credit period of 30 days (2017: 30 days) in respect of all trade nature transactions, upon the completion of the terms and conditions of the relevant agreements.

The following is an aged analysis of amounts due from related parties of trade nature – 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:

Before accepting any new transaction with related parties, the Group assesses the potential related party's credit quality and defines credit limits by related party. Credit limits attributed to related parties and credit term granted to related parties are reviewed regularly. The Group's amounts due from related parties of trade nature have no history of defaulting on repayments.

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21. 應收(應付)關聯方款項(續)

(b) 應收關聯方款項(續)

已就應收關聯方貿易性質款項－應收賬款確認的預期信貸損失變動

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due from related parties (Continued)

Movement in ECL that has been recognised for amounts due from related parties of trade nature – accounts receivables

		截至2018年 12月31日止年度 並非信貸減值 人民幣千元 For the year ended 31 December 2018 Not credit impaired RMB'000
年初	At beginning of the year	8,015
確認的減值損失	Impairment losses recognised	17,841
轉自應收賬款	Transfer from accounts receivables	30,646
年末	At end of the year	56,502
		截至2017年 12月31日止年度 並非信貸減值 人民幣千元 For the year ended 31 December 2017 Not credit impaired RMB'000
年初	At beginning of the year	3,540
確認的減值損失	Impairment losses recognised	4,475
年末	At end of the year	8,015

21. 應收(應付)關聯方款項(續)

(b) 應收關聯方款項(續)

已就應收關聯方貿易性質款項 – 其他應收款項及其他非流動資產確認的預期信貸損失變動

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due from related parties (Continued)

Movement in ECL that has been recognised for amounts due from related parties of trade nature – other receivables and other non-current assets

		於12月31日 At 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
年初	At beginning of the year	-	-
撥回的減值損失(附註)	Impairment losses reversed (note)	(572)	-
轉自其他應收款項及 非流動資產	Transfer from other receivable and non-current assets	2,008	-
年末	At end of the year	1,436	-

附註：

減值損失撥回是由於本集團於年內收回所致。

NOTE:

Reversal of impairment loss is due to the Group's recovery during the year.

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21. 應收(應付)關聯方款項(續)

(b) 應收關聯方款項(續)

應收關聯方非貿易性質款項的詳情披露如下：

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due from related parties (Continued)

Particulars of the amounts due from related parties of non-trade nature are disclosed as follows:

		關係	於12月31日		於1月1日
		Relationship	As at 31 December		As at
		(附註)	2018年	2017年	2017年
		(note)	人民幣千元	人民幣千元	人民幣千元
			2018	2017	2017
			RMB'000	RMB'000	RMB'000
上海易倉企業管理有限公司(「易倉」)	Shanghai Yicang Enterprise Management Co., Ltd. # (上海易倉企業管理有限公司)	(i)	–	125,000	125,000
易居管理	E-House Management	(i)	9,954	176,378	180,799
亦可網絡科技(上海)有限公司(「亦可科技」)	Yike Internet Technology (Shanghai) Co., Ltd.# (亦可網絡科技(上海)有限公司) (“Yike Technology”)	(i)	–	14,278	50,000
北京易傑優	Beijing EJU	(i)	–	1,808	1,137
房教	Fangjiao	(i)	–	1,735	216
城香	Chengxiang	(i)	–	–	45
上海易居房地產研究院(「易居研究院」)	E-House China R&D Institute# 上海易居房地產研究院(“E-House Academy”)	(i)	–	330	–

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21. 應收(應付)關聯方款項(續)

(b) 應收關聯方款項(續)

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(b) Amounts due from related parties (Continued)

	關係 <i>Relationship</i>	於12月31日 As at 31 December		於1月1日 As at 1 January	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	2017年 人民幣千元 2017 RMB'000	
福建金岳房地產諮詢服務有限公司(「福建金岳」)	Fujian Jinyue Real Estate Consultant Co., Ltd.* (福建金岳房地產諮詢服務有限公司) ("Fujian Jinyue")	(i)	-	113	114
萬科企業股份有限公司聯屬公司	China Vanke Co., Ltd.'s affiliates	(i)	21	不適用 N/A	不適用 N/A
上海城開	Shanghai Urban	(ii)	290	290	290
			10,265	319,932	357,601
於綜合財務狀況表披露為： — 流動資產	Disclosed in the consolidated statement of financial position as: — Current assets		10,265	319,932	

就應收具有共同董事的關聯方非貿易性質款項而言，於年內未收回的最高款項如下：

For amounts due from related parties of non-trade nature with common directorship, the maximum amounts outstanding during the year are as follows:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
福建金岳	Fujian Jinyue	113	201
亦可科技	Yike Technology	64,335	187,684
易居管理	E-House Management	265,920	341,879
北京易傑優	Beijing EJU	66,972	1,808

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21. 應收(應付)關聯方款項(續)

(c) 應付直接控股公司款項 – 非貿易性質

有關應付直接控股公司款項的詳情披露如下：

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(c) Amount due to immediate holding company – non-trade nature

Particulars of the amount due to immediate holding company are disclosed as follows:

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
中國房產信息集團	CRE Corp	–	850
於綜合財務狀況表披露為：	Disclosed in the consolidated statement of financial position as:		
– 流動負債	– Current liabilities	–	850

應付中國房產信息集團款項為非貿易性質、無抵押、免息且須按要求償還。

The amount due to CRE Corp is non-trade nature, unsecured, interest-free and repayable on demand.

本集團以相關集團實體的功能貨幣以外的貨幣計值的應付股東款項載列如下：

The Group's amounts due to shareholder that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
應付股東款項分析：	Analysis of amount due to shareholders:		
以港元計值	Denominated in HK\$	–	850

21. 應收(應付)關聯方款項(續)

(d) 應付關聯方款項

有關應付關聯方貿易性質款項的詳情披露如下：

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(d) Amounts due to related parties

Particulars of the amounts due to related parties of trade nature are disclosed as follows:

貿易性質	Trade nature	關係 (附註) Relationship (note)	於12月31日 As at 31 December	
			2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
易居管理	E-house Management	(i)	2	6,656
北京易傑優	Beijing EJU	(i)	–	11,162
中國恒大集團聯屬公司 – 關聯方墊款	China Evergrande Group's affiliates – advance from related parties	(i)	9,683	不適用 N/A
萬科企業股份 有限公司聯屬公司 – 關聯方墊款	China Vanke Co., Ltd.'s affiliates – advance from related parties	(i)	1,105	不適用 N/A
碧桂園控股有限公司 聯屬公司 – 碧桂園控股 有限公司聯屬公司	Country Garden Holdings Company Limited's affiliates – advance from related parties	(i)	3,844	不適用 N/A
易倉	Yicang	(i)	848	–
亦可科技	Yike Technology	(i)	9,465	–
上海鑿創信息技術 有限公司(「鑿創」)	Shanghai Yunchuang Information Technology Co., Ltd.# (上海鑿創信息 技術有限公司) (“Yunchuang”)	(i)	5	5
上海城開 – 關聯方墊款	Shanghai Urban – advance from related parties	(ii)	39,687	21,544
北京中房智業管理 諮詢有限公司 (「中房智業」)	Beijing Zhongfang Zhiye Management Consulting Co., Ltd.# (北京中房智業 管理諮詢有限公司) (“Zhongfang Zhiye”)	(i)	150	–
			64,789	39,367
於綜合財務狀況表 披露為： – 流動負債	Disclosed in the consolidated statement of financial position as: – Current liabilities		64,789	39,367
應付關聯方貿易性質 款項： – 應付賬款 – 關聯方墊款	Trade nature amounts due to related parties: – Accounts payables – Advance from related parties		10,470 54,319	17,823 21,544
			64,789	39,367

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21. 應收(應付)關聯方款項(續)

(d) 應付關聯方款項(續)

應付關聯方貿易性質款項－應付賬款主要指應付本集團一手房代理服務關聯方的諮詢費用，故並無授出一般信貸期且須按要求償還。以下為於各報告期末根據本集團所獲服務呈列的應付關聯方貿易性質款項的賬齡分析：

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(d) Amounts due to related parties (Continued)

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. The following is an aged analysis of amounts due to related parties of trade nature presented based on the receipts of services by the Group at the end of each reporting period:

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
1年以內	Within 1 year	10,470	17,823

應付關聯方非貿易性質款項的詳情披露如下：

Particulars of the amounts due to related parties of non-trade nature are disclosed as follows:

		於12月31日 As at 31 December		
非貿易性質 Non-trade nature	關係 (附註) Relationship (note)	2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	
易居(中國)控股有限公司	E-House (China) Holdings Limited	(i)	1,653	–
易倉	Yicang	(i)	–	710
亦可科技	Yike Technology	(i)	–	442
E-House (Macau) International Property Limited	E-House (Macau) International Property Limited	(i)	–	59
易居管理	E-House Management	(i)	–	156,005
北京易傑優	Beijing EJU	(i)	1,399	88,860
上海新浪樂居信息 科技有限公司	Shanghai Sina Leju Information Co., Ltd. # (上海新浪樂居信息科技 有限公司)	(iii)	不適用 N/A	2,901
CRE BVI	CRE BVI	(i)	–	8,094
尚林	Shanglin	(i)	–	2
福建金岳	Fujian Jinyue	(i)	–	4
			3,052	257,077
於綜合財務狀況表 披露為： － 流動負債	Disclosed in the consolidated statement of financial position as: － Current liabilities		3,052	257,077

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21. 應收(應付)關聯方款項(續)

(d) 應付關聯方款項(續)

有關款項為非貿易性質、無抵押、免息且須按要求償還。

附註：

- (i) 本公司股東控制的實體，其對本公司實施重大影響力
- (ii) 本集團非全資附屬公司的非控股股東，其對本集團的附屬公司實施重大影響力
- (iii) 本公司於2018年7月20日於聯交所上市後，該實體不再識別為本集團關聯方。

22. 應收債券

21. AMOUNT DUE FROM (TO) RELATED PARTIES (Continued)

(d) Amounts due to related parties (Continued)

The amounts are non-trade nature, unsecured, interest free and repayable on demand.

Note:

- (i) Entities controlled by shareholders of the Company which exercises significant influence over the Company
- (ii) Non-controlling shareholder of a non-wholly owned subsidiary of the Group which exercises significant influence over the subsidiary of the Group
- (iii) After the Company was listed on the Stock Exchange on 20 July 2018, the entity is no longer identified as related party to the Group.

22. BOND RECEIVABLES

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
應收債券	Bond receivables	129,291	-

於2018年9月12日，本集團以現金代價18,800,000美元(相當於人民幣128,866,000元)認購於香港聯交所上市的債券。債券上市日期為2018年9月12日，到期日為2021年9月11日。債券的固定票面年利率為7.5%，基於債券於2018年12月31日於香港聯交所的買入價釐定的應收債券公允價值為人民幣127,556,000元(第一級公允價值層級)。

On 12 September 2018, the Group subscribed a bond at a cash consideration of USD18,800,000 (equivalent to RMB128,866,000) listed on the Hong Kong Stock Exchange. The listing date of the bond is 12 September 2018 and the maturity date is 11 September 2021. The bond carried at a fixed coupon rate of 7.5% per annum and the fair value of the bond receivables determined base on the quoted bid price of the bond in the Hong Kong Stock Exchange as at 31 December 2018 is RMB127,556,000 (Level 1 Fair value hierarchy).

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23. 按公允價值計入損益的金融資產

23. FINANCIAL ASSETS AT FVTPL

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
可換股票據	Convertible note	18,200	20,000
於香港上市的股本證券	Equity securities listed in Hong Kong	253,740	–
		271,940	20,000

於2017年12月15日，本集團以現金對價人民幣20,000,000元收購獨立第三方北京有明雲軟件股份有限公司（「北京有明雲」，全國中小企業股份轉讓系統（「NEEQ」）掛牌公司）發行的可換股票據。可換股票據的固定票面年利率為10%，已按每股股份人民幣5.32元的轉換價格轉換為北京有明雲3,738,333股股份。

可換股票據僅可在無提早贖回權的情況下於到期日（收購日期起計24個月）簽立。本集團將其指定為按公允價值透過損益列賬的金融資產。本集團管理層認為，於2017年12月31日的可換股票據公允價值約為收購對價人民幣20,000,000元。於2018年12月31日的公允價值乃以獨立專業估值師所作估值為基準算出，其與本集團並無任何關連，且在類似金融工具估值方面具有適當資格及近期經驗。可換股票據的公允價值乃使用通過計算各二項式結點的兌換、贖回及持有價值的二項式點陣模式釐定。

於2018年10月5日，本公司以現金代價232,988,000港元（相當於人民幣205,030,000元）於一名獨立第三方於聯交所上市時認購其13,705,200股股份。於2018年12月17日，本公司以現金代價70,310,000港元（相當於人民幣62,006,000元）於另一獨立第三方於聯交所上市時認購其39,500,000股股份。本公司所持該兩間上市公司股權不足該等公司已發行股份的5%，且本公司並無對彼等行使重大影響力。本公司於該兩間上市公司的投資入賬為強制按公允價值計入損益的金融資產。

On 15 December 2017, the Group subscribed a convertible note at a cash consideration of RMB20,000,000 issued by Beijing Youmingyun Software Company Limited# (北京有明雲軟件股份有限公司) (“Beijing Youmingyun”), an independent third party listed on the National Equities Exchange and Quotations (“NEEQ”). The convertible note carried at a fixed coupon rate of 10% per annum and was convertible into 3,738,333 shares of Beijing Youmingyun at a conversion price of RMB5.32 per share.

The convertible note can only be executed at the maturity date which is 24 months after the acquisition date with no early redemption right. The financial assets is mandatorily measured at fair value through profit or loss. The management of the Group considers the fair value of the convertible note as at 31 December 2017 is approximate to the acquisition consideration of RMB20,000,000. The fair value as at 31 December 2018 has been arrived at on the basis of valuation carried out by a firm of independent professional valuers not connected with the Group, who have appropriate qualifications and recent experience in the valuation of similar financial instrument. The fair value of the convertible note is determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node.

On 5 October 2018, the Company subscribed 13,705,200 shares of an independent third party upon its listing on the Stock Exchange for a cash consideration of HK\$232,988,000 (equivalent to RMB205,030,000). On 17 December 2018, the Company subscribed 39,500,000 shares of another independent third party upon its listing on the Stock Exchange for a cash consideration of HK\$70,310,000 (equivalent to RMB62,006,000). The Company's shareholding in these two listed companies are less than 5% of the issued shares of them and the Company does not exercise significant influence over them. The Company's investment in these two listed companies are accounted for as financial assets mandatorily measured at FVTPL.

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24. 受限制銀行結餘及現金及現金等價物

現金及現金等價物

現金及現金等價物包括本集團持有的銀行結餘及現金。銀行結餘按當前市場利率每年0.35%（2017年12月31日：0.35%）計息。

受限制銀行結餘

於2018年12月31日，人民幣52,539,000元（2017年12月31日：人民幣131,264,000元）的受限制銀行結餘分別為自房地產經紀網絡服務分部的物業買家收取而尚未轉賬予物業賣家的銀行結餘。相應負債已記錄為其他應付款項中代物業賣家收款。受限制銀行結餘按固定利率每年0.35%（2017年12月31日：0.35%）計息。

本集團以相關集團實體功能貨幣以外的貨幣計值的現金及現金等價物載列如下：

24. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Cash and cash equivalents comprises bank balances and cash held by the Group. Bank balances carried interest at prevailing market interest rates which were 0.35% (31 December 2017: 0.35%) per annum.

Restricted bank balances

As at 31 December 2018, restricted bank balances amounting to RMB52,539,000 (31 December 2017: RMB131,264,000), represented the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. A corresponding liability is recorded as receipts on behalf of property sellers in other payable. The restricted bank balances carried at a fixed interest rate at 0.35% (31 December 2017: 0.35%) per annum.

The Group's cash and cash equivalents that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
受限制銀行結餘及現金及現金等價物分析（按貨幣）：	Analysis of restricted bank balances and cash and cash equivalents by currency:		
以美元（「美元」）計值	Denominated in US Dollar ("US\$")	959,791	98,014
以港元計值	Denominated in HK\$	607,795	988,681
以越南盾計值	Denominated in Vietnamese Dong	1,604	–

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25. 應付賬款及其他應付款項

25. ACCOUNTS AND OTHER PAYABLES

		於12月31日 As at 31 December	
		2018年 人民幣千元	2017年 人民幣千元
		2018 RMB'000	2017 RMB'000
應付賬款	Accounts payables	325,700	174,561
其他應付款項	Other payables		
應付利息	Interest payable	1,296	622
應付增值稅	Value added tax payables	198,215	120,945
其他應付稅項	Other tax payables	23,929	19,778
代物業賣家收款 (附註i)	Receipts on behalf of property sellers (note i)	52,238	130,963
已收房地產開發商 退還按金	Refundable deposits received from a property developer	483,000	–
自房地產經紀門店所收按金 (附註ii)	Deposits received from real estate brokerage stores (note ii)	51,512	19,397
其他應付款項	Other payables	47,364	25,718
		857,554	317,423
分類為按公允價值計入損益的有條件 投資基金所得款項 (附註iii)	Conditional investment fund received classified at FVTPL (note iii)	–	1,253,850
		857,554	1,571,273

附註：

- (i) 代物業賣家收款指自房地產經紀網絡服務分部的物業買家收取而尚未轉賬予物業賣家的銀行結餘。該等已收銀行結餘分類為附註24中的受限制銀行結餘。
- (ii) 自房地產經紀門店收取的可退還按金為達成相互合作而向本集團支付的誠意金。誠意金將於合作安排終止後發還予房地產經紀門店。
- (iii) 有條件投資基金所得款項指本公司就有條件向該等獨立第三方發行新股 (詳述於附註29(a)) 收取的所得款項。由於該款項包含遠期轉換期權 (作為嵌入衍生工具的股權)，故其被視作按公允價值計入損益列賬。於2018年3月5日，香港房友完成收購易居企業 (中國) 集團的全部股本權益後，之前分類為以公允價值計量並計入損益的公允價值為人民幣1,229,986,000元的金融負債的有條件投資基金所得款項於該日成為無條件，並隨後全部相應轉換為股份溢價。自2018年1月1日至2018年3月5日期間，以公允價值計量並計入損益的金融負債的公允價值損失為人民幣23,864,000元，已計入附註8B中的其他收益及虧損。有條件投資基金所得款項的公允價值乃根據收益法的貼現現金流量法使用輸入值 (包括估計現金流量及適當貼現率) 釐定，並根據市場法的對比公司法交叉核對，該等方法由擁有適當資質且與本集團並無關連的獨立合資格專業估值師進行評估。

Note:

- (i) Receipts on behalf of property sellers represent the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. Such bank balances received are classified as restricted bank balances in note 24.
- (ii) Refundable deposits received from real estate brokerage stores represent earnest deposits paid to the Group enabling the cooperation with each other. The earnest deposits will be released to the real estate brokerage stores upon termination of the cooperation arrangement.
- (iii) Conditional investment fund received represent the proceeds received by the Company for the conditional issue of new shares to three independent third parties as detailed in note 29(a). The amount was treated as FVTPL as it contained a forward conversion option as equity which was an embedded derivative. On 5 March 2018, upon completion of acquisition of 100% equity interests in PRC Holdco by Hong Kong Fangyou, the conditional investment fund received previously classified at financial liabilities at FVTPL at a fair value of RMB1,229,986,000 on that day become unconditional and is then fully converted to share premium, accordingly. During the period from 1 January 2018 to 5 March 2018, the fair value loss of financial liabilities at FVTPL amounted to RMB23,864,000 is credited to other gains and losses in note 8B. The fair value of the conditional investment fund received is determined by discount cash flow method under income approach using the inputs including estimated cash flows and an appropriate discount rate and crossed checked by guideline company method under market approach, methods of which are evaluated by a firm of independent qualified professional valuers not connected with the Group who have appropriate qualifications.

25. 應付賬款及其他應付款項 (續)

應付賬款主要為應付本集團一手房代理服務提供商的諮詢費，一般不授予信貸期。本集團須於有關協議完成時或根據其條款及條件結清到期款項。以下為本集團於各報告期末按獲得服務日期呈列的應付款項賬齡分析：

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
一年內	Within 1 year	324,893	173,242
一至兩年	1 – 2 years	142	513
兩年以上	Over 2 years	665	806
		325,700	174,561

26. 合約負債

就以下各項預收的款項
– 房地產數據服務收入
(附註5(附註))

Amount received in advance
in respect of – real estate data
service income (note 5(note))

82,557

33,113

預期於本集團政策營運週期結算的合約負債分類為流動負債。

Contract liabilities that were expected to be settled within the Group's normal operating cycle are classified as current liabilities.

截至2018年12月31日止年度合約負債大幅增加主要是由於就獲得的新合約而自客戶收取的有關本集團專屬CRIC系統的訂購費增加。

The significant increase in contract liabilities in the year ended 31 December 2018 is mainly due to the increase in subscription fee in relation to the Group's proprietary CRIC systems received from customers for new contracts obtained.

於截至2018年及2017年12月31日止年度，除了一手市場房地產代理服務外，概無已確認的有關上年已達成的履約義務的收益。於截至2018年12月31日止年度，一手市場房地產代理服務確認有關上年已達成的履約義務的可變對價人民幣116,967,000元(2017年：人民幣141,385,000元)。截至2018年12月31日止年度，所確認計入年初合約負債結餘的收入金額為人民幣33,113,000元(2017年：人民幣23,485,000元)。

During the year ended 31 December 2018 and 2017, except for the real estate agency services in the primary market, there were no revenue recognised that related to performance obligations that were satisfied in prior year. During the year ended 31 December 2018, the real estate agency services in the primary market recognised variable consideration of RMB116,967,000 (2017: RMB141,385,000) that related to performance obligations that were satisfied in prior year. During the year ended 31 December 2018, the amount of revenue recognised that was included in the contract liability balance at the beginning of the year amounted to RMB33,113,000 (2017: RMB23,485,000).

25. ACCOUNTS AND OTHER PAYABLES (Continued)

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:

26. CONTRACT LIABILITIES

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000

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27. 銀行借款

27. BANK BORROWINGS

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
有抵押無擔保	Secured and unguaranteed	400,000	–
無抵押有擔保	Unsecured and guaranteed	600,000	450,000
		1,000,000	450,000

本集團的銀行借款均須按貸款協議中規定的還款日期於一年內償還。

The Group's bank borrowings are all repayable within one year based on the scheduled repayment dates set out in the loan agreements.

本集團借款的實際利率範圍（亦等於合同利率）如下：

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

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
實際利率：	Effective interest rate:		
固定利率借款	Fixed-rate borrowings	4.35% – 5.5%	4.82% – 6.04%

由關聯方物業擔保及／或抵押的銀行借款詳情載於附註38(b)(v)。

Details of bank borrowings guaranteed by and/or secured by properties of related parties are set out in note 38(b)(v).

28. 遞延稅項資產／負債

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已經對銷。下表為就財務報告而言的遞延稅項餘額的分析：

28. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for the financial reporting purposes:

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
遞延稅項資產	Deferred tax assets	488,076	504,234
遞延稅項負債	Deferred tax liabilities	(73)	(219)
		488,003	504,015

以下為年內的主要遞延稅項變動：

The following are the major deferred tax movements thereon during the year:

		應計僱員 福利及佣金 人民幣千元 Accrued staff welfare and commission RMB'000	呆壞賬撥備 人民幣千元 Allowance for bad and doubtful debts RMB'000	稅項虧損 人民幣千元 Tax losses RMB'000	其他 人民幣千元 Others RMB'000	合計 人民幣千元 Total RMB'000
於2017年1月1日	At 1 January 2017	226,283	76,856	43,793	2,881	349,813
計入損益 (附註10)	Credit to profit or loss (note 10)	49,225	40,358	53,308	406	143,297
稅率變動影響 (附註10)	Effect of change in tax rate (note 10)	2,465	8,440	-	-	10,905
於2017年12月31日 (扣除自) 計入損益 (附註10)	At 31 December 2017 (Charge) credit to profit or loss (note 10)	277,973 (69,585)	125,654 28,768	97,101 31,193	3,287 5,464	504,015 (4,160)
稅率變動影響 (附註10)	Effect of change in tax rate (note 10)	(3,213)	(8,639)	-	-	(11,852)
於2018年12月31日	At 31 December 2018	205,175	145,783	128,294	8,751	488,003

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28. 遞延稅項資產／負債 (續)

於2018年12月31日，本集團有人民幣801,383,000元(2017年：人民幣641,536,000元)的未動用稅項虧損，可供用於抵扣未來溢利。已分別就人民幣513,177,000元(2017年：人民幣388,405,000元)的稅項虧損確認遞延稅項資產。由於未來溢利來源難以預測，故並未就餘下稅項虧損人民幣288,206,000元(2017年：人民幣253,131,000元)確認遞延稅項資產。未確認稅項虧損將於以下年度到期：

28. DEFERRED TAX ASSETS/LIABILITIES (Continued)

At 31 December 2018, the Group had unused tax losses of RMB801,383,000 (2017: RMB641,536,000) available to offset against future profits. Deferred tax assets have been recognised in respect of tax losses of RMB513,177,000 (2017: RMB388,405,000). No deferred tax asset has been recognised for the remaining tax losses of RMB288,206,000 (2017: RMB253,131,000), due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
2018年	2018	–	18,178
2019年	2019	10,917	11,443
2020年	2020	72,294	72,559
2021年	2021	88,932	108,214
2022年	2022	45,225	42,737
2023年	2023	46,433	–
2024年	2024	232	–
2025年	2025	–	–
2026年	2026	19,204	–
2027年	2027	3,418	–
2028年	2028	1,551	–
		288,206	253,131

根據中國稅務部門於截至2018年12月31日止年度發佈的新生效公告，合資格認定為高新技術企業的實體所產生的稅項虧損可自2018年1月1日起10年內動用。因此，該等合資格認定為高新技術企業的實體所產生稅項虧損的期限於2018年由5年延長至10年。

According to the newly effective announcement published by the PRC tax authority during the year ended 31 December 2018, tax losses arising from those entities qualified as High Technology Enterprise can be utilised for 10 years since 1 January 2018. Accordingly, the expiry of the tax losses arising from those entities qualified as High Technology Enterprise is extended from 5 years to 10 years in 2018.

28. 遞延稅項資產／負債 (續)

於2018年12月31日，本集團擁有合共人民幣1,596,550,000元(2017年：人民幣1,657,648,000元)的可扣減暫時性差額，主要產生自應計僱員福利及佣金以及呆壞賬撥備，可用於抵消未來溢利。已就人民幣1,568,130,000元(2017年：人民幣1,633,766,000元)的可扣減暫時性差額確認遞延稅項資產。由於未來不大可能有可扣減暫時性差額可用以抵銷應稅溢利，故並未就餘下可扣減暫時性差額人民幣28,420,000元(2017年：人民幣23,882,000元)確認遞延稅項資產。

根據《中國企業所得稅法》，自2008年1月1日起，須就中國附屬公司溢利宣派的股息徵收預扣稅。於2018年12月31日，綜合財務報表並未就人民幣1,454,260,000元(2017年：人民幣371,047,000元)的本公司擁有人應佔的中國附屬公司未分派溢利應佔的所有暫時性差額計提遞延稅項撥備，因為本集團能夠控制撥回暫時性差額的時機，並且暫時性差額於可見將來很可能不會撥回。

於各報告期末，並無任何其他重大未確認暫時性差額。

28. DEFERRED TAX ASSETS/LIABILITIES (Continued)

At 31 December 2018, the Group had deductible temporary differences, mainly arising from accrued staff welfare and commission and allowance for bad and doubtful debts, totaling RMB1,596,550,000 (2017: RMB1,657,648,000) available to offset against future profits. Deferred tax assets have been recognised in respect of deductible temporary differences of RMB1,568,130,000 (2017: RMB1,633,766,000). No deferred tax assets have been recognised in relation to the remaining deductible temporary differences of RMB28,420,000 (2017: RMB23,882,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2018, deferred taxation has not been provided for in the consolidated financial statements in respect of all temporary differences attributable to undistributed profits of the PRC subsidiaries attributable to owners of the Company amounting to RMB1,454,260,000 (2017: RMB371,047,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There were no other significant unrecognised temporary differences at the end of each reporting period.

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29. 實繳資本／股本

於2017年12月31日的金額指本公司及易居企業(中國)集團的擁有人應佔合併實繳資本／股本，而本集團於2018年12月31日的股本指本公司於集團重組完成後的股本。

29. PAID IN/SHARE CAPITAL

The amount as at 31 December 2017 represented the combined paid in/share capital attributable to owners of the Company and PRC Holdco, while the share capital of the Group as at 31 December 2018 represented the share capital of the Company following the completion of Group Reorganisation.

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
本公司(附註i)	The Company (note i)	98	76
易居企業(中國)集團(附註ii)	PRC Holdco (note ii)	–	330,000
		98	330,076

附註 i :

本公司法定及已發行股本的變動詳情如下：

Note i :

Details of movements of authorised and issued capital of the Company are as follow:

		每股面值 美元 Par value per share US\$	股份數目 Number of shares	股本 千美元 Share capital US\$'000	以人民幣 呈列的股本 人民幣千元 Share capital presented in RMB RMB'000
法定，已發行及繳足	Authorised, issued and fully paid				
於2017年1月1日	As at 1 January 2017	1	1,000	1	7
股份拆細的影響(附註a)	Effect of share subdivision (note a)	–	99,999,000	–	–
增加(附註a)	Increased (note a)	0.00001	900,000,000	9	60
增加(附註a)	Increased (note a)	0.00001	144,600,000	1	9
於2017年12月31日	As at 31 December 2017	0.00001	1,144,600,000	11	76
增加(附註b)	Increase (note b)	0.00001	325,637,700	3	22
於2018年12月31日	As at 31 December 2018	0.00001	1,470,237,700	14	98

29. 實繳資本／股本（續）

附註a：

自2017年11月6日起，本公司將其股份按每股1美元的基準分拆為100,000股每股0.00001美元的股份。

於2017年11月6日，本公司增加其法定股本總額（900,000,000股股份，每股面值0.00001美元）。同日，本公司以9,000美元（約等於人民幣60,000元）的對價向中國房地產信息集團發行900,000,000股股份。

於2017年12月1日，本公司法定股本總額增加144,600,000股每股面值0.00001美元的股份。同日，本公司以總認購價1,500,000,000港元（相當於人民幣1,270,877,000元）有條件向Captain Valley (Cayman) Limited、樂意發展有限公司及Heyday Surge Limited分別發行48,200,000股股份，總計144,600,000股股份。已發行144,600,000股每股面值0.00001美元的有條件股份，總金額為1,446美元（相當於人民幣9,000元）已計入本公司股本，並相應計入其他儲備。根據本公司與該三名有意投資者訂立的協議，本公司的股份認購須待香港房友收購易居企業（中國）集團100%股本權益後（即集團重組完成後）方可作實。倘於2018年6月30日前收購未完成，本公司將需歸還該三名有意投資者總額為1,500,000,000港元的有條件投資基金。於2017年12月31日，因香港房友尚未收購易居企業（中國）集團的100%股本權益，本公司收取的認購價1,500,000,000港元（於2017年12月31日相當於人民幣1,253,850,000元）（即有條件投資基金）於2017年12月31日作為以公允價值計量並計入損益的金融負債入賬。於2018年3月5日，集團重組完成，之前分類為以公允價值計量並計入損益的公允價值為人民幣1,229,986,000元的金融負債的有條件投資基金所得款項於該日成為無條件，並隨後全部相應轉換為股份溢價。

附註b：

於2018年7月20日，本公司於聯交所主板上市。基於發售價每股14.38港元，本公司從全球發售（發售322,836,000股股份）收取的所得款項淨額（扣除本公司就全球發售應付的包銷佣金及其他開支後）為4,453,514,000港元（相當於人民幣3,839,490,000元）以及從配發及發行超額配售股份（發售2,801,700股股份）收取的所得款項淨額（扣除部分行使超額配售權相關的包銷佣金及其他開支後）為32,940,000港元（相當於人民幣28,701,000元）。因此，收取的所得款項淨額總計為4,486,454,000港元（相當於人民幣3,868,191,000元）。

29. PAID IN/SHARE CAPITAL (Continued)

Note a:

With effect from 6 November 2017, the Company subdivided its shares on the basis that every share of US\$1 each into 100,000 shares of US\$0.00001 each.

On 6 November 2017, the Company increased its total authorised share capital of 900,000,000 shares with par value of US\$0.00001 per share. On the same date, the Company issued 900,000,000 shares for a consideration of US\$9,000 (equivalent to approximately RMB60,000) to CRE Corp.

On 1 December 2017, the Company increased its total authorised share capital by 144,600,000 shares with par value of US\$0.00001 per share. On the same date, the Company conditionally issued 48,200,000 shares to each of Captain Valley (Cayman) Limited, Jovial Idea Developments Limited and Heyday Surge Limited, totalling 144,600,000 shares for a total subscription price of HK\$1,500,000,000 (equivalent to RMB1,270,877,000). The 144,600,000 conditional shares of US\$0.00001 each have been issued, totalling US\$1,446 (equivalent to RMB9,000) has been credited as share capital of the Company, with a corresponding debit to other reserve. Pursuant to the agreement entered into between the Company and these three prospective investors, the subscription of the Company's shares is subject to the completion of Hong Kong Fangyou's acquisition of the 100% equity interests of PRC Holdco (that is, the completion of Group Reorganisation). If the acquisition is not completed prior to 30 June 2018, the Company will need to return the total conditional investment fund of HK\$1,500,000,000 to these three prospective investors. As at 31 December 2017, as Hong Kong Fangyou had not yet acquired the 100% equity interest of PRC Holdco, the subscription price of HK\$1,500,000,000 (equivalent to RMB1,253,850,000 as at 31 December 2017), representing the conditional investment fund, was received by the Company and was accounted for as financial liabilities at FVTPL at 31 December 2017. On 5 March 2018, the Group Reorganisation is completed and the conditional investment fund received previously classified at financial liabilities at FVTPL at a fair amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to share premium, accordingly.

Note b:

On 20 July 2018, the Company is listed on the Main Board of the Stock Exchange. Based on the offer price of HK\$14.38 per share, the net proceeds with 322,836,000 shares offered from the Global Offering received by the Company, after deduction of the underwriting commission and other expenses payable by the Company in connection with the Global Offering were HK\$4,453,514,000 (equivalent to RMB3,839,490,000) and the net proceeds with 2,801,700 shares offered from the allotment and issue of the over-allotment shares after deducting the underwriting commissions and other expenses in connection with the partial exercise of the over-allotment option were HK\$32,940,000 (equivalent to RMB28,701,000). Hence, the total net proceeds received amounted to HK\$4,486,454,000 (equivalent to RMB3,868,191,000).

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29. 實繳資本／股本（續）

附註ii：

於完成集團重組後，易居企業（中國）集團成為本公司全資附屬公司。

該等新股在各方面均與當時已有股份享有同等權益。

30. 以股份為基礎的付款交易

本公司的股份獎勵計劃

首次公開發售前購股權計劃

於2018年4月20日，本公司批准本公司的首次公開發售前購股權計劃（「首次公開發售前購股權計劃」），主要旨在激勵合資格董事、管理層及僱員，並將於2028年4月20日到期。

根據首次公開發售前購股權計劃授出的購股權必須於授出日期起10個營業日內接納，並就每份購股權支付人民幣1元。購股權可於購股權授出日期起至授出日期十週年之日止任何時間行使。

於2018年4月21日，根據首次公開發售前購股權計劃授出91,563,000份購股權。授予本公司董事與本集團管理層人員及僱員的各自購股權公允價值分別為5.48港元及4.92港元。

首次公開發售後購股權計劃

於2018年7月4日，本公司批准本公司的首次公開發售後購股權計劃（「首次公開發售後購股權計劃」），主要旨在激勵合資格董事、管理層及僱員，並將於2028年7月4日到期。根據首次公開發售後購股權計劃，本公司董事會可向合資格僱員（包括本公司及其附屬公司董事）授出購股權以認購本公司股份。此外，本公司可不時就結算本公司獲提供的貨品或服務而向外部第三方授出購股權。

29. PAID IN/SHARE CAPITAL (Continued)

Note ii:

Upon completion of the Group Reorganisation, PRC Holdco became a wholly-owned subsidiary of the Company.

The new shares rank pari passu with the then existing shares in all respects.

30. SHARE-BASED PAYMENT TRANSACTIONS

Share Incentive Plan of the Company

Pre-IPO Share Option Scheme

On 20 April 2018, the Company approved the Company's pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the primary purpose providing incentives to eligible directors, management and employees, and will expire on 20 April 2028.

Options granted under the Pre-IPO Share Option Scheme must be taken up within 10 business days of the date of grant, upon payment of RMB1 per option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant.

On 21 April 2018, 91,563,000 options were granted under the Pre-IPO Share Option Scheme. The fair values of each share option granted to directors of the Company, management personnel and employees of the Group were HK\$5.48 and HK\$4.92, respectively.

Post-IPO Share Option Scheme

On 4 July 2018, the Company approved the Company's post-IPO share option scheme (the "Post-IPO Share Option Scheme") for the primary purpose providing incentives to eligible directors, management and employees, and will expire on 4 July 2028. Under the Post-IPO Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

30. 以股份為基礎的付款交易 (續)

本公司的股份獎勵計劃 (續)

首次公開發售後購股權計劃 (續)

涉及根據首次公開發售後購股權計劃可能授出的該等購股權的股份總數不得超過股份於聯交所開始買賣日期本公司已發行股份的10%，而無需本公司股東的事先批准。涉及任何一年內已授予及將授予任何個人的購股權的已發行及將予發行的股份數目不得超過本公司於任何時間點已發行股份的1%，而無需本公司股東的事先批准。授予主要股東或獨立非執行董事的購股權如超過本公司股本的0.1%或總價值超過5百萬港元，則須經本公司股東事先批准。

根據首次公開發售後購股權計劃授出的購股權必須於授出日期起計20個營業日內接納並支付每份購股權人民幣1元。購股權可於授出購股權日期起至授出日期第10週年日期間任何時間行使。行使價由本公司董事釐定，將不會低於以下較高者：(i)本公司股份於授出日期的收市價，(ii)股份於緊接授出日期前的5個營業日的平均收市價；及(iii)本公司股份面值。

於2018年12月31日，概無購股權根據首次公開發售後購股權計劃授出。

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of the Company (Continued)

Post-IPO Share Option Scheme (Continued)

The total number of shares in respect of which options may be granted under the Post-IPO Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of the shares commence trading on the Stock Exchange, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with an aggregate value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted under the Post-IPO Share Option Scheme must be taken up within 20 business days of the date of grant, upon payment of RMB1 per option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

As at 31 December 2018, there were no share options granted under the Post-IPO Share Option Scheme.

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30. 以股份為基礎的付款交易 (續)

本公司的股份獎勵計劃 (續)

有關根據本公司的首次公開發售前購股權計劃所授出的購股權的具體分類詳情如下：

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of the Company (Continued)

Details of specific categories of options granted under the Pre-IPO Share Option Scheme of the Company are as follows:

授出日期	承授人	授出購股權數目	歸屬期間	行使期	行使價	於授出日期的公允價值
Date of grant	Grantee	Number of share options granted	Vesting period	Exercise period	Exercise price	Fair value at grant date
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2019年4月21日	2019年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2019	22 April 2019 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2020年4月21日	2020年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2020	22 April 2020 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	董事及管理層	23,784,000	2018年4月21日至 2021年4月21日	2021年4月22日至 2028年4月20日	10.37港元	5.48港元
21 April 2018	Directors and management	23,784,000	21 April 2018 to 21 April 2021	22 April 2021 to 20 April 2028	HK\$10.37	HK\$5.48
2018年4月21日	僱員	6,737,200	2018年4月21日至 2019年4月21日	2019年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2019	22 April 2019 to 20 April 2028	HK\$10.37	HK\$4.92
2018年4月21日	僱員	6,737,200	2018年4月21日至 2020年4月21日	2020年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2020	22 April 2020 to 20 April 2028	HK\$10.37	HK\$4.92
2018年4月21日	僱員	6,737,200	2018年4月21日至 2021年4月21日	2021年4月22日至 2028年4月20日	10.37港元	4.92港元
21 April 2018	Employees	6,737,200	21 April 2018 to 21 April 2021	22 April 2021 to 20 April 2028	HK\$10.37	HK\$4.92

下表披露於年內本集團僱員及董事持有的易居購股權數目的變動。

The following table discloses movements of the number of E-House's share options held by employees and directors of the Group during the year.

30. 以股份為基礎的付款交易 (續)

本公司的股份獎勵計劃 (續)

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of the Company (Continued)

	於2018年 1月1日未行使 千份 Outstanding at 1 January 2018 '000	年內授出 千份 Granted during the year '000	年內行使 千份 Exercised during the year '000	年內失效 千份 Forfeited during the year '000	年內到期 千份 Expired at during the year '000	於2018年 12月31日 未行使 千份 Outstanding 31 December 2018 '000
首次公開發售前購股權計劃 Pre-IPO Share Option Scheme	-	91,564	-	(624)	-	90,940
年末可行使	Exercisable at the end of the year					-
加權平均行使價	Weighted average exercise price		HK\$10.37 10.37港元	HK\$10.37 10.37港元	-	HK\$10.37 10.37港元

該等公允價值乃使用二項式期權定價模式計算。該模式的輸入值如下：

These fair values were calculated using Binomial option pricing model. The inputs into the model were as follows:

	2018年 2018
行使價	10.37港元 HK\$10.37
預期年期	10年 10 years
預期波幅	45.7%
股息率	0.0%
無風險利率	2.16%

計算購股權公允價值所用的變數及假設基於董事的最佳估計。變數及假設的變動可能引致購股權公允價值變動。

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

本集團確認截至2018年12月31日止年度有關本公司所授出的購股權的總開支人民幣161,630,000元(2017年：無)。

The Group recognised the total expense of RMB161,630,000 for the year ended 31 December 2018 (2017: nil) in relation to share options granted by the Company.

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30. 以股份為基礎的付款交易 (續)

樂居的股份獎勵計劃

樂居的股份於紐約證券交易所上市。其最終母公司為易居(中國)控股。樂居的股份獎勵計劃根據2013年12月1日通過的決議案獲採納，旨在激勵董事及合資格僱員，並將於2023年11月30日到期。根據樂居股份獎勵計劃，樂居董事會可向合資格僱員(包括本集團僱員及董事)授予可認購樂居股份的購股權或受限制股份。

購股權

有關根據樂居的股份獎勵計劃所授出的購股權的具體分類詳情如下：

授出日期	歸屬期間範圍	行使期間範圍	加權平均行使價	於授出日期的 加權平均公允價值
Date of grant	Range of vesting period	Range of exercise period	Weighted average exercise price	Weighted average fair value at grant date
1 December 2013	1 December 2013 – 1 December 2016	1 December 2014 – 30 November 2023	US\$4.60	US\$2.15
2013年12月1日	2013年12月1日至 2016年12月1日	2014年12月1日至 2023年11月30日	4.60美元	2.15美元

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Incentive Plan of Leju

Leju's shares are listed on the New York Stock Exchange. Its ultimate parent is E-House (China) Holdings. Leju's Share Incentive Plan was adopted pursuant to a resolution passed on 1 December 2013 for the purpose of providing incentives to directors and eligible employees, and will expire on 30 November 2023. Under Leju Share Incentive Plan, the board of directors of Leju may grant options or restricted shares to eligible employees, including employees and directors of the Group, to subscribe for shares in Leju.

Share option

Details of specific categories of options granted under the Share Incentive Plan of Leju are as follows:

30. 以股份為基礎的付款交易 (續)

購股權 (續)

下表披露有關本集團僱員及董事於年內所持樂居的購股權數目的變動詳情。

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share option (Continued)

The following table discloses movements of the number of Leju's share options held by employees and directors of the Group during the year.

於2018年 1月1日 未行使 千份	截至2018年 12月31日止 年度內授出 千份	截至2018年 12月31日止 年度內行使 千份	截至2018年 12月31日止 年度內失效 千份	截至2018年 12月31日止 年度內到期 千份	於2018年 12月31日 未行使 千份
Outstanding at 1 January 2018 '000	Granted during the year ended 31 December 2018 '000	Exercised during the year ended 31 December 2018 '000	Forfeited during the year ended 31 December 2018 '000	Expired during the year ended 31 December 2018 '000	Outstanding at 31 December 2018 '000
				(10)	402
年未可行使	Exercisable at the end of the year				402
於2017年 1月1日 未行使 千份	截至2017年 12月31日止 年度內授出 千份	截至2017年 12月31日止 年度內行使 千份	截至2017年 12月31日止 年度內失效 千份	截至2017年 12月31日止 年度內到期 千份	於2017年 12月31日 未行使 千份
Outstanding at 1 January 2017 '000	Granted during the year ended 31 December 2017 '000	Exercised during the year ended 31 December 2017 '000	Forfeited during the year ended 31 December 2017 '000	Expired during the year ended 31 December 2017 '000	Outstanding at 31 December 2017 '000
				(27)	412
年未可行使	Exercisable at the end of the year				412

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31. 資本風險管理

本集團管理其資金，務求透過優化債務與權益間的平衡，確保本集團旗下各集團公司在為股東帶來最大回報的同時可實現持續經營。從上年起，本集團的整體策略維持不變。

本集團的資本架構由債務淨額（包括附註27、21及25所披露的銀行借款、應付關聯方非貿易性質款項及分類為以公允價值計量並計入損益的金融負債，扣除現金及現金等價物）及本集團擁有人應佔權益組成。

本集團管理層定期檢討資本架構。作為該檢討的一部分，本集團管理層考慮各類資本的資本成本及相關風險。根據本集團管理層的推薦意見，本集團將透過派付股息、發行新股、發行新債務及贖回現有債務平衡其整體資本架構。

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings, amounts due to related parties of non-trade nature and financial liability classified at FVTPL disclosed in notes 27, 21 and 25 net of cash and cash equivalent, and equity attributable to owners of the Group.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debt or redemption of existing debt.

32. 金融工具

a. 金融工具分類

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
金融資產	Financial assets		
攤銷成本（包括現金及現金等價物）	Amortised costs (including cash and cash equivalents)	10,385,931	5,676,789
分類為以公允價值計量並計入損益的金融資產	Financial assets classified as at FVTPL	271,940	20,000
		10,657,871	5,696,789
金融負債	Financial liabilities		
攤銷成本	Amortised cost	1,974,632	1,077,012
以公允價值計量並計入損益	FVTPL	–	1,253,850
		1,974,632	2,330,862

b. 金融風險管理目標及政策

本集團的主要金融工具包括應收賬款、應收票據、應收關聯方款項、應收債券、其他應收款項、其他非流動資產、受限制銀行結餘、現金及現金等價物、分類為以公允價值計量並計入損益的金融資產、應付賬款、其他應付款項、應收（應付）關聯方款項、銀行借款及以公允價值計量並計入損益的金融負債。該等金融工具的詳情於各附註中披露。與該等金融工具有關的風險包括市場風險（貨幣風險及利率風險）、信貸風險及流動性風險。緩解該等風險的政策載於下文。本集團管理層管理及監控該等風險，以確保及時有效地實施適當的措施。

貨幣風險

本集團若干現金及現金等價物及應收（應付）關聯方款項及有條件投資基金所得款項以各集團實體的外幣計值，因此面臨外幣風險。

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
Financial assets	Financial assets		
Amortised costs (including cash and cash equivalents)	Amortised costs (including cash and cash equivalents)	10,385,931	5,676,789
Financial assets classified as at FVTPL	Financial assets classified as at FVTPL	271,940	20,000
		10,657,871	5,696,789
Financial liabilities	Financial liabilities		
Amortised cost	Amortised cost	1,974,632	1,077,012
FVTPL	FVTPL	–	1,253,850
		1,974,632	2,330,862

b. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivables, bills receivables, amounts due from related parties, bond receivables, other receivables, other non-current assets, restricted bank balances, cash and cash equivalents, financial assets classified as FVTPL, accounts payable, other payables, amounts due from (to) related parties, bank borrowings and financial liabilities at FVTPL. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain cash and cash equivalents and amounts due from (to) related parties and conditional investment fund received are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk.

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32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貨幣風險 (續)

本集團於各報告期末以各集團實體的功能貨幣以外的貨幣計值的貨幣資產及負債的賬面值載列如下：

		資產 Assets		負債 Liabilities	
		於12月31日 As at 31 December	於12月31日 As at 31 December	於12月31日 As at 31 December	於12月31日 As at 31 December
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
美元	US\$	959,791	98,014	-	-
港元	HK\$	607,796	988,681	-	1,254,691

本集團目前並無外幣對沖政策。然而，本集團管理層監控外匯風險及將考慮於需要的時候對沖重大外匯風險。

敏感度分析

下表詳述相關集團實體功能貨幣兌外幣貶值10%時本集團的敏感度。10%為管理層評估外幣匯率合理可能變動所用的敏感度比率。敏感度分析僅包括尚未償還的外幣計值貨幣項目，並按10%的外幣匯率變動調整報告期末的換算。下表正數(負數)表示相關集團實體功能貨幣兌相關外幣貶值時年內除稅後溢利增加(減少)。若相關集團實體的功能貨幣升值10%，會對除稅後溢利構成同等程度的相反影響。

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Currency risk (Continued)

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of each reporting period are as follows:

		Assets		Liabilities	
		As at 31 December	As at 31 December	As at 31 December	As at 31 December
		2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
US\$		959,791	98,014	-	-
HK\$		607,796	988,681	-	1,254,691

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% decrease in the functional currency of the relevant group entities against the foreign currency. 10% is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit for the year where the functional currency of relevant group entities weakening against the relevant foreign currencies. For a 10% strengthen of the functional currency of relevant group entities, there would be an equal and opposite impact on the profit after taxation.

32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貨幣風險 (續)

敏感度分析 (續)

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
外幣	Foreign currencies		
美元	US\$	95,979	9,801
港元	HK\$	60,780	(25,601)

利率風險

本集團面臨與定息銀行借款、可轉換票據及應收債券有關的公允價值利率風險 (詳情請參閱附註27、23及22)。本集團目前並無任何利率對沖政策。本集團管理層會持續監察本集團的風險，並於需要時考慮對沖利率風險。

本集團亦面臨與浮動利率受限制銀行結餘及銀行結餘有關的現金流量利率風險。

本集團面臨的金融負債利率風險詳述於本附註流動性風險管理一節。

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, convertible note and bond receivables (see notes 27, 23 and 22 for details). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to floating-rate restricted bank balances and bank balances.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

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32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

利率風險 (續)

敏感度分析

以下敏感度分析乃根據於各報告日期的銀行結餘利率風險釐定。編製分析時乃假設於各報告日期未償還的金融工具於整個年度未償還。就銀行結餘採用利率上升或下降10個基點，代表管理層對利率的合理可能變動的評估。由於本公司董事認為可換股票據所遭受的利率風險屬不重大，因此敏感度分析並無納入可換股票據。

若銀行結餘利率上升／下降10個基點，而所有其他變數保持不變，本集團年內除稅後溢利將增加(減少)以下金額：

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances at the respective reporting date. The analysis is prepared assuming the financial instruments outstanding at the respective reporting date was outstanding for the whole year. A 10 basis point increase or decrease in interest rate on bank balances is used which represent management's assessment of the reasonably possible changes in interest rates. Convertible note is excluded from sensitivity analysis as the directors of the Company consider the exposure of interest rate risk is insignificant.

If interest rates had been 10 basis points higher/lower for bank balances and all other variables were held constant, the Group's post-tax profit for the year would have increased (decreased) by the following magnitude:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
年內溢利增加(減少)	Increase (decrease) in profit for the year	1,994	627

其他價格風險

本集團透過以公允價值計量且其變動計入損益的上市股本證券投資及可換股票據承受股本價格風險。由於本公司董事認為可換股票據所遭受的其他價格風險屬不重大，因此敏感度分析並無納入可換股票據。於2018年12月31日，本集團按公允價值計量且其變動計入損益的上市股本證券投資在聯交所報價，倘各上市股本證券的價格上升／下跌5%，則截至2018年12月31日止年度的稅後利潤將增加／減少人民幣12,687,000元。

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities measured at FVTPL and convertible note. Convertible note is excluded from sensitivity analysis as the directors of the Company consider the exposure of other price risk is insignificant. As at 31 December 2018, the Group's investment in listed equity securities measured at FVTPL are quoted in the Stock Exchange, if the price of the respective listed equity securities had been 5% higher/lower, the profit after tax for the year ended 31 December 2018 would have increased/decreased by RMB12,687,000.

32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

信貸風險

信貸風險指交易對手未履行其合同責任而導致本集團產生財務損失的風險。於各報告期末，不計及任何所持有的抵押品或其他增信措施，本集團面臨的最大信貸風險為交易對手未能履行責任及本集團所提供財務擔保而導致本集團產生的財務損失。

經參考易居(中國)控股共同控制下的該等關聯方所提供的歷史結算方式，本集團已評定應收關聯方(由易居(中國)控股共同控制)款項的預期信貸損失並不重大。因此，於報告期間並無確認任何損失準備。

本集團就其應收賬款、應收票據、應收債券、其他應收款項、其他非流動資產、應收關聯方款項、受限制銀行結餘、以及現金及現金等價物承受信貸風險，相當於本集團就金融資產承受的最高信貸風險。

此外，本集團面臨附註36詳述的與向銀行提供財務擔保有關的信貸風險。本集團在此方面面臨的最大風險為該擔保被要求履行時，本集團須支付的最高金額。於2018年及2017年12月31日，概無於綜合財務狀況表內就財務擔保合同確認損失準備。

本集團預期受限制銀行結餘及銀行現金存款不涉及重大信貸風險，因為其主要存放於國有銀行及其他大中型上市銀行。本集團管理層預計不會因該等交易對手違約產生任何重大虧損。

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group.

With reference to the historical settlement patterns from these related parties under common control of E-House (China) Holdings, the Group has assessed that the expected credit loss for amounts due from related parties under common control of E-House (China) Holdings is insignificant. Thus, no loss allowance provision was recognised during the reporting period.

The Group is exposed to credit risk in relation to its accounts receivables, bills receivables, bond receivables, other receivables, other non-current assets, amounts due from related parties, restricted bank balances, and cash and cash equivalents which represents the Group's maximum exposure to credit risk in relation to financial assets.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks as detailed in note 36. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on. No loss allowance for the financial guarantee contracts has been recognised in the consolidated statement of financial position as at 31 December 2018 and 2017.

The Group expects that there is no significant credit risk associated with restricted bank balances and cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management of the Group does not expect that there will be any significant losses from non-performance by these counterparties.

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32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

信貸風險 (續)

本集團存在信貸風險集中情況，原因是於2018年12月31日，應收賬款、應收票據及應收貿易性質關聯方款項－應收賬款總額中，有51.23% (2017年12月31日：49%) 為應收本集團的最大客戶的款項，且於2018年12月31日，應收賬款、應收票據及應收貿易性質關聯方款項－應收賬款總額中，有60.76% (2017年12月31日：55.34%) 為應收本集團的五大客戶的款項。

為盡量減低信貸風險，本集團管理層已委派團隊負責釐定信貸限額、信貸審批及其他監控程序，以確保採取跟進行動收回逾期債務。此外，本集團於各報告期末檢討每項個別應收款項的可收回金額，以確保就不可收回金額作出足夠減值損失。

貿易相關結餘

於2018年12月31日，賬面總值人民幣25,920,000元 (2017年：人民幣56,420,000元) 納入本集團應收賬款、應收關聯方貿易性質款項，本集團就該等結餘持有房地產抵押品。安排詳情載於附註20。

對於應收賬款、應收貿易性質關聯方款項－應收賬款及應收票據，本集團已應用IFRS第9號的簡易方法計量生命週期的預期信貸損失的損失準備。該等結餘的預期信貸損失對信用評級良好的客戶 (戰略類客戶) 或信用風險高企的客戶 (高風險類客戶) 按個別基準作出評估及餘下者 (一般風險類客戶) 一併使用撥備矩陣作出評估，並以債務人過往違約情況、所取得的作為應收賬款抵押品的房地產物業的公允價值、債務人經營所在行業的整體經濟環境及報告日期當前情況及預測動向為依據作出估計。

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group has concentration of credit risk as 51.23% (31 December 2017: 49%) of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables was due from the Group's largest customer as at 31 December 2018 and 60.76% (31 December 2017: 55.34%) of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables was due from the five largest customers as at 31 December 2018.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Trade-related balances

Included in the Group's accounts receivables and amounts due from related parties of trade nature as at 31 December 2018 with aggregate carrying amounts of RMB25,920,000 (2017: RMB56,420,000), the Group has collateral of real estate properties over these balances. Details of the arrangement is set out on note 20.

For accounts receivables, amounts due from related parties of trade nature – accounts receivables and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL of these balances are assessed on an individual basis for customers with good credit rating (strategic type customers) or with high credit risk (high risk type customers) and the remaining (normal risk type customers) is collectively using provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, fair values of real estate properties obtained as collateral over accounts receivables, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貿易相關結餘 (續)

當有資料顯示債務人陷入嚴重財困，且並無實際收回的可能之時（例如債務人已清算或進入破產程序），本集團撤銷應收賬款及應收貿易性質關聯方款項。截至2018年12月31日止年度，概無已撤銷的應收賬款及應收關聯方貿易性質款項，乃因本集團管理層評估概無對手方處於嚴重財政困難及收款前景仍然是實際可行的。截至2017年12月31日止年度，本集團已撤銷應收賬款人民幣250,000元，乃因本集團發現債務人有財政困難。

下表詳述應收賬款、應收票據及應收關聯方貿易性質款項的風險組合。由於本集團過往信貸損失記錄就不同客戶組合（包括高風險、戰略性及一般風險類型）顯示重大不同虧損模式，故基於逾期狀況的損失準備並在本集團不同風險類型的客戶組合之間作進一步區分。

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Trade-related balances (Continued)

The Group writes off accounts receivables and trade nature of amounts due from related parties when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. For the year ended 31 December 2018, none of the accounts receivables and amounts due from related parties of trade nature that had been written off as the management of the Group assessed that no counterparties were in severe financial difficulty and the prospect of recovery was still realistic. For the year ended 31 December 2017, the Group had written off accounts receivables of RMB250,000 as the Group had identified the debtor has financial difficulty.

The following table details the risk profile of accounts receivables, bills receivables and amounts due from related parties of trade nature. As the Group's historical credit loss experience show significantly different loss patterns for different customer portfolio (including high risk, strategic and normal risk type), the provision for loss allowance based on past due status is further distinguished between the Group's customer portfolio of different risk type.

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32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貿易相關結餘 (續)

於2018年12月31日

		應收賬款、應收票據及應收貿易性質關聯方款項 (指應收賬款) — 逾期天數 Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables – days past due			
高風險類客戶 (信貸減值) (附註) High risk type customers (note) (credit impaired)		一年內	一至兩年	兩年以上	合計
		Within 1 year	1-2 years	Over 2 years	Total
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	-	14,217	211,811	226,028
生命週期的預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	-	(14,217)	(211,811)	(226,028)
		-	-	-	-
		應收賬款、應收票據及應收貿易性質關聯方款項 (指應收賬款) — 逾期天數 Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables – days past due			
戰略類客戶 (附註) (非信貸減值) Strategic type customers (note) (not-credit impaired)		一年內	一至兩年	兩年以上	合計
		Within 1 year	1-2 years	Over 2 years	Total
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	1,380,396	196,952	10,636	1,587,984
生命週期的預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	(32,480)	(4,634)	(250)	(37,364)
		1,347,916	192,318	10,386	1,550,620

32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貿易相關結餘 (續)

		應收賬款、應收票據及應收貿易性質關聯方款項 (指應收賬款) — 逾期天數 Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables – days past due			
		一年內 (非信貸減值) Within 1 year (not-credit impaired)	一至兩年 (非信貸減值) 1-2 years (not-credit impaired)	兩年以上 (信貸減值) Over 2 years (credit impaired)	合計
一般風險類客戶 Normal risk type customers					Total
加權平均預期信貸損失率	Weighted average expected credit loss rate	3.28%	25.87%	84.48%	8.35%
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	3,959,537	420,104	167,517	4,547,158
生命週期的預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	(129,717)	(108,679)	(141,516)	(379,912)
		3,829,820	311,425	26,001	4,167,246

於2017年12月31日

As at 31 December 2017

		應收賬款、應收票據及應收貿易性質關聯方款項 (指應收賬款) — 逾期天數 Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables – days past due			
		一年內	一至兩年	兩年以上	合計
高風險類客戶 (信貸減值) (附註) High risk type customers (note) (credit impaired)		Within 1 year	1-2 years	Over 2 years	Total
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	–	21,841	199,065	220,906
生命週期的預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	–	(21,841)	(199,065)	(220,906)
		–	–	–	–

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32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

貿易相關結餘 (續)

		應收賬款、應收票據及應收貿易性質關聯方款項 (指應收賬款) – 逾期天數			
		一年內	一至兩年	兩年以上	合計
戰略類客戶 (附註) (非信貸減值)		一年內	一至兩年	兩年以上	合計
Strategic type customers (note)		Within 1 year	1-2 years	Over 2 years	Total
(not-credit impaired)					
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	990,833	22,008	6,517	1,019,358
生命週期的預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	(33,527)	(745)	(221)	(34,493)
		957,306	21,263	6,296	984,865

		應收賬款、應收票據及應收貿易性質關聯方款項 (指應收賬款) – 逾期天數			
		一年內	一至兩年	兩年以上	合計
一般風險類客戶		一年內	一至兩年	兩年以上	合計
Normal risk type customers		Within 1 year	1-2 years	Over 2 years	Total
(非信貸減值)		(not-credit impaired)	(not-credit impaired)	(信貸減值)	(credit impaired)
加權平均預期信貸損失率	Weighted average expected credit loss rate	3.39%	27.03%	69.68%	8.47%
賬面值總額 (人民幣千元)	Total gross carrying amount (RMB'000)	2,199,863	293,228	93,371	2,586,462
生命週期的預期信貸損失 (人民幣千元)	Lifetime ECL (RMB'000)	(74,658)	(79,254)	(65,059)	(218,971)
		2,125,205	213,974	28,312	2,367,491

附註：

高風險類客戶及戰略類客戶的預期信貸損失按個別基準評估。

附註：

The ECL on high risk type customers and strategic type customers are assessed on an individual basis.

32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

非貿易相關結餘

為最大限度降低其他應收款項及其他非流動資產的信貸風險，本集團已委任其信貸管理委員會制定及隨時更新信貸風險等級，以根據信貸違約風險等級將風險敞口進行分類。信用評級資料由獨立評級機構（如有）提供，否則，信貸管理委員會將使用其他公開可用財務資料及本集團自有的交易記錄對其交易對手進行評級。本集團持續監控其風險敞口及其交易對手的信用評級，並將所達成的交易總值在經核准交易對手間進行攤分。

本集團現時有關其他應收款項及其他非流動資產的信貸風險等級框架包括以下類別：

類別 Category	描述 Description	確認預期信貸損失的基準 Basis for recognising ECL
良好 Performing	交易對手違約風險低，並無任何逾期款項或賬齡在一年以內。 The counterparty has a low risk of default and does not have any past-due amounts or aged within 1 year.	12個月的預期信貸損失 12m ECL
可疑 Doubtful	自初始確認起，信貸風險大幅加劇（賬齡一至兩年） There has been a significant increase in credit risk since initial recognition (aged within 1 year but less than 2 years)	生命週期的預期信貸損失 — 無信貸減值 Lifetime ECL – not credit-impaired
違約 In default	有跡象表明資產出現信貸減值（賬齡兩年以上） There is evidence indicating the asset is credit-impaired (aged over 2 years)	生命週期的預期信貸損失 — 信貸減值 Lifetime ECL – credit-impaired
核銷 Write-off	有跡象表明債務人陷入嚴重的財務困境，因而本集團收回款項的希望渺茫 There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	款項已被核銷 Amount is written off

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Non-trade related balances

In order to minimise credit risk on other receivables and other non-current assets, the Group has tasked its credit management committee to develop and maintain the credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework in respect of other receivables and other non-current assets comprises the following categories:

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32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

非貿易相關結餘 (續)

為進行減值評估，其他應收款項及其他非流動資產被視為具有較低信貸風險，因為該等金融資產的交易對手具有較高信貸測評。因此，就減值評估而言，損失準備乃按12個月預期信貸損失的相同金額計量。於2018年12月31日，其他應收款項及其他非流動資產（面臨預期信用損失）的總賬面值為人民幣2,147,577,000元（2017年：人民幣109,740,000元）。

於釐定其他應收款項及其他非流動資產的預期信貸損失時，本集團管理層已計及過往違約情況及行業未來前景及／或考慮實際及預測經濟資料的各種外部來源（如適用），以估計其他應收款項及其他非流動資產各自在有關虧損評估時間範圍內的違約概率，以及違約損失率。

附註23所披露的本集團的可轉換票據的賬面值最能代表其承受的最高信貸風險。本集團並未就任何該等結餘持有抵押品。

從過往年度起作出的估計技巧或重大假設並無變動。

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Non-trade related balances (Continued)

For the purposes of impairment assessment, other receivables and other non-current assets are considered to have low credit risk as the counterparties to these financial assets have a high credit rating. Accordingly, for the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12m ECL. As at 31 December 2018, the gross carrying amount of other receivables and other non-current assets subjected to ECL amounted to RMB2,147,577,000 (2017: RMB109,740,000).

In determining the ECL for other receivables and other non-current assets, the management of the Group has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other non-current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The carrying amount of the Group's convertible note as disclosed in note 23 best represents its maximum exposure to credit risk. The Group holds no collateral over any of the balance.

There has been no change in the estimation techniques or significant assumptions made from prior years.

32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

流動性風險

在管理流動性風險時，本集團監察及維持現金及現金等價物於管理層認為合適的水平，以為本集團業務提供資金及降低現金流量波動的影響。本集團管理層監控銀行借款的使用，確保符合貸款契約。

下表載列本集團非衍生金融負債的剩餘合約年期詳情。有關列表乃根據本集團可能被要求付款的最早日期釐定的金融負債未折現現金流量編製。金融負債的到期日乃按協定的還款日期釐定。

下表包括利息及本金現金流量。

此外，下表亦載有本集團對於2017年12月31日以公允價值計量並計入損益的有條件投資基金所得款項的流動性分析，該分析乃根據與有意投資者訂立之投資協議的合約條款作出。

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

In addition, the following table also included the Group's liquidity analysis for the conditional investment fund received at FVTPL as at 31 December 2017, which were analysed based on the contractual terms pursuant to the investment agreements entered into with the prospective investors.

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32. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

流動性與利率風險表

		加權平均 實際利率 %	按要求或 少於1個月 人民幣千元	1至3個月 人民幣千元	3個月至1年 人民幣千元	未折現現金 流量總額 人民幣千元	賬面值 人民幣千元
		Weighted average effective interest rate %	On demand or less than 1 month RMB'000	Within 1 to 3 months RMB'000	Within 3 months to 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2018年12月31日	31 December 2018						
應付賬款及其他應付款項	Accounts and other payables	-	961,110	-	-	961,110	961,110
應付關聯方款項	Amounts due to related parties	-	13,522	-	-	13,522	13,522
固定利率銀行借款	Fixed-rate bank borrowings	5.22%	363	12,264	1,020,223	1,032,850	1,000,000
財務擔保合同	Financial guarantee contracts	-	5,970	-	-	5,970	-
			980,965	12,264	1,020,223	2,013,452	1,974,632
2017年12月31日	31 December 2017						
應付賬款及其他應付款項	Accounts and other payables	-	351,261	-	-	351,261	351,261
應付關聯方款項	Amounts due to related parties	-	275,751	-	-	275,751	275,751
固定利率銀行借款	Fixed-rate bank borrowings	5.02%	-	104,639	353,304	457,943	450,000
財務擔保合同	Financial guarantee contracts	-	85,301	-	-	85,301	-
			712,313	104,639	353,304	1,170,256	1,077,012
以公允價值計量並計入 損益的有條件投資 基金所得款項	Conditional investment fund received at FVTPL	-	-	-	1,253,850	1,253,850	1,253,850
			712,313	104,639	1,607,154	2,424,106	2,330,862

上表包括的財務擔保合同金額為本集團在擔保交易對手申索金額的情況下，根據完整擔保金額的安排可能強制支付的最高金額。基於報告期末的預期，本集團認為不太可能須根據安排支付任何款項。然而，此估計或會變化，取決於交易對手根據擔保申索的概率，而該概率又取決於交易對手持有的有擔保財務應收款項承受信用損失的可能性。

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to the change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

32. 金融工具 (續)

c. 金融工具的公允價值計量

本集團管理層認為，本集團於綜合財務報表中按攤銷成本列賬的金融資產及金融負債賬面值與其公允價值相若，但應收債券（其公允價值披露於附註22）除外。有關公允價值已根據以折現現金流量分析為基礎的公認定價模型釐定。

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments

The management of the Group considers that the carrying amount of the Group's financial assets and financial liabilities, except for bond receivables of which the fair value is disclosed in note 22, recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis

		公允價值		公允價值層級	估值技術及關鍵輸入數據
		於12月31日	2017年		
		Fair value as	2017年	Fair value	Valuation technique
		at 31 December	2017年	hierarchy	and key input
		2018年	2017年		
		人民幣千元	人民幣千元		
		2018	2017		
		RMB'000	RMB'000		
金融資產	Financial assets				
分類為強制以公允價值計量並計入損益的金融資產的香港上市股本證券	Equity securities listed in Hong Kong classified as financial assets mandatorily measured at FVTPL	253,740	-	第一級	於活躍市場買入價
				Level 1	Quoted bid prices in the active market
分類為強制以公允價值計量並計入損益的金融資產的可轉換票據	Convertible note classified as financial assets mandatorily measured at FVTPL	18,200	20,000	第三級	附註i
				Level 3	note i

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32. 金融工具 (續)

c. 金融工具的公允價值計量 (續)

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

	公允價值於12月31日 Fair value as at 31 December		公允價值層級 Fair value hierarchy	估值技術及關鍵輸入數據 Valuation technique and key input
	2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000		
金融負債 計入應付賬款及其他 應付款項的有條件 投資基金 (如附註25 所詳述) (附註ii)	-	1,253,850	第三級 Level 3	本集團管理層評估後認為截至2017年12月31日止年度的公允價值並無重大變動。其公允價值乃採用輸入數據 (包括預期現金流量及適當貼現率及市場法下對比公司法的交叉核對) 根據收入法下折現現金流量法釐定。折現現金流量法的重大不可觀察輸入數據為預期現金流量的預計收入。 The management of the Group assessed that there was no significant change of fair value for the year ended 31 December 2017. Its fair value was determined by discount cash flow method under income approach using the inputs including estimated cash flows and an appropriate discount rate and crossed checked by guideline company method under market approach. The significant unobservable input to the discount cash flow method being the expected revenue in the estimated cash flows.

截至2018年及2017年12月31日止年度內第一級與第二級之間概無轉撥。

There were no transfers between Level 1 and 2 during the year ended 31 December 2018 and 2017.

32. 金融工具 (續)

c. 金融工具的公允價值計量 (續)

附註i:

本集團管理層評估後認為截至2017年12月31日止年度的公允價值並無重大變動。於2018年12月31日的公允價值乃通過計算每個二項節點的轉換價值、贖回價值及持有價值使用二項式點陣法模式釐定。二項式點陣法模式的重大不可觀察輸入數據為投資對象的股價的波動性。投資對象的波動性越高，可換股票據的公允價值就越高。在保持所有其他變量不變的情況下，倘投資對象的股價的波動性增加／減少5%的波動，則於2018年12月31日可換股票據的賬面值將分別增加／減少人民幣440,000元(2017年：人民幣591,000元)。

附註ii:

預期收入越高，按公允價值計量並計入損益的金融負債的公允價值越高。在保持所有其他變量不變的情況下，倘預期收入增加／減少5%，則於2017年12月31日以公允價值計量並計入損益的金融負債的賬面值將增加／減少人民幣67,228,000元。

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Note i:

The management of the Group assessed that there was no significant change of fair value for the year ended 31 December 2017. The fair value as at 31 December 2018 was determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node. The significant unobservable input to the lattice binomial model being the volatility of the share price of the investee. The higher the volatility of the investee, the higher the fair value of the convertible note will be. A 5% increase/decrease in the volatility of the share price of the investee, holding all other variables constant, would increase/decrease the carrying amount of the convertible note by RMB440,000 (2017: RMB591,000) as at 31 December 2018.

Note ii:

The higher the expected revenue, the higher the fair value of the financial liabilities at FVTPL will be. A 5% increase/decrease in the expected revenue, holding all other variables constant, would increase/decrease the carrying amount of the financial liabilities at FVTPL by RMB67,228,000 as at 31 December 2017.

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32. 金融工具 (續)

c. 金融工具的公允價值計量 (續)

第三層級公允價值計量對賬

下表呈列第三層級金融資產及負債的變動。

於2018年12月31日

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

The following table represents the changes in Level 3 financial asset and liability.

As at 31 December 2018

		資產 Asset	(負債) (Liability)
		分類為必須 以公允價值計量 並計入損益的 金融資產的 可換股票據 人民幣千元	分類為 以公允價值計量 並計入損益的 有條件投資基金 所得款項 人民幣千元
		Convertible note classified as financial asset mandatorily measured at FVTPL RMB'000	Conditional investment fund received classified as FVTPL RMB'000
於2018年1月1日	At 1 January 2018	20,000	(1,253,850)
添置	Addition	-	-
於損益內確認的(虧損) 收益總額	Total (loss) gain recognised in profit and loss	(1,800)	23,864
終止確認	Derecognised	-	1,229,986
於2018年12月31日	At 31 December 2018	18,200	-

32. 金融工具 (續)

c. 金融工具的公允價值計量 (續)

第三層級公允價值計量對賬 (續)

於2017年12月31日

		資產 Asset	(負債) (Liability)
		分類為必須 以公允價值計量 並計入損益的 金融資產的 可換股票據 人民幣千元	分類為 以公允價值計量 並計入損益的 有條件投資基金 所得款項 人民幣千元
		Convertible note classified as financial asset mandatorily measured at FVTPL RMB'000	Conditional investment fund received classified as FVTPL RMB'000
於2017年1月1日	At 1 January 2017	-	-
添置	Addition	20,000	(1,270,877)
於損益內確認的收益總額	Total gain recognised in profit and loss	-	17,027
於2017年12月31日	At 31 December 2017	20,000	(1,253,850)

截至2018年12月31日止年度的總收益包括於報告期末與分類為強制以公允價值計量並計入損益的金融資產的可轉換票據有關的未實現虧損人民幣1,800,000元(2017年:與收到的分類為以公允價值計量並計入損益的有條件投資基金有關的未實現收益人民幣17,027,000元)。

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements (Continued)

As at 31 December 2017

		資產 Asset	(負債) (Liability)
		分類為必須 以公允價值計量 並計入損益的 金融資產的 可換股票據 人民幣千元	分類為 以公允價值計量 並計入損益的 有條件投資基金 所得款項 人民幣千元
		Convertible note classified as financial asset mandatorily measured at FVTPL RMB'000	Conditional investment fund received classified as FVTPL RMB'000
於2017年1月1日	At 1 January 2017	-	-
添置	Addition	20,000	(1,270,877)
於損益內確認的收益總額	Total gain recognised in profit and loss	-	17,027
於2017年12月31日	At 31 December 2017	20,000	(1,253,850)

Of the total gain for the year ended 31 December 2018 included an unrealised loss of RMB1,800,000 relating to convertible note classified as financial assets mandatorily measured at FVTPL (2017: unrealised gain of RMB17,027,000 relating to conditional investment fund received classified as FVTPL) at the end of the reporting period.

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33. 融資活動產生的負債對賬

下表詳細描述本集團融資活動產生的負債的變動，包括現金和非現金變動。融資活動產生的負債是指現金流或未來現金流會在本集團的綜合現金流量表中分類為融資活動產生的現金流的負債。

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		銀行借款 人民幣千元	應計 利息支出 人民幣千元	應付關聯方 款項 (非貿易性質) 人民幣千元	有條件 投資基金 所得款項 人民幣千元	應付 發行成本 人民幣千元	應派予 非控股權益 的股息 人民幣千元	合計 人民幣千元
		Bank borrowings RMB'000	Accrued interest expense RMB'000	Amounts due to related parties (non- trade nature) RMB'000	Conditional investment fund received RMB'000	Issue cost payable RMB'000	Dividend payable to non-controlling interest RMB'000	Total RMB'000
於2017年1月1日	At 1 January 2017	390,000	690	381,727	-	-	-	772,417
融資現金流量	Financing cash flow	60,000	(21,718)	(123,800)	1,253,850	-	(28,951)	1,139,381
確認的融資成本	Finance cost recognised	-	21,650	-	-	-	-	21,650
已宣派股息	Dividend declared	-	-	-	-	-	28,951	28,951
於2017年12月31日	At 31 December 2017	450,000	622	257,927	1,253,850	-	-	1,962,399
融資現金流量	Financing cash flow	550,000	(24,497)	(254,875)	-	(169,101)	(47,946)	53,581
已宣派股息	Dividend declared	-	-	-	-	-	47,946	47,946
確認的融資成本	Finance cost recognised	-	25,171	-	-	-	-	25,171
確認的發行成本	Issue cost recognised	-	-	-	-	169,101	-	169,101
非現金變動	Non-cash changes							
有條件投資基金所得 款項轉換為股份溢價	Conversion of conditional investment fund received into share premium	-	-	-	(1,229,986)	-	-	(1,229,986)
以損益計量的金融負債的 公允價值變動	Fair value change on financial liabilities measured through	-	-	-	(23,864)	-	-	(23,864)
於2018年12月31日	At 31 December 2018	1,000,000	1,296	3,052	-	-	-	1,004,348

34. 經營租賃

本集團作為承租人

於各報告期末，本集團根據有關租賃場所不可撤銷之經營租約於下列期間到期之未來最低租賃付款承擔如下：

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
一年以內	Within one year	117,116	61,656
二至五年（包括首尾兩年）	In the second year to fifth year inclusive	165,907	91,093
五年以上	Over five years	593	7,577
		283,616	160,326

經營租賃付款指本集團就若干辦公場所及員工宿舍應付的租金。租金按照固定租賃期限1個月至10年商定。

34. OPERATING LEASES

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follow:

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated with fixed lease term ranged from 1 month to 10 years.

35. 資本承擔

已訂約但未撥備：
物業及設備

Contracted but not provided for:
Property and equipment

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
		381,335	1,300

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36. 或然負債

於2018年12月31日，本集團就武漢的二手房轉讓為個人物業買家獲取按揭貸款批准向銀行提供財務擔保，總額為人民幣5,970,000元（2017年：人民幣85,301,000元）。於綜合財務報表刊發日期，於2018年3月31日的財務擔保人民幣5,970,000元隨後已解除。

本集團管理層經考慮擔保的性質及有關事實及情況後，認為違約概率較低，因此，於初步確認日期的公允價值並不重大，且於截至2018年及2017年12月31日止年度初步確認後並無計提撥備。

37. 退休福利計劃

本集團於中國的僱員為中國政府運營的國家管理退休福利計劃成員。本公司位於中國的附屬公司須按工資成本的指定百分比向退休福利計劃供款，以提供福利資金。本集團就該等退休福利計劃的唯一義務為作出指定供款。

於截至2018年12月31日止年度，本集團向計劃作出的供款總額及自損益扣除的成本為本集團按計劃規則指定比率已付或應付計劃的供款。截至2018年12月31日止年度，本集團作出的退休福利計劃供款為人民幣387,061,000元（2017年：人民幣311,496,000元）。

38. 關聯方披露

(a) 關聯方結餘

與關聯方的尚未償還結餘詳情載於綜合財務狀況表附註21。

36. CONTINGENT LIABILITIES

As at 31 December 2018, the Group provided financial guarantees to banks for individual property buyers in obtaining mortgage approval with aggregate amount of RMB5,970,000 (2017: RMB85,301,000) in relation to the secondary real estate transfer in Wuhan. As at the date of the issuance of the consolidated financial statements, the financial guarantees amounting to RMB5,970,000 as at 31 December 2018 had been subsequently released.

The management of the Group has, taking into account the nature of the guarantee and relevant facts and circumstances, considered that the probabilities of default to be low and therefore, the fair value of which on initial date of recognition was insignificant and also there was no provision made subsequent to initial recognition during the year ended 31 December 2018 and 2017.

37. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Company's subsidiaries situated in the PRC are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

During the year ended 31 December 2018, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to RMB387,061,000 (2017: RMB311,496,000) for the year ended 31 December 2018.

38. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in note 21.

38. 關聯方披露 (續)

(b) 關聯方交易

於年內，本集團曾與其關聯方訂立下列交易。

(i) 廣告服務、代理收入及諮詢服務所得

廣告服務

38. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions

During the year, the Group entered into the following transactions with its related parties.

(i) Advertising service, agency revenue, consulting service earned

Advertising service

		截至12月31日止年度 Year ended 31 December		
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	
		關係 Relationship		
上海樂榮信息技術有限公司 (「樂榮」)	Shanghai Lerong Information Technology Co., Ltd.* (上海樂榮信息技術有限公司) (“Lerong”)	(iii)	3,498	22
寧波易居臣信房地產經紀有限公司	Ningbo E-House Chenxin Real Estate Broker Co., Ltd.* (寧波易居臣信房地產經紀有限公司)	(iii)	690	1,331
陝西臣信房地產經紀有限公司	Shanxi Chenxin Real Estate Broker Co., Ltd.* (陝西臣信房地產經紀有限公司)	(iii)	7	3,272
廣州新臣房地產經紀有限公司 (「廣州新臣」)	Guangzhou Xinchun Real Estate Broker Co., Ltd.* (廣州新臣房地產經紀有限公司) (“Guangzhou Xinchun”)	(iii)	249	484
杭州怡生樂居廣告有限公司 (「杭州怡生」)	Hangzhou Yisheng Leju Advertising Co., Ltd.* (杭州怡生樂居廣告有限公司) (“Hangzhou Yisheng”)	(iii)	-	1,119
南昌易臣房地產經紀有限公司 (「南昌易臣」)	Nanchang Yichen Real Estate Broker Co., Ltd.* (南昌易臣房地產經紀有限公司) (“Nanchang Yichen”)	(iii)	-	152
北京臣信房地產經紀有限公司 (「北京臣信」)	Beijing Chenxin Real Estate Broker Co., Ltd.* (北京臣信房地產經紀有限公司) (“Beijing Chenxin”)	(iii)	376	-
合肥臣信房地產經紀有限公司	Hefei Chenxin Real Estate Broker Co., Ltd.* (合肥臣信房地產經紀有限公司)	(iii)	24	-
合肥怡生樂居廣告有限公司	Hefei Yisheng Leju Advertising Co., Ltd.* (合肥怡生樂居廣告有限公司)	(iii)	37	-
武漢怡生樂居廣告有限公司	Wuhan Yisheng Leju Advertising Co., Ltd.* (武漢怡生樂居廣告有限公司)	(iii)	-	329
易居臣信房地產經紀(上海)有限公司 (「易居臣信」)	E-House Chenxin Real Estate Broker (Shanghai) Co., Ltd.* (易居臣信房地產經紀(上海)有限公司) (“E-House Chenxin”)	(iii)	-	4,736
重慶安邦	Chongqing Anbang	(iii)	-	1,138
			4,881	12,583

* English name is for identification purpose only

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38. 關聯方披露 (續)

38. RELATED PARTY DISCLOSURES
(Continued)

(b) 關聯方交易 (續)

(b) Related party transactions (Continued)

(i) 廣告服務、代理收入及諮詢服務所得 (續)

(i) Advertising service, agency revenue, consulting service earned (Continued)

代理收入

Agency revenue

		截至12月31日止年度 Year ended 31 December		
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	
		關係 Relationship		
中國恒大集團有限公司的聯屬公司	China Evergrande Group's affiliates	(i)	1,751,261	不適用 N/A
萬科企業股份有限公司的聯屬公司	China Vanke Co., Ltd.'s affiliates	(i)	93,174	不適用 N/A
碧桂園控股有限公司的聯屬公司	Country Garden Holdings Company Limited's affiliates	(i)	93,264	不適用 N/A
上海城開	Shanghai Urban	(ii)	16,774	23,389
廣州新臣	Guangzhou Xinchen	(iii)	953	-
南昌易臣	Nanchang Yichen	(iii)	34	-
嘉興怡生樂居網路科技有限公司	Jiaxing Yisheng Internet Technology Co., Ltd. [#] (嘉興怡生樂居網路科技有限公司)	(iii)	61	-
蘇州微點	Suzhou Weidian	(i)	3	-
樂榮	Lerong	(iii)	793	-
武漢帷米商務信息諮詢有限公司	Wuhan Weimi Information Technology Co., Ltd. [#] (武漢帷米商務信息諮詢有限公司)	(i)	3	-
易居臣信	E-House Chenxin	(iii)	917	14,762
重慶安邦	Chongqing Anbang	(iii)	78	-
杭州怡生	Hangzhou Yisheng	(iii)	34	123
鄭州樂居廣告有限公司	Zhengzhou Leju Advertising Co., Ltd. [#] (鄭州樂居廣告有限公司)	(iii)	81	49
			1,957,430	38,323

[#] English name is for identification purpose only

38. 關聯方披露 (續)

(b) 關聯方交易 (續)

(i) 廣告服務、代理收入及諮詢服務所得 (續)

諮詢服務

38. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

(i) Advertising service, agency revenue, consulting service earned (Continued)

Consulting service

		截至12月31日止年度 Year ended 31 December	
關係 Relationship		2018年	2017年
		人民幣千元 RMB'000	人民幣千元 2017 RMB'000
碧桂園控股有限公司的聯屬公司	Country Garden Holdings Company Limited's affiliates	(i) 3,085	不適用 N/A
中國恒大集團有限公司的聯屬公司	China Evergrande Group's affiliates	(i) 2,254	不適用 N/A
上海城開	Shanghai Urban	(ii) 13,338	3,153
萬科企業股份有限公司的聯屬公司	China Vanke Co., Ltd.'s affiliates	(i) 2,081	不適用 N/A
杭州怡生	Hangzhou Yisheng	(iii) 75	66
珠海怡生樂居網路資訊有限公司	Zhuhai Yisheng Internet Information Co., Ltd. [#] (珠海怡生樂居網路資訊有限公司)	(iii) 11	-
房教	Fangjiao	(i) 6	-
北京臣信	Beijing Chengxin	(iii) -	281
尚林	Shanglin	(i) 1,125	-
廣州樂怡居信息科技有限公司	Guangzhou Leyiju Information Technology Co., Ltd. [#] (廣州樂怡居信息科技有限公司)	(iii) -	1,412
廣州雲灣信息科技有限公司	Guangzhou Yunwan Information Technology Co., Ltd. [#] (廣州雲灣信息科技有限公司)	(i) 281	-
杭州瑞居房地產經紀有限公司 (「杭州瑞居」)	Hangzhou Rui Ju Real Estate Broker Co., Ltd. [#] (杭州瑞居房地產經紀有限公司) (「Hangzhou Ruiju」)	(iii) -	12
南京安岳房地產經紀有限公司	Nanjing Anyue Real Estate Broker Co., Ltd. [#] (南京安岳房地產經紀有限公司)	(iii) -	233
天津臣信房地產經紀有限公司 (「天津臣信」)	Tianjin Cheng Xin Real Estate Broker Co., Ltd. [#] (天津臣信房地產經紀有限公司) (「Tianjin Chenxin」)	(iii) 150	66
易居臣信	E-House Chenxin	(iii) -	328
重慶安邦	Chongqing Anbang	(iii) -	230
		22,406	5,781

[#] English name is for identification purpose only

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38. 關聯方披露 (續)

38. RELATED PARTY DISCLOSURES
(Continued)

(b) 關聯方交易 (續)

(b) Related party transactions (Continued)

(ii) 所產生服務成本 (主要包括員工培訓及發展成本)

(ii) Service cost incurred (including mainly staff training and development cost)

		截至12月31日止年度 Year ended 31 December		
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000	
		關係 Relationship		
太德文化	TED Culture	(i)	4,752	4,120
河北德滬文化傳播有限公司 (「河北德滬」)	Hebei Dehu Culture Communication Co., Ltd. [#] (河北德滬文化傳播有限公司) (“Hebei Dehu”)	(i)	127	1,985
房教	Fangjiao	(i)	3,706	1,803
廈門怡生樂居網路科技有限公司 (「廈門怡生」)	Xiamen Yisheng Internet Technology Co., Ltd. [#] (廈門怡生樂居網路科技有限公司) (“Xiamen Yisheng”)	(iii)	1,000	755
易居研究院	E-House Academy	(i)	146	185
鑿創	Yunchuang	(i)	–	152
華策	Huace	(i)	50	144
樂榮	Lerong	(iii)	–	94
中房智業	Zhongfang Zhiye	(i)	943	67
城香	Chengxiang	(i)	–	58
上海寶庫文化發展股份有限公司 (「寶庫」)	Shanghai Treasure Culture Development Inc. [#] (上海寶庫文化發展股份有限公司) (“Baoku”)	(i)	10	47
北京怡生樂居信息服務有限公司	Beijing Yisheng Leju Information Services, Ltd. [#] (北京怡生樂居信息服務有限公司)	(iii)	–	39
易居管理	E-House Management	(i)	8	15
北京凌誌通成教育科技有限公司	Beijing Lingzhi Tongcheng Education Technology Co., Ltd. [#] (北京凌誌通成教育 科技有限公司)	(i)	68	–
上海克而瑞軟件技術有限公司	CRIC Software Technology Co., Ltd. [#] (上海克而瑞軟件技術有限公司)	(i)	472	–
尚林	Shanglin	(i)	–	7
帷米	Weimi	(i)	1	–
易進	Yijin	(i)	1	–
北京易傑優	Beijing EJU	(i)	242	–
易居臣信	E-house Chenxin	(iii)	94	–
			11,620	9,471

[#] English name is for identification purpose only

38. 關聯方披露 (續)

(b) 關聯方交易 (續)

(iii) 所產生租金開支

		截至12月31日止年度 Year ended 31 December	
	關係 Relationship	2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
亦可科技	Yike Technology	32,402	29,929
易倉	Yicang	1,833	1,704
		34,235	31,633

附註：

- (i) 本公司股東控制的實體，其對本公司實施重大影響力。
- (ii) 本集團非全資附屬公司的非控股股東，其對本集團的附屬公司實施重大影響力。
- (iii) 於本集團於2018年7月20日於聯交所上市後，樂居的聯屬公司不再被識別為本集團的關聯方。

(iv) 易居管理及北京易傑優的託收代理安排

業務轉讓完成後，易居管理及北京易傑優已就該等未完成一手房代理合同作為代表本集團的託收代理人。

(v) 由關聯方所提供資產進行擔保及質押

於2017年12月31日，本公司同系附屬公司易居管理就本集團的銀行借款人民幣450,000,000元向銀行提供公司擔保。銀行借款已於2018年5月24日前悉數償還。

38. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

(iii) Rental expenses incurred

Notes:

- (i) Entities controlled by shareholders of the Company which exercises significant influence over the Company.
- (ii) Non-controlling shareholder of a non-wholly owned subsidiary of the Group which exercises significant influence over the subsidiary of the Group.
- (iii) After the Group was listed on Stock Exchange on 20 July 2018, Leju's affiliates are no longer identified as related parties to the Group.

(iv) Collection agency arrangement with E-House Management and Beijing EJU

Subsequent to the completion of the Business Transfer, E-House Management and Beijing EJU, had acted as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts.

(v) Guarantees and pledged of assets provided by related parties

At 31 December 2017, E-House Management, a fellow subsidiary of the Company, had provided corporate guarantees to banks in respect of the Group's bank borrowings amounted to RMB450,000,000. The bank borrowings have been fully repaid by 24 May 2018.

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38. 關聯方披露 (續)

(c) 主要管理人員補償

於年內主要管理人員(指本公司董事及本集團主要執行人員)的薪酬如下:

		截至12月31日止年度 Year ended 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
薪金、花紅及其他津貼	Salaries, bonus and other allowances	20,826	18,660
退休福利計劃供款	Retirement benefit scheme contributions	481	503
以股權結算的股份付款開支	Equity-settled share-based payment expenses	85,886	–
		107,193	19,163

董事及主要執行人員的薪酬根據個人表現和市場趨勢確定。

38. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the year was as follows:

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

39. 本公司的財務狀況表及儲備

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
非流動資產	Non-current asset		
於附屬公司的權益	Interest in a subsidiary	10,486,273	7
應收債券	Bond receivables	129,291	–
		10,615,564	7
流動資產	Current assets		
其他應收款項	Other receivables	1,207,941	42
應收關聯方款項	Amounts due from related parties	–	167,815
按公允價值計入損益的金融資產	Financial assets at FVTPL	253,740	–
現金及現金等價物	Cash and cash equivalent	1,151,127	1,086,692
		2,612,808	1,254,549
流動負債	Current liabilities		
其他應付款項	Other payables	13,792	1,253,850
應付關聯方款項	Amounts due to related parties	45,695	768
		59,487	1,254,618
流動資產(負債)淨額	Net current asset (liabilities)	2,553,321	(69)
總資產(負債)	Total assets (liabilities)	13,168,885	(62)
資本及儲備	Capital and reserves		
股本	Share capital	98	76
股份溢價	Share premium	5,098,146	–
儲備	Reserves	8,070,641	(138)
總權益	Total equity	13,168,885	(62)

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39. 本公司的財務狀況表及儲備 (續)

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

本公司儲備的變動

Movements of the Company's reserves

		股份溢價 人民幣千元 Share premium RMB'000	其他儲備 人民幣千元 Other reserves RMB'000	累積虧損 人民幣千元 Accumulated losses RMB'000	合計 人民幣千元 Total RMB'000
於2017年1月1日	At 1 January 2017	-	-	(114)	(114)
年內虧損及全面 開支總額	Loss and total comprehensive expense for the year	-	-	(15)	(15)
有條件發行股份 (附註29)	Conditional issue of shares (note 29)	-	(9)	-	(9)
於2017年12月31日	At 31 December 2017	-	(9)	(129)	(138)
期內虧損及全面開支 總額	Loss and total comprehensive expense for the period	-	-	(447,873)	(447,873)
有條件投資基金所得 款項撥入股份溢價	Conversion of conditional investment fund received into share premium	1,229,977	9	-	1,229,986
自本公司直屬母公司 獲得的注資	Capital contribution received from the immediate parent of the Company	-	8,357,013	-	8,357,013
確認以股權結算的股份 付款開支	Recognition of equity-settled share-based payment expenses	-	161,630	-	161,630
本公司發行股份	Issue of shares of the Company	4,037,270	-	-	4,037,270
發行新股的成本	Cost of issuing new shares	(169,101)	-	-	(169,101)
於2018年12月31日	At 31 December 2018	5,098,146	8,518,643	(448,002)	13,168,787

40. 主要附屬公司詳情

於本報告期末，本公司於下列主要附屬公司擁有直接及間接權益。

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

附屬公司名稱	註冊成立/ 成立日期及地點	已發行及繳足 股本/註冊資本	於以下日期本集團應佔股權		主要活動
			12月31日	12月31日	
Name of subsidiaries	Date and place of incorporation/ establishment	Issued and fully paid share capital/registered capital	Equity interest attributable to the Group as at 31 December		Principal activities
			2018年 2018	2017年 2017 (附註a) (note a)	
直接擁有					
Directly held					
Fangyou (BVI)	英屬維爾京群島， 2010年2月8日	1,000美元	100%	50%	投資控股
Fangyou (BVI)	BVI, 8 February 2010	USD1,000	100%	50%	Investment holding
間接擁有					
Indirectly held					
杭州易居永創房地產營銷策劃有限公司 (附註c)	中國杭州 2008年7月18日	人民幣5,000,000元	100%	50%	房地產代理
Hangzhou E-House Yongchuang Real Estate Sales and Marketing Co., Ltd.* (note c) (杭州易居永創房地產營銷策劃有限公司)	Hangzhou, the PRC, 18 July 2008	RMB5,000,000	100%	50%	Real estate agents
武漢易居投資有限公司 (附註c)	中國武漢， 2004年1月15日	人民幣5,000,000元	100%	50%	房地產銷售、房地產代理
Wuhan E-House Investment Co., Ltd.* (note c) (武漢易居投資有限公司)	Wuhan, the PRC, 15 January 2004	RMB5,000,000	100%	50%	Real estate sales, real estate agent
河南易居房地產顧問有限公司 (附註c)	中國鄭州， 2005年7月7日	人民幣2,000,000元	100%	50%	房地產代理、房地產營銷
Henan E-House Real Estate Consultancy Co., Ltd.* (note c) (河南易居房地產顧問有限公司)	Zhengzhou, the PRC, 7 July 2005	RMB2,000,000	100%	50%	Real estate agents, real estate marketing
天津易居金岳房地產經紀有限公司 (附註c)	中國天津， 2008年2月19日	人民幣103,878,000元	100%	50%	房地產營銷、房地產代理、
Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd.* (note c) (天津易居金岳房地產經紀有限公司)	Tianjin, the PRC, 19 February 2008	RMB103,878,000	100%	50%	Real estate marketing, real estate agent
易居祥悅 (附註c)	中國上海， 2010年1月18日	人民幣50,000,000元	100%	50%	房地產
E-House Xiangyue (note c)	Shanghai, the PRC, 18 January 2010	RMB50,000,000	100%	50%	Real estate
海南易居旅遊地產經紀有限公司 (附註c)	中國海南， 2010年6月9日	人民幣20,000,000元	100%	50%	旅遊地產代理
Hainan E-House Tourism Real Estate Brokerage Co., Ltd.* (note c) (海南易居旅遊地產經紀有限公司)	Hainan, the PRC, 9 June 2010	RMB20,000,000	100%	50%	Tourism real estate agents

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40. 主要附屬公司詳情 (續) 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiaries	註冊成立/ 成立日期及地點 Date and place of incorporation/ establishment	已發行及繳足 股本/註冊資本 Issued and fully paid share capital/registered capital	於以下日期本集團應佔股權 12月31日 Equity interest attributable to the Group as at 31 December		主要活動 Principal activities (附註a) (note a)
			2018年 2018	2017年 2017 (附註a) (note a)	
山西易居金岳房地產經紀有限公司 (附註c)	中國山西， 2013年1月31日	人民幣3,000,000元	100%	50%	房地產代理、房地產信息諮詢
Shanxi E-House Jinyue Real Estate Brokerage Co., Ltd.* (note c) (山西易居金岳房地產經紀有限公司)	Shanxi, the PRC, 31 January 2013	RMB3,000,000	100%	50%	Real estate agents, real estate information consulting
易居企業(中國)集團 (附註b)	中國上海， 2006年7月3日	人民幣660,000,000元	100%	50%	技術開發
PRC Holdco (note b)	Shanghai, the PRC, 3 July 2006	RMB660,000,000	100%	50%	Technology development
南京金岳房地產銷售有限公司 (附註c)	中國南京， 2004年4月29日	人民幣5,000,000元	100%	50%	房地產銷售代理
Nanjing Jinyue Real Estate Sales Co., Ltd.* (note c) (南京金岳房地產銷售有限公司)	Nanjing, the PRC, 29 April 2004	RMB5,000,000	100%	50%	Real estate sales agents
安徽易居金岳房地產營銷策劃有限公司 (附註c)	中國安徽， 2015年8月25日	人民幣5,000,000元	100%	50%	房地產營銷、房地產代理
Anhui E-House Jinyue Real Estate Sales and Marketing Co., Ltd.* (note c) (安徽易居金岳房地產營銷策劃有限公司)	Anhui, the PRC, 25 August 2015	RMB5,000,000	100%	50%	Real estate marketing, real estate agents
上海大乘房地產經紀有限公司 (附註c)	中國上海， 2015年11月16日	人民幣50,000,000元	100%	50%	房地產
Shanghai Dacheng Real Estate Marketing Brokerage Co., Ltd.* (note c) (上海大乘房地產經紀有限公司)	Shanghai, the PRC, 16 November 2015	RMB50,000,000	100%	50%	Real estate
濟南金岳房地產經紀有限公司 (附註c)	中國濟南， 2003年5月27日	人民幣5,000,000元	100%	50%	房地產代理
Jinan Jinyue Real Estate Brokerage Co., Ltd.* (note c) (濟南金岳房地產經紀有限公司)	Jinan, the PRC, 27 May 2003	RMB5,000,000	100%	50%	Real estate agents
陝西易居不動產投資顧問有限公司 (附註c)	中國陝西， 2006年12月4日	人民幣3,000,000元	100%	50%	房地產代理、房地產信息
Shanxi E-House Real Estate Marketing Investment Consultancy Co., Ltd.* (note c) (陝西易居不動產投資顧問有限公司)	Shaanxi, the PRC, 4 December 2006	RMB3,000,000	100%	50%	Real estate agents, real estate information
中房研協 (附註c)	中國北京， 2010年8月17日	人民幣30,000,000元	51%	25.5%	信息開發、諮詢
Zhongfangyanxie (note c)	Beijing, the PRC, 17 August 2010	RMB30,000,000	51%	25.5%	Information development, consulting

English name is for identification purpose only

40. 主要附屬公司詳情 (續)

附註：

- a) 於2016年10月31日，易居企業(中國)集團的直接控股公司CRE BVI已將合計50%的易居企業(中國)集團股本權益轉讓予若干獨立第三方，但未失去控制權。因此，於2017年12月31日，本公司擁有人應佔本集團股本權益減少了50%。

於2018年3月3日，本公司的全資附屬公司香港房友分別自CRE BVI及若干獨立第三方收購了易居企業(中國)集團50%及50%的股本權益。據此，於2018年3月31日，本公司擁有人應佔本集團股本權益從50%增至100%。上表載列本公司董事認為對本集團業績或資產有主要影響的附屬公司。董事認為，如提供其他附屬公司的詳情，則將導致細節過於冗長。

- b) 該公司為外商獨資企業。
c) 該等公司為有限公司。

於年末概無附屬公司發行任何債務證券。

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

- a) On 31 October 2016, PRC Holdco's immediate holding company, CRE BVI, had transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control. As a result, the Group's equity interest attributable to owner of the Company reduced by 50% as at 31 December 2017.

On 3 March 2018, Hong Kong Fangyou, a wholly-owned subsidiary of the Company, acquired 50% equity interests of PRC Holdco from CRE BVI and 50% equity interest of PRC Holdco from a number of independent third parties. As a result, the Group's equity interest attributable to owners of the Company increased from 50% to 100% as at 31 March 2018. The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

- b) The company is a wholly owned foreign enterprise.
c) The companies are limited liability companies.

None of the subsidiaries had issued any debt securities at the end of the year.

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41. 擁有重大非控股權益的非全資附屬公司詳情

下表顯示本集團擁有重大非控股權益的非全資附屬公司的詳情：

附屬公司名稱	Name of subsidiary	註冊成立地點及 主要營業地點 Place of incorporation and principal place of business	透過非控股權益持有的所有 權益及投票權比例		分配至非控股權益的利潤 (虧損)		累積非控股權益	
			Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
易居企業(中國)集團*	PRC Holdco*	中國上海 Shanghai, the PRC	不適用 N/A	50%	32,648	350,025	-	1,047,636
易居企業(中國)集團 的非全資附屬公司	Non-wholly owned subsidiaries of PRC Holdco							
中房研協及其附屬 公司	Zhongfangyanxie and its subsidiary		49%	49%	102,490	59,386	146,667	88,110
其他	Others						(2,973)	1,767
							143,694	1,137,513

中房研協由易居企業(中國)集團持有51%及由中國房地產協會持有49%。

* 不包括易居企業(中國)集團的非全資附屬公司的非控股權益。

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Zhongfangyanxie was held as to 51% by PRC Holdco and 49% by China Real Estate Association (中國房地產協會).

* excluding non-controlling interests of non-wholly owned subsidiaries of PRC Holdco.

41. 擁有重大非控股權益的非全資附屬公司詳情 (續)

有關本集團擁有重大非控股權益的附屬公司財務資料概要載列如下。

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below.

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
	易居企業(中國)集團及其附屬公司 PRC Holdco and its subsidiaries		
流動資產	Current assets	N/A 不適用	4,423,291
非流動資產	Non-current assets	N/A 不適用	642,556
流動負債	Current liabilities	N/A 不適用	(2,904,479)
非流動負債	Non-current liabilities	N/A 不適用	(219)
本公司擁有人應佔權益	Equity attributable to owners of the Company	N/A 不適用	1,023,636
易居企業(中國)集團的非控股權益(不包括與易居企業(中國)集團的非全資附屬公司相關的非控股權益)	Non-controlling interests of PRC Holdco (excluding those related to PRC Holdco's non-wholly owned subsidiaries)	N/A 不適用	1,047,636
易居企業(中國)集團非全資附屬公司的非控股權益	Non-controlling interests of PRC Holdco's non-wholly owned subsidiaries	N/A 不適用	89,877

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41. 擁有重大非控股權益的非全資附屬公司詳情 (續)

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

	易居企業(中國)集團及其附屬公司	自2018年 1月1日至 2018年 3月31日的期間 人民幣千元 For the period from 1 January 2018 to 31 March 2018 RMB'000	截至2017年 12月31日 止年度 人民幣千元 Year ended 31 December 2017 RMB'000
收入	Revenue	930,202	4,633,193
開支	Expenses	(744,989)	(3,869,882)
期內/年內利潤及全面收益總額	Profit and total comprehensive income for the period/year	185,213	763,311
本公司擁有人應佔利潤及全面收益總額	Profit and total comprehensive income attributable to owners of the Company	126,713	350,025
易居企業(中國)集團非控股權益(不包括與易居企業(中國)集團的非全資附屬公司相關的非控股權益)應佔利潤及全面收益總額	Profit and total comprehensive income attributable to the non-controlling interests of PRC Holdco (excluding those related to PRC Holdco's non-wholly owned subsidiaries)	32,648	350,025
易居企業(中國)集團非全資附屬公司非控股權益應佔利潤及全面收益總額	Profit and total comprehensive income attributable to the non-controlling interests of PRC Holdco's non-wholly owned subsidiaries	25,852	63,261
期內/年內利潤及全面收益總額	Profit and total comprehensive income for the period/year	185,213	763,311

41. 擁有重大非控股權益的
非全資附屬公司詳情
(續)

41. DETAILS OF NON-WHOLLY OWNED
SUBSIDIARIES THAT HAVE MATERIAL
NON-CONTROLLING INTERESTS
(Continued)

		截至2018年 3月31日 止三個月期間 人民幣千元 For the three-month period ended 31 March 2018 RMB'000	截至2017年 12月31日 止年度 人民幣千元 Year ended 31 December 2017 RMB'000
易居企業(中國)集團及其附屬公司 PRC Holdco and its subsidiaries			
付予易居企業(中國)集團非控股 權益股息	Dividends paid to non-controlling interests of PRC Holdco	–	(28,951)
經營活動產生的現金流入(流出) 淨額	Net cash inflow (outflow) from operating activities	45,563	(56,809)
投資活動產生的現金(流出) 流入淨額	Net cash (outflow) inflow from investing activities	(1,281)	4,572
融資活動產生的現金流入(流出) 淨額	Net cash inflow (outflow) from financing activities	91,642	(150,469)
現金流入(流出)淨額	Net cash inflow (outflow)	135,924	(202,706)

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41. 擁有重大非控股權益的非全資附屬公司詳情 (續)

中房研協及其附屬公司(為易居企業(中國)集團非全資附屬公司的重要組成部分)的財務資料概述如下。下表概述的財務資料呈列集團內公司間沖銷前的款項。

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised financial information of Zhongfangyanxie and its subsidiary, being a significant component of the non-wholly owned subsidiary of PRC Holdco. The summarised financial information below presented amounts before intra-group eliminations.

		於12月31日 As at 31 December	
		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
中房研協及其附屬公司	Zhongfangyanxie and its subsidiary		
流動資產	Current assets	302,065	194,395
非流動資產	Non-current assets	1,822	2,840
流動負債	Current liabilities	(4,567)	(17,419)
本公司擁有人應佔權益	Equity attributable to owners of the Company	152,653	91,706
中房研協的非控股權益	Non-controlling interests of Zhongfangyanxie	146,667	88,110

41. 擁有重大非控股權益的非全資附屬公司詳情 (續)

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

		截至12月31日止年度 Year ended 31 December	
中房研協及其附屬公司 Zhongfangyanxie and its subsidiary		2018年 人民幣千元 2018 RMB'000	2017年 人民幣千元 2017 RMB'000
收入	Revenue	333,222	209,099
開支	Expenses	(124,058)	(87,903)
年內利潤及全面收益總額	Profit and total comprehensive income for the year	209,164	121,196
本公司擁有人應佔利潤及全面收益總額	Profit and total comprehensive income attributable to owners of the Company	106,674	61,810
中房研協非控股權益應佔利潤及全面收益總額	Profit and total comprehensive income attributable to the non-controlling interests of Zhongfangyanxie	102,490	59,386
年內利潤及全面收益總額	Profit and total comprehensive income for the year	209,164	121,196
派付予中房研協非控股權益的股息	Dividends paid to non-controlling interests of Zhongfangyanxie	(43,933)	(25,521)
經營活動產生的現金流入淨額	Net cash inflow from operating activities	211,379	122,192
融資活動產生的現金流出淨額	Net cash outflow from financing activities	(102,296)	(52,398)
現金流入淨額	Net cash inflow	109,083	69,794

42. 主要非現金交易

42. MAJOR NON-CASH TRANSACTIONS

於截至2018年12月31日止年度，主要非現金交易主要包括添置投資物業，該等物業為先前獲得的抵押且轉讓自物業開發商客戶，分別用以結算本集團的未收回應收賬款人民幣2,645,000元（2017年：人民幣11,940,000元）。有關該安排的詳情載於附註20。

During the years ended 31 December 2018, the major non-cash transactions mainly include the addition of investment properties which were collateral previously obtained and were transferred from property developer customers as settlement of the Group's outstanding accounts receivables in the amount of RMB2,645,000 (2017: RMB11,940,000). Details of the arrangement are set out in note 20.

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43. 報告期後事項

除綜合財務報表其他地方所披露者外，以下事件發生於報告期末後：

- 1) 於2019年2月28日，本公司發行於2021年到期的200百萬美元7.75厘優先票據。本公司發行優先票據的所得款項總額（發售價為優先票據本金額的98.424%）在扣除包銷折扣及其他估計開支後將約為196.8百萬美元（相當於約人民幣1,316.6百萬元）。
- 2) 於2019年3月5日，易居企業（中國）集團與上海萬科企業有限公司（「上海萬科」，為本公司股東Capital Valley (Cayman) Limited的間接控股公司，該公司對本公司行使重大影響力）及上海唯家房地產諮詢有限公司（「上海唯家」，上海萬科的直接全資附屬公司）訂立有關上海唯家註冊資本由人民幣10百萬元建議增加至總額人民幣50百萬元的注資協議，其中人民幣15百萬元由上海萬科注資及人民幣25百萬元由易居企業（中國）集團注資（「增資」）。

於增資完成後，上海萬科及易居企業（中國）集團將持有上海唯家的50%股權。

本公司董事在評估增資所產生的財務影響。

43. EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

- 1) On 28 February 2019, the Company issued US\$200 million 7.75% senior notes due 2021. The gross proceeds of the issue of the senior notes by the Company, with the offering price of 98.424% of the principal amount of the senior notes, before deducting underwriting discounts and other estimated expenses, will amount to approximately US\$196.8 million (equivalent to RMB1,316.6 million).
- 2) 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"), which is an indirect holding company of Capital Valley (Cayman) Limited, a shareholder of the Company which exercises significant influence over the Company, 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 proposed increase in registered capital of Shanghai Weijia from RMB10 million to an aggregate amount of RMB50 million, of which, RMB15 million to be contributed by Shanghai Vanke and RMB25 million to be contributed by PRC Holdco ("Capital increase").

Upon completion of the Capital Increase, each of Shanghai Vanke and PRC Holdco will hold 50% of the equity interests in Shanghai Weijia.

The directors of the Company is in the process of assessing the financial impact arising from the Capital Increase.

English name is for identification purpose only

四年財務概要 FOUR YEAR FINANCIAL SUMMARY

本集團於過去四個財政年度之業績、資產及負債概要如下：

A summary of the results, assets and liabilities of the Group for the last four financial years is as follows:

		截至12月31日止年度 For the year ended 31st December,			
		2015年 2015 人民幣千元 RMB'000	2016年 2016 人民幣千元 RMB'000	2017年 2017 人民幣千元 RMB'000	2018年 2018 人民幣千元 RMB'000
業績	RESULTS				
收入	Revenue	2,716,446	3,996,129	4,633,360	5,948,172
除稅前溢利	Profit before tax	289,225	788,805	971,257	1,472,961
所得稅開支	Income tax expense	(112,071)	(216,636)	(205,951)	(391,308)
本年度利潤及全面收益總額	Profit and total comprehensive income for the year	177,154	572,169	765,306	1,081,653
下列人士應佔：	Attributable to:				
本公司擁有人	Owners of the Company	165,209	486,969	352,020	950,312
非控股股東權益	Non-controlling interests	11,945	85,200	413,286	131,341
		177,154	572,169	765,306	1,081,653
		於12月31日 At 31st December,			
		2015年 2015 人民幣千元 RMB'000	2016年 2016 人民幣千元 RMB'000	2017年 2017 人民幣千元 RMB'000	2018年 2018 人民幣千元 RMB'000
資產及負債	ASSETS AND LIABILITIES				
資產總值	Total assets	2,750,594	4,288,328	6,339,924	11,818,602
負債總額	Total liabilities	(1,849,574)	(2,826,120)	(4,177,301)	(3,802,997)
權益總額	Total equity	901,020	1,462,208	2,162,623	8,015,605
下列人士應佔：	Attributable to:				
本公司擁有人	Owners of the Company	847,261	706,030	1,025,110	7,871,911
非控股股東權益	Non-controlling interests	53,759	756,178	1,137,513	143,694
		901,020	1,462,208	2,162,623	8,015,605

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the Prospectus.

Deloitte.**德勤**

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF E-HOUSE (CHINA) ENTERPRISE HOLDINGS LIMITED (FORMERLY KNOWN AS "FANGYOU INFORMATION TECHNOLOGY COMPANY LIMITED"), CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CREDIT SUISSE (HONG KONG) LIMITED

Introduction

We report on the historical financial information of E-House (China) Enterprise Holdings Limited (formerly known as "Fangyou Information Technology Company Limited") (the "Company"), its subsidiaries and the real estate agency services in the primary market business carried out by E-House (China) Enterprise Management Group Co., Ltd.[#] (易居(中國)企業管理集團有限公司) (formerly known as Shanghai Real Estate Consultancy & Sales (Group) Co., Limited (上海房屋銷售(集團)有限公司)) ("E-House Management") and Beijing EJU Enterprise Management Consulting Co., Ltd.[#] (北京易杰優企業管理諮詢有限公司) (formerly known as Beijing Jinyue Real Estate Brokerage Co., Ltd.[#] (北京金岳房地產經紀有限公司)) ("Beijing EJU") (the "Primary Business") (together, the "Group") set out on pages I-4 to I-101, which comprises the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 31 March 2018, the statements of financial position of the Company as at 31 December 2015, 2016 and 2017 and 31 March 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2017 and the three-month period ended 31 March 2018 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-101 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 10 July 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

[#] English name is for identification purpose only

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, true and fair view of the Company's and the Group's financial position as at 31 December 2015, 2016 and 2017 and 31 March 2018 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three-month period ended 31 March 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review 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. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the entities now comprising the Group in respect of the Track Record Period. No dividends have been paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 July 2018

HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			For the three-month period ended 31 March	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Revenue	5	2,716,446	3,996,129	4,633,360	854,794	930,202
Staff costs		(1,736,714)	(2,401,923)	(2,623,332)	(500,588)	(503,388)
Advertising and promotion expenses		(125,551)	(130,539)	(236,053)	(29,231)	(30,378)
Operating lease charges in respect of office premises		(86,837)	(94,133)	(105,571)	(25,248)	(26,613)
Depreciation and amortisation expenses		(27,258)	(24,190)	(27,870)	(9,308)	(6,291)
Loss allowance on financial assets measured at amortised cost	8A	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)
Consultancy expenses		(158,180)	(176,464)	(224,424)	(37,003)	(29,801)
Distribution expenses		–	(24,967)	(51,726)	(9,174)	(20,676)
Other operating costs		(215,794)	(253,812)	(284,539)	(53,741)	(52,735)
Other income	7	22,219	39,270	38,256	1,612	17,586
Other gains and losses	8B	(4,432)	(2,519)	3,355	496	(21,726)
Other expenses		(4,877)	(3,801)	(8,831)	(4,126)	(1)
Listing expenses		–	–	–	–	(17,406)
Share of result of associates		92	(531)	148	158	(1,638)
Finance costs	9	(26,448)	(29,756)	(21,650)	(6,642)	(5,551)
Profit before taxation		289,225	788,805	971,257	171,326	219,441
Income tax expense	10	(112,071)	(216,636)	(205,951)	(36,228)	(67,066)
Profit and total comprehensive income for the year/period	11	177,154	572,169	765,306	135,098	152,375
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Company		165,209	486,969	352,020	56,000	93,875
Non-controlling interests		11,945	85,200	413,286	79,098	58,500
		<u>177,154</u>	<u>572,169</u>	<u>765,306</u>	<u>135,098</u>	<u>152,375</u>
Earnings per share	14					
– Basic (RMB cents)		16.52	53.20	70.40	11.20	13.54
– Diluted (RMB cents)		N/A	N/A	N/A	N/A	8.81

STATEMENTS OF FINANCIAL POSITION

	Notes	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Non-current assets									
Property and equipment	15	55,802	65,148	62,249	57,541	-	-	-	-
Investment properties	16	5,266	12,581	18,688	18,213	-	-	-	-
Goodwill	17	5,109	5,109	5,109	5,109	-	-	-	-
Intangible assets	18	16,895	11,206	5,744	4,488	-	-	-	-
Interests in associates	19	4,893	5,962	11,015	9,377	-	-	-	-
Amounts due from related parties . .	21	84,978	85,495	-	15,868	-	-	-	-
Deferred tax assets	26	208,255	350,179	504,234	470,842	-	-	-	-
Other non-current assets	20	15,396	17,663	31,669	25,811	-	-	-	-
Investment in a subsidiary	38 (a)	-	-	-	-	7	7	7	9,318,225
		396,594	553,343	638,708	607,249	7	7	7	9,318,225
Current assets									
Accounts receivables and bills									
receivables	20	1,392,244	2,290,708	3,308,002	2,231,579	-	-	-	-
Other receivables	20	25,259	40,668	71,590	87,951	-	-	42	4,879
Amounts due from related parties . .	21	470,241	365,040	379,070	1,319,609	631	674	167,815	160,871
Financial assets mandatorily									
measured at fair value through									
profit or loss	22	-	-	20,000	20,000	-	-	-	-
Restricted bank balances	23	500	63,623	131,264	82,720	-	-	-	-
Cash and cash equivalents	23	465,756	974,946	1,791,290	3,182,165	1	2	1,086,692	93,255
		2,354,000	3,734,985	5,701,216	6,924,024	632	676	1,254,549	259,005
Current liabilities									
Accounts payables	24	68,484	109,614	174,561	119,493	-	-	-	-
Advance from customers		36,255	64,541	83,468	105,967	-	-	-	-
Accrued payroll and welfare									
expenses		536,728	961,546	1,161,640	806,523	-	-	-	-
Other payables	24	124,146	253,518	1,604,386	2,162,229	-	-	1,253,850	21,487
Tax payables		301,891	567,929	405,733	372,027	-	-	-	-
Amounts due to related parties . . .	21	331,557	478,606	297,294	312,855	726	790	768	778
Bank borrowings	25	160,000	390,000	450,000	550,000	-	-	-	-
		1,559,061	2,825,754	4,177,082	4,429,094	726	790	1,254,618	22,265
Net current assets (liabilities) . . .		794,939	909,231	1,524,134	2,494,930	(94)	(114)	(69)	236,740
Total assets less current									
liabilities		1,191,533	1,462,574	2,162,842	3,102,179	(87)	(107)	(62)	9,554,965
Non-current liabilities									
Bank borrowings	25	290,000	-	-	-	-	-	-	-
Deferred tax liabilities	26	513	366	219	182	-	-	-	-
		290,513	366	219	182	-	-	-	-
Net assets (liabilities)		901,020	1,462,208	2,162,623	3,101,997	(87)	(107)	(62)	9,554,965
Capital and reserves									
Paid-in/share capital	27	226,263	330,007	330,076	76	7	7	76	76
Share premium		-	-	-	1,229,977	-	-	-	1,229,977
Reserves		620,998	376,023	695,034	1,756,215	(94)	(114)	(138)	8,324,912
Equity attributable to owners									
of the Company		847,261	706,030	1,025,110	2,986,268	(87)	(107)	(62)	9,554,965
Non-controlling interests		53,759	756,178	1,137,513	115,729	-	-	-	-
Total equity		901,020	1,462,208	2,162,623	3,101,997	(87)	(107)	(62)	9,554,965

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Statutory surplus reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note a)	(note b)	(note c)				
At 1 January 2015	226,263	-	749,827	129,665	175,205	764,894	2,045,854	52,606	2,098,460
Profit and total comprehensive income for the year	-	-	-	-	-	165,209	165,209	11,945	177,154
Dividend recognised as distribution (note 13)	-	-	-	-	-	(600,000)	(600,000)	-	(600,000)
Dividend recognised as distribution to non-controlling shareholders	-	-	-	-	-	-	-	(21,966)	(21,966)
Transferred to statutory surplus reserve	-	-	-	14,457	-	(14,457)	-	-	-
Recognition of equity-settled share-based payment expenses issued by E-House (China) Holdings Limited ("E-House (China) Holdings") and Leju Holdings Limited ("Leju") (note 28)	-	-	-	-	18,019	-	18,019	-	18,019
Capital injection by non-controlling shareholders of a subsidiary of the Group (note d)	-	-	-	-	15,826	-	15,826	11,174	27,000
Disposal of subsidiaries under common control (note 32)	-	-	-	-	10,876	-	10,876	-	10,876
Effect of Group Reorganisation (as defined in note 1b) (note e & i)	-	-	(118,223)	-	-	-	(118,223)	-	(118,223)
Deemed distribution upon completion of Business Transfer (note f)	-	-	(640,423)	-	-	(49,877)	(690,300)	-	(690,300)
At 31 December 2015	226,263	-	(8,819)	144,122	219,926	265,769	847,261	53,759	901,020
Profit and total comprehensive income for the year	-	-	-	-	-	486,969	486,969	85,200	572,169
Dividend recognised as distribution to non-controlling shareholders	-	-	-	-	-	-	-	(19,167)	(19,167)
Transferred to statutory surplus reserve	-	-	-	23,838	-	(23,838)	-	-	-
Recognition of equity-settled share-based payment expenses issued by E-House (China) Holdings and Leju (note 28)	-	-	-	-	7,696	-	7,696	-	7,696
Proportional capital contribution by non-controlling shareholder	-	-	-	-	-	-	-	490	490
Disposal of equity interest in E-House Enterprise (China) Group Co., Ltd.# (易居企業(中國)集團有限公司) ("PRC Holdco") without losing control (note g)	(113,128)	-	-	-	-	(522,768)	(635,896)	635,896	-
Capitalisation of retained earnings and statutory surplus reserve of PRC Holdco into a joint stock company (note h)	216,872	-	-	(45,438)	-	(171,434)	-	-	-
At 31 December 2016	330,007	-	(8,819)	122,522	227,622	34,698	706,030	756,178	1,462,208

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	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Statutory surplus reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note a)	(note b)	(note c)				
At 1 January 2017	330,007	-	(8,819)	122,522	227,622	34,698	706,030	756,178	1,462,208
Profit and total comprehensive income for the year	-	-	-	-	-	352,020	352,020	413,286	765,306
Dividend recognised as distribution to non-controlling shareholders	-	-	-	-	-	-	-	(28,951)	(28,951)
Transferred to statutory surplus reserve	-	-	-	14,264	-	(14,264)	-	-	-
Issue of shares of the Company	69	-	-	-	(9)	-	60	-	60
Effect of Group Reorganisation (note i)	-	-	(33,000)	-	-	-	(33,000)	(3,000)	(36,000)
At 31 December 2017	330,076	-	(41,819)	136,786	227,613	372,454	1,025,110	1,137,513	2,162,623
Profit and total comprehensive income for the period	-	-	-	-	-	93,875	93,875	58,500	152,375
Capital contribution received from the immediate parent of the Company (note j)	-	-	8,357,013	-	-	-	8,357,013	-	8,357,013
Effect of Group Reorganisation (note j)	(330,000)	-	(7,389,716)	-	-	-	(7,719,716)	(1,080,284)	(8,800,000)
Conversion of conditional investment fund received into share premium (note j)	-	1,229,977	-	-	9	-	1,229,986	-	1,229,986
At 31 March 2018	76	1,229,977	925,478	136,786	227,622	466,329	2,986,268	115,729	3,101,997
For the three-month period ended 31 March 2017 (unaudited)									
At 1 January 2017	330,007	-	(8,819)	122,522	227,622	34,698	706,030	756,178	1,462,208
Profit and total comprehensive income for the period	-	-	-	-	-	56,000	56,000	79,098	135,098
At 31 March 2017	330,007	-	(8,819)	122,522	227,622	90,698	762,030	835,276	1,597,306

note a: Merger reserve represents (1) the difference in the fair value of the consideration paid or payable/received or receivable to/from its related parties under common control for the acquisition/disposal of subsidiaries/businesses controlled by E-House (China) Holdings and the share capital of the acquired/disposed subsidiaries/businesses, (2) the deemed contribution by E-House (China) Holdings of the assets and liabilities related to the Primary Business of E-House Management and Beijing EJU and (3) the deemed contribution by CRE Corp (as defined in note 1a).

As of 1 January 2015, merger reserve mainly represented (1) paid in capital of Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd# (天津易居金岳房地產經紀有限公司) ("Tianjin Jinyue"), an entity under common control of E-House (China) Holdings, amounted to RMB103,878,000 and Shanghai Lituo Real Estate Brokerage Co., Ltd# (上海勵拓房地產經紀有限公司) ("Shanghai Lituo") amounted to RMB5,000,000, and (2) deemed contribution of the assets and liabilities related to the Primary Business amounted to RMB640,423,000.

note b: In accordance with the Articles of Association of the subsidiaries established in the People's Republic of China ("PRC"), the subsidiaries are required to transfer at least 10% of their profit after tax in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC before any distribution of dividends to owner each year to statutory surplus reserve until the reserve reaches 50% of their respective registered capital. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

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note c: *Other reserves represent:*

- (i) *the difference between (1) the amount by which non-controlling interests are adjusted and (2) the fair value of the consideration received and the equity attributable to owner of the Company are adjusted when the Group disposed of partial equity interest of existing subsidiaries that the Group did not result in losing control over those subsidiaries as equity transactions;*
- (ii) *the deemed capital contribution from E-House (China) Holdings and Leju in relation to their share options granted to the Group's employees and directors, and pursuant to the agreements dated on 28 November 2006 and 1 December 2013, respectively, the Group was not required to repay to E-House (China) Holdings and Leju.*

As of 1 January 2015, other reserves mainly represents the deemed capital contribution from E-House (China) Holdings and Leju, as a result of their share options previously issued to the Group's employees and directors, amounted to RMB175,133,000;

- (iii) *the deemed distribution of assets and liabilities of the Primary Business retained by E-House Management and Beijing EJU upon completion of the Business Transfer (as detailed in note 1b).*
- (iv) *the difference between the consideration received and the net assets of subsidiaries disposed to entities under common control of E-House (China) Holdings; and*
- (v) *the conditionally issued share capital of the Company (details in note 27(c)).*

note d: *During the year ended 31 December 2015, Shanghai Zhuxiang Information Technology Co., Ltd[#] (上海築想信息科技股份有限公司) ("Shanghai Zhuxiang"), a subsidiary of the Group issued registered capital of RMB27,000,000 to an independent third party, causing the Group's equity interests in Shanghai Zhuxiang decreased from 60% to 49.18%. On the same date, the Group entered into an act-in-concert agreement with another shareholder of Shanghai Zhuxiang in which the Group had obtained 9.02% of shareholders' voting rights from another shareholder of Shanghai Zhuxiang, and have obtained 58.2% voting rights of Shanghai Zhuxiang in total. As at the date of capital injection by non-controlling shareholder, Shanghai Zhuxiang changed from a net liability position of RMB23,540,000 to a net asset position of RMB3,460,000, resulting in a net increase in non-controlling interests by RMB11,174,000. Accordingly, the difference in the consideration and increase in non-controlling interests amounted to RMB15,826,000 has been credited to other reserves.*

note e: *During the year ended 31 December 2015, the Group acquired:*

- (i) *100% equity interest of Shanghai Lituo from Shanghai Ted Lituo Internet Technology Inc.[#] (上海太德勵拓互聯網科技股份有限公司) ("TED"), a fellow subsidiary of the Group which was under common control of E-House (China) Holdings, for a consideration of RMB4,223,000. As at 1 January 2015, merger reserve included the paid in capital of Shanghai Lituo amounted to RMB5,000,000.*

Prior to the Group's acquisition, Shanghai Lituo was 100% held by Shanghai Chengxiang Commercial Real Estate Broker Co., Ltd.[#] (上海城香商用房地產經紀有限公司) ("Chengxiang"), a fellow subsidiary of the Group which was under common control of E-House (China) Holdings and Chengxiang had contributed additional RMB10,000,000 to Shanghai Lituo during the year ended 31 December 2015.

The consideration of RMB4,223,000 paid net of the additional capital contribution of RMB10,000,000 received by Shanghai Lituo, totalling RMB5,777,000 had been credited to merger reserve during the year ended 31 December 2015; and

- (ii) *100% equity interest of Tianjin Jinyue from a fellow subsidiary of the Group which was under common control of E-House (China) Holdings for a consideration of RMB160,000,000. As at 1 January 2015, merger reserve included the paid in capital of Tianjin Jinyue amounted to RMB103,878,000. During the year ended 31 December 2015, the consideration of RMB160,000,000 had been debited to merger reserve. The Group paid RMB6,405,000 and RMB153,595,000 during the year ended 31 December 2015 and 2016, respectively.*

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note f: Upon completion of the Business Transfer, the remaining assets and liabilities with net assets value of RMB618,755,000 were retained by E-House Management and Beijing EJU and have been accounted for as deemed distribution to the then shareholders of E-House Management and Beijing EJU. On 31 December 2015, the Group acquired the Primary Business of E-House Management and Beijing EJU with an aggregate net liabilities value at RMB71,545,000 as at that date. E-House Management and Beijing EJU will pay a consideration of RMB71,545,000 to the Group. Such amount has not yet been received as at the date of this report and included in "amounts due from related parties" in note 21(b).

note g: On 31 October 2016, PRC Holdco's immediate holding company, E-House (China) Information Technology Co., Ltd., ("CRE BVI"), had transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control. This transaction resulted in the recognition of 50% non-controlling interests of PRC Holdco amounting to RMB635,896,000, which RMB113,128,000 debited to share capital and RMB522,768,000 debited to retained earnings.

note h: On 22 December 2016, pursuant to an extraordinary general meeting of PRC Holdco, it was resolved and approved PRC Holdco to convert from a limited liability company into a joint stock company. Taken into account the 50% equity interest of the PRC Holdco was transferred by CRE BVI to a number of independent third parties as detailed in note (g), it resulted in an overall effect of capitalising the retained earnings and statutory surplus reserves of RMB171,434,000 and RMB45,438,000, respectively, totalling RMB216,872,000 in share capital.

note i: On 6 January 2015, PRC Holdco disposed of its 100% equity interests of Shanghai Fangjia Information Technology Co., Ltd.# (上海昉加信息科技有限公司) ("Shanghai Fangjia") to Shanghai Fangjia Information Technique Co., Ltd.# (上海方加信息技术有限公司) ("Fangjia Technique"), a fellow subsidiary of the Group which was under common control of E-House (China) Holdings, for a consideration of RMB36,000,000 which had been credited to merger reserve.

On 30 September 2017, the Group acquired 100% equity interests of Shanghai Fangjia from Fangjia Technique with the consideration of RMB36,000,000. Taken into account the 50% equity interest of the PRC Holdco was transferred by CRE BVI to a number of independent third parties as detailed in note (g), it resulted in an overall effect of RMB33,000,000 and RMB3,000,000 debited to merger reserves and non-controlling interests, respectively.

note j: In March 2018, CRE Corp (as defined in note 1a) contributed HK\$10,300,000,000 (equivalent to RMB8,357,013,000) to the Company, credited to merger reserve, for the Group to complete the Group Reorganisation (as defined in note 1b). On 5 March 2018, Hong Kong Fangyou Software Technology Company Limited (香港房友軟件技術有限公司) ("Hong Kong Fangyou"), a wholly-owned subsidiary of the Company, acquired 50% equity interests of PRC Holdco from CRE BVI and 50% equity interests of PRC Holdco from a number of independent third parties for a total consideration of RMB8,800,000,000. This resulted in the derecognition of 50% non-controlling interests of PRC Holdco amounting to RMB1,080,284,000 and 50% share capital of PRC Holdco amounting to RMB330,000,000. The difference of consideration paid, derecognition of 50% non-controlling interests and 50% share capital of PRC Holdco amounting to RMB7,389,716,000 had been debited to merger reserve. The Group Reorganisation has then been completed on that date. The Group paid RMB6,908,000,000 during the three-month period ended 31 March 2018 and the remaining balance of RMB1,892,000,000 was paid before 19 April 2018.

On 5 March 2018, upon completion of acquisition of 100% equity interests in PRC Holdco by Hong Kong Fangyou, the conditional investment fund received previously classified as financial liabilities at FVTPL at a carrying amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to equity, accordingly.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
OPERATING ACTIVITIES					
Profit before taxation	289,225	788,805	971,257	171,326	219,441
Adjustments for:					
Depreciation of property and equipment	17,392	18,242	21,862	7,772	4,883
Depreciation of investment properties	4,259	238	305	101	152
Amortisation of intangible assets	5,607	5,710	5,703	1,435	1,256
Share of result of associates	(92)	531	(148)	(158)	1,638
(Gain) loss on disposal of investment properties	(2,181)	388	(1,787)	(636)	(75)
(Gain) loss on disposal of property and equipment	(86)	47	(65)	101	(116)
Exchange difference	–	–	16,651	–	45,781
Interest income	(4,551)	(4,191)	(6,122)	(1,206)	(2,844)
Finance costs	26,448	29,756	21,650	6,642	5,551
Investment gain on money market fund	(197)	–	–	–	–
Impairment loss on financial assets measured at amortised cost	63,441	103,959	119,866	10,673	12,143
Impairment loss on investment properties	7,290	2,053	602	42	–
Changes in fair value of financial liabilities measured at FVTPL	–	–	(17,027)	–	(23,864)
Equity-settled share-based payment expenses	18,019	7,696	–	–	–
Operating cash flows before movements in working capital	424,574	953,234	1,132,747	196,092	263,946
(Increase) decrease in amounts due from related parties	(2,486)	(61,203)	29,321	59,834	(732)
(Decrease) increase in amounts due to related parties	(68,539)	78,002	(40,485)	(48,883)	18,476
Decrease (increase) in other non-current assets	204,322	(2,865)	(16,400)	(9,420)	(9,970)
(Increase) decrease in accounts receivables and bills receivables	(550,267)	(1,013,053)	(1,141,085)	193,383	125,921
Decrease (increase) in other receivables	11,549	(16,243)	(35,716)	(727)	(11,391)
Increase (decrease) in accounts payables	7,329	41,108	64,947	24,195	(55,068)
Increase in advances from customers	14,534	28,286	18,927	38,524	22,499
Increase (decrease) in accrued payroll and welfare expenses	209,443	424,818	200,094	(229,507)	(355,117)
Increase (decrease) in other payables	73,624	66,063	29,427	43,716	(35,952)
Cash generated from (used in) operations	324,083	498,147	241,777	267,207	(37,388)
Interest received	4,551	4,191	5,553	1,206	2,844
Income tax paid	(33,468)	(92,669)	(522,348)	(156,980)	(67,417)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	295,166	409,669	(275,018)	111,433	(101,961)

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
INVESTING ACTIVITIES					
Investment gain and proceeds on disposal of financial assets measured at FVTPL	7,211	–	–	–	–
Proceeds from disposal of property and equipment	2,810	852	3,228	55	1,425
Proceeds from disposal of investment properties	16,000	3,800	6,713	3,096	398
Advance to related parties	(1,402,884)	(66,980)	(2,520)	–	(12,692)
Repayments from related parties	1,089,935	225,114	40,189	–	10,929
Proceeds arising from disposal of an associate	–	–	96	96	–
Interest received	–	–	569	–	–
Purchase of and deposits placed for property and equipment	(6,468)	(27,106)	(18,462)	(7,667)	(1,341)
Purchase of intangible assets	(299)	(21)	(241)	–	–
Capital injection to associates	(1,180)	(1,600)	(5,000)	–	–
Purchase of convertible note measured at FVTPL	–	–	(20,000)	–	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(294,875)	134,059	4,572	(4,420)	(1,281)
FINANCING ACTIVITIES					
New bank borrowings raised	450,000	100,000	450,000	100,000	200,000
Repayments of bank borrowings	(220,000)	(160,000)	(390,000)	(10,000)	(100,000)
Advance from related parties	620,673	1,681,013	1,040,181	11,870	1,544
Repayment to related parties	(379,814)	(1,458,371)	(1,163,981)	(45,387)	(4,459)
Proceed from conditional capital injection by independent third parties recognised as financial liabilities (note 24)	–	–	1,253,850	–	–
Proceed from paid up capital of Shanghai Lituo contributed by Chengxiang	10,000	–	–	–	–
Proceeds arising from disposal of subsidiaries (note 32)	3,138	5,000	–	–	–
Capital injection by CRE Corp	–	–	–	–	8,357,013
Capital injection by non-controlling shareholders	27,000	490	–	–	–
Proceeds from disposal of a subsidiary to a related party under common control	36,000	–	–	–	–
Proceeds from issue of shares	–	–	60	–	–
Interest paid	(25,680)	(29,874)	(21,718)	(6,523)	(5,442)
Issue costs paid	–	–	–	–	(758)
Dividends paid	(600,000)	–	–	–	–
Dividends paid to a non-controlling shareholder of a subsidiary	(21,966)	(19,167)	(28,951)	–	–
Consideration paid for the acquisition of subsidiaries under common control	(10,628)	(153,595)	(36,000)	–	(6,908,000)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(111,277)	(34,504)	1,103,441	49,960	1,539,898
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(110,986)	509,224	832,995	156,973	1,436,656
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	576,766	465,756	974,946	974,946	1,791,290
EFFECT OF EXCHANGE RATE CHANGE	(24)	(34)	(16,651)	3	(45,781)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD REPRESENTED BY CASH AND CASH EQUIVALENTS	465,756	974,946	1,791,290	1,131,922	3,182,165

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**1a. General Information**

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 addresses of the Company's registered office and the principal place of business are disclosed in the section "Corporate Information" in the Prospectus. Pursuant to a special resolution dated 14 December 2017, the name of the Company has been changed from Fangyou Information Technology Company Limited to E-House (China) Enterprise Holdings Limited. The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company.

The Company, through its subsidiaries, offers a wide range of services to the real estate industry, including real estate agency services in the primary market, real estate data and consulting services, and real estate brokerage network services in the PRC.

The immediate parent of the Company is China Real Estate Information Corporation ("CRE Corp"), a limited liability company incorporated in the Cayman Islands on 21 August 2008, which is held and controlled by E-House (China) Holdings, a limited liability company incorporated in the Cayman Islands on 27 August 2004, and was previously listed on the New York Stock Exchange on 8 August 2007 and subsequently delisted on 12 August 2016.

1b. Group Reorganisation and Basis of Preparation and Presentation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 3 which conform with IFRSs and the principles of merger accounting (details are set out below).

In preparing for the initial listing of the shares of the Company on the Stock Exchange (the "Listing"), the companies comprising the Group underwent a group reorganisation as described below ("Group Reorganisation").

The major steps of Group Reorganisation comprised the following steps:

- On 6 January 2015, PRC Holdco disposed of its 100% equity interests of Shanghai Fangjia to Fangjia Technique, a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings. The consideration of the disposal was RMB36,000,000 and had been fully paid in 2015.
- On 17 September 2015, Shanghai E-House Xiangyue Real Estate Sales Co., Ltd.[#] (上海易居祥悅房屋銷售有限公司) ("E-House Xiangyue") acquired 100% equity interest of Shanghai Lituo from TED, a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings. The consideration of the acquisition was RMB4,223,000 and had been fully paid in 2015. Prior to the Group's acquisition, Shanghai Lituo was 100% held by Chengxiang, a fellow subsidiary of the Group which was under common control of E-House (China) Holdings, and Chengxiang had contributed additional RMB10,000,000 to Shanghai Lituo during the year ended 31 December 2015.
- On the same date, Hebei E-House Jinyue Real Estate Broker Co., Ltd.[#] (河北易居金岳房地產經紀有限公司) ("Hebei Jinyue"), a wholly-owned subsidiary of E-House Xiangyue, acquired 100% equity interest of Tianjin Jinyue from E-House (China) Management Company Limited[#] (易居(中國)管理有限公司) (formerly known as E-House Real Estate Ltd.) ("E-House Management Holdco"), a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings. The consideration of the acquisition was RMB160,000,000. The Group paid RMB6,405,000 and RMB153,595,000 during the year ended 31 December 2015 and 2016, respectively.
- On 31 December 2015, certain subsidiaries of the Group with E-House Management and Beijing EJU entered into a business transfer agreement, E-House Management and Beijing EJU transferred their Primary Business to certain subsidiaries of the Group and ceased to carry out any Primary Business

[#] English name is for identification purpose only

thereafter (“Business Transfer”), except that E-House Management and Beijing EJU continued to act as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts (see note 21(b) for details). Pursuant to which the Group will assume their Primary Business, labour work force, acquired certain property and equipment and assumed the obligation in respect of the outstanding accrued payroll that are specifically identified to the Primary Business. The net liabilities being transferred to the Group amounted to RMB71,545,000. As a result, E-House Management and Beijing EJU will pay a consideration of RMB71,545,000 to the Group for this Business Transfer. The Business Transfer had been completed on 31 December 2015. The consideration receivables had not yet been received as at the date of this report and was included in amounts due from related parties of non-trade nature in note 21(b) as at 31 December 2017 and 31 March 2018. As represented by the management of the Group, the consideration receivable would be settled prior to the Listing.

- On 31 October 2016, PRC Holdco’s immediate holding company, CRE BVI has transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control, for a total consideration of RMB4,000,000,000. This transaction diluted the Group’s interest attributable to CRE BVI and therefore, resulted in the recognition of 50% non-controlling interests of PRC Holdco amounting to RMB635,896,000.
- On 30 September 2017, PRC Holdco acquired 100% equity interest of Shanghai Fangjia from Fangjia Technique, a fellow subsidiary of the Group and a wholly-owned subsidiary of E-House (China) Holdings. The consideration of the acquisition was RMB36,000,000 and had been fully paid in 2017.
- On 6 November 2017, it was resolved that (i) the Company subdivided its shares on the basis that every share of US\$1 each into 100,000 shares of US\$0.00001 each; (ii) subsequent to the share subdivision, the Company increased its total authorised share capital from US\$1,000 to US\$10,000 by the creation of an additional of 900,000,000 shares of US\$9,000 of US\$0.00001 each, each ranking pari passu with the then shares in issue in all respect and (iii) the Company issued 900,000,000 shares of US\$9,000 of US\$0.00001 each to CRE Corp. On 1 December 2017, (i) the authorised share capital of the Company was increased from US\$10,000 to US\$11,446 by the creation of an additional of 144,600,000 shares of US\$0.00001 each, each ranking pari passu with the then shares in issue in all respects and (ii) the Company conditionally issued 48,200,000 number of shares to each of Captain Valley (Cayman) Limited (a subsidiary of China Vanke Co., Ltd.), Jovial Idea Developments Limited (a subsidiary of China Evergrande Group) and Heyday Surge Limited (a nominee of Country Garden Holdings Company Limited) at US\$0.00001 per share. On 5 January 2018, Heyday Surge Limited transferred its 48,200,000 conditional shares of the Company to Country Garden (Hong Kong) Development Company Limited (a subsidiary of Country Garden Holdings Company Limited).
- In March 2018, CRE Corp contributed HK\$10,300,000,000 (equivalent to RMB8,357,013,000) to the Company as to enable the Group to have adequate funding to complete the Group Reorganisation.
- On 5 March 2018, being the completion date of Group Reorganisation, Hong Kong Fangyou, a wholly-owned subsidiary of the Company, acquired 100% equity interests of PRC Holdco for a consideration of RMB8,800,000,000. The Group paid RMB6,908,000,000 during the three-month period ended 31 March 2018 and the remaining balance of RMB1,892,000,000 was paid before 19 April 2018. As at 31 March 2018, the unpaid amount of RMB1,892,000,000 is included in “accounts and other payables” in note 24.

In respect of the Business Transfer completed on 31 December 2015, the Historical Financial Information aims to include assets, liabilities, income and expenses that are related to and specifically identified for the Primary Business of E-House Management and Beijing EJU. During the year ended 31 December 2015, apart from the Primary Business, E-House Management and Beijing EJU also have certain function or business which are not directly related to, nor form part of, the Group’s principal businesses (the “Other Operation”). E-House Management and Beijing EJU had designated separate management structure in the Primary Business and Other Operation and maintained separate books and records for income and expenses of the Primary Business and Other Operation. Income tax expense of the Primary Business was calculated based on the tax rate of E-House Management and Beijing EJU as if a separate tax reporting entity. To the extent that the assets and liabilities that are specifically identified to the Primary Business of E-House Management and Beijing EJU, such items are included in the Historical Financial Information as at 1 January 2015 and 31 December 2015 and for the year then ended. To the extent that the assets and liabilities that are impracticable to identify specifically, these items are not included in the Historical Financial Information of the Group. The Group had segregated the relevant financial information of the Other Operation, to the extent possible, from the historical financial information of E-House Management and Beijing EJU for the preparation of the Historical Financial Information of the Group to be included in the Historical Financial Information.

The management of the Group believes that the allocation basis presents a reasonable basis in presenting and incorporating the results, assets and liabilities of the Primary Business of E-House Management and Beijing EJU as at 1 January 2015 and 31 December 2015 and for the year then ended in the Historical Financial Information of the Group.

The abovementioned combined entities, Primary Business carried out by E-House Management and Beijing EJU and the Company are under common control of E-House (China) Holdings before and after the Group Reorganisation. Therefore, the acquisition of the abovementioned combined entities and Primary Business are accounted for as business combination under common control by applying the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period including the results, changes in equity and cash flows of the companies and the Primary Business comprising the Group, on the basis stated above, as if the Company had always been the holding company of the Group and the group structure upon completion of the Group Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of establishment, incorporation or acquisition, where this is a shorter period.

The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the companies and the Primary Business comprising the Group, on the basis stated above, as if the Company had always been the holding company of the Group and the group structure upon completion of the Group Reorganisation had been in existence at those dates taking into account the respective dates of establishment, incorporation or acquisition, where applicable.

No statutory audited financial statements were issued for the Company since the Company is incorporated in a jurisdiction where there is no statutory audit requirement.

2. APPLICATION OF NEW AND REVISED IFRSs

Application of IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has applied all International Accounting Standards (“IASs”), IFRSs and amendments that are effective for the Group’s accounting periods beginning on 1 January 2018, consistently throughout the Track Record Period.

New and revised 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.

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after 1 January 2021.

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. 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 principle and an interest portion which will be presented as financing cash flows, respectively.

In contrast to lessee accounting, 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 March 2018, the Group has non-cancellable operating lease commitments of RMB153,479,000 as disclosed in note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence 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 RMB18,064,000 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 and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The management of the Group assessed that, if IFRS 16 had been initially adopted on 31 March 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 as at 31 March 2018.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, except for financial assets at FVTPL that are measured at fair value, at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "*Share-based Payment*" leasing transactions that are within the scope of IAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "*Inventories*" or value in use in IAS 36 "*Impairment of Assets*".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders and other parties; and
- Rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The Historical Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less any identified impairment loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the CGU within group of CGUs in which the Group monitors goodwill).

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which

includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "*Impairment of Assets*" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.

Control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

Revenue from real estate agency services in the primary market is recognised at a point in time when the service is rendered and (a) the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts, since only by that time the Group has a present right to payment from the property developers for the services performed. The Group's commission rate receivable is variable based on a pre-agreed sales target. Prior to the Group's sales met the agreed sales target, the Group will recognise revenue based on a lower commission rate. Until when the sales target is met, the Group will recognise the incremental revenue, representing the variable considerations, at the higher commission rate on the performance obligations satisfied in previous periods.

Revenue from real estate consultancy services is recognised at a point in time when the service is rendered and the customer (i.e. the property developers) has received and endorsed the consultancy report, since only by that time the Group has a present right to payment for the services performed.

Revenue from real estate data services is recognised over time (i.e. the subscription period) because the customer (i.e. the property developers) simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from real estate brokerage network services is recognised at a point in time when the legal title of real estate property is transferred, since only by that time the Group has a present right to payment from the small to medium-sized secondary real estate brokerage stores for the services performed.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Retirement benefits costs

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Equity-settled share-based payment transactions*Share options/restricted shares granted to employees*

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments in respect of share options/restricted shares determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

For share options/restricted shares of E-House (China) Holdings and Leju, a fellow subsidiary of the Company, granted to employees of the Group, the Group recognises services rendered and deemed capital contribution by reference to the fair value of share options/restricted shares granted at the grant date. When share options are exercised or certified or when the restricted shares are vested, the amount previously recognised in other reserves will continue to be held in other reserves.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before taxation" as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and impairment losses, if any. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research expenditure

Expenditure on research activities is recognised as an expense in the year/period in which it is incurred.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined in the manner described in note 22.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item.

Impairment of financial assets

The Group always recognises lifetime ECL for accounts receivables. The ECL on accounts receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ("12m ECL"). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For the date that the Group becomes a party to the financial guarantee contracts is considered to be the date of initial recognition for the purposes of assessing the financial guarantee contract for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for

financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's accounts receivables, bills receivables, amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) and other receivables are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for accounts receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

For financial liabilities measured as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss in note 8 for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Judgements in determining the performance obligations and timing of satisfaction of performance obligations

Note 3 describes the revenue recognition basis to each of the Group's revenue stream. The recognition of each of the Group's revenue stream requires judgement by the management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company consider the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For the real estate agency services in the primary market, although such services includes certain promotional and marketing activities (including formulating and executing marketing and sales strategies) to facilitate the sales transaction of first-hand property units for the property developers, the respective service fee was either included in the pre-determined commission rate of the transaction price of each property unit sold or the respective cost of services was repayable to the Group on reimbursement basis. Therefore, the management of the Group assessed that the promotional and marketing services were not distinct and account for all the services performed as a single performance obligation. In addition, the management of the Group has assessed that the Group has a present right to payment from property developers for the service performed and (a) when the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions of different agency contracts. Therefore, the management of the Group has satisfied that the performance obligation in respective of the real estate agency services in the primary market income is satisfied at a point in time. In addition, few property developer customers may settle a minor portion of the amounts due for a period of more than 1 year. However, the management of the Group has considered that the amount of consideration, the cash price of the property agency services and the prevailing interest rate in the property market in the PRC, and have satisfied that the financing component is not significant at contract level.

For the real estate consultancy services, the management of the Group has assessed that the Group has a present right to payment from property developers for the services performed upon the time when the customer have received and endorsed the consultancy report. Therefore, the management of the Group has satisfied that there was only a single performance obligation, and the respective real estate consultancy services income is satisfied at a point in time.

For the real estate data services, the management of the Group has assessed that the customers (i.e. the property developers) simultaneously receive and consume benefit provided by the Group's performance as the Group performs. The Group is required to provide necessary services to the customers over the subscription period. Therefore, the management of the Group have satisfied that the performance obligation in respect of the fee-based subscription income is satisfied over time and have recognised such income on a straight-line basis over the subscription period.

For the real estate brokerage network services, the management of the Group has assessed that the Group has a present right to payment from the small and medium-sized secondary real estate brokerage stores for the services performed upon the time when the legal title of the secondary real estate property is transferred. Therefore, the directors of the Company have satisfied that there was only a single performance obligation, and the respective of the secondary real estate brokerage services income is satisfied at a point in time.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated loss allowance of debt instruments measured at amortised cost

Management estimates the amount of loss allowance for ECL on debt instruments (including accounts receivables, bills receivables, amounts due from related parties, other receivables, other non-current assets and cash and cash equivalents) that are measured at amortised cost based on the credit risk of the respective financial instrument. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. In addition, with reference to the historical settlement patterns from these related parties under common control of E-House (China) Holdings, the management estimates the expected credit loss for amounts due from related parties which were under common control of E-House (China) Holdings is insignificant.

As at 31 December 2015, 2016 and 2017 and 31 March 2018, the carrying amount of debt instruments measured at amortised cost amounted to RMB2,440,141,000 (net of loss allowance of RMB257,328,000), RMB3,817,081,000 (net of loss allowance of RMB361,237,000), RMB5,695,273,000 (net of loss allowance of RMB480,851,000) and RMB6,905,957,000 (net of loss allowance of RMB492,994,000), respectively.

Useful lives and estimated impairment on property and equipment

The Group determines the estimated useful lives and related depreciation charges for its property and equipment. These estimates are based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives.

As at 31 December 2015, 2016 and 2017 and 31 March 2018, the carrying amount of property and equipment amounted to RMB55,802,000, RMB65,148,000, RMB62,249,000 and RMB57,541,000, respectively.

Recognition of deferred tax assets

The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are higher or less than expected, the deferred tax assets will be adjusted, accordingly and recognised the corresponding amount in the consolidated statements of profit or loss and other comprehensive income in the periods in which such a situation takes place.

As at 31 December 2015, 2016 and 2017 and 31 March 2018, the carrying amount of deferred tax assets was RMB208,255,000, RMB350,179,000, RMB504,234,000 and RMB470,842,000, respectively.

5. REVENUE

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

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Real estate agency services in the primary market, recognised at a point in time	2,336,540	3,568,575	3,926,722	654,706	734,757
Real estate data and consulting services					
– consulting services recognised at a point in time	278,993	282,773	496,984	155,502	137,224
– data services recognised over time (<i>note</i>).	100,913	113,624	132,438	30,256	30,409
	<u>379,906</u>	<u>396,397</u>	<u>629,422</u>	<u>185,758</u>	<u>167,633</u>
Real estate brokerage network services, recognised at a point in time	–	31,157	77,216	14,330	27,812
	<u>2,716,446</u>	<u>3,996,129</u>	<u>4,633,360</u>	<u>854,794</u>	<u>930,202</u>

note: The Group receives fee-based subscription fee income in relation to its proprietary CRIC systems, which are a series of proprietary real estate database and analysis system developed by the Group, for a fixed amount upon entering into the subscription contract, normally for a one year subscription period contract. The transaction price allocated to performance obligations in relation to the fee-based subscription fee income that were unsatisfied was amounted to RMB20,683,000, RMB23,485,000, RMB33,113,000 and RMB29,367,000 as at 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2018, respectively, representing the contract liabilities included in “accounts and other payables” in note 24.

Respective transaction price allocated to the unsatisfied contracts, representing the contract liabilities, as at 31 December 2015 and 2016 in the corresponding amount of RMB20,683,000 and RMB23,485,000 had been recognised as revenue on a straight-line basis over the subscription period for the years ended 31 December 2016 and 2017, respectively. As at 31 December 2017, the contract liabilities arising from the transaction price allocated to the unsatisfied contracts amounted to RMB33,113,000 of which RMB7,487,000 has been recognised as revenue on a straight-line basis over the subscription period for the three-month period ended 31 March 2018. The management expects the remaining balance of RMB25,626,000 of the contract liabilities as at 31 December 2017 will be recognised as revenue during the year ending 31 December 2018. As at 31 March 2018, the contract liabilities arising from the respective transaction price allocated to the unsatisfied contracts amounted to RMB29,367,000 will be recognised in full as revenue in the coming twelve months period.

During each of three years ended 31 December 2017 and the three-month period ended 31 March 2017 and 2018, the Group recognised the variable considerations in the reporting period from performance obligation satisfied in previous period, amounted to RMB95,483,000, RMB84,174,000, RMB141,385,000, RMB36,881,000 (unaudited) and RMB38,323,000, respectively.

6. 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 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 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 of integrating small and medium-sized secondary real estate brokerage stores in China, and empowering them with rich resources in their business operations.

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 2015

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE					
External sales	2,336,540	379,906	–	–	2,716,446
Inter-segment sales	–	53,171	–	(53,171)	–
Total	<u>2,336,540</u>	<u>433,077</u>	<u>–</u>	<u>(53,171)</u>	<u>2,716,446</u>
SEGMENT PROFIT (LOSS)	<u>358,697</u>	<u>(47,756)</u>	<u>–</u>	<u>–</u>	<u>310,941</u>
Unallocated expenses					(86)
Unallocated net exchange loss					(22)
Share of result of associates					92
Interest income					4,551
Investment gain on money market fund					197
Finance costs					(26,448)
Profit before taxation					<u>289,225</u>

For the year ended 31 December 2016

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE					
External sales	3,568,575	396,397	31,157	–	3,996,129
Inter-segment sales	–	52,161	3,532	(55,693)	–
Total	<u>3,568,575</u>	<u>448,558</u>	<u>34,689</u>	<u>(55,693)</u>	<u>3,996,129</u>
SEGMENT PROFIT (LOSS)	<u>885,852</u>	<u>54,251</u>	<u>(125,076)</u>	<u>–</u>	<u>815,027</u>
Unallocated expenses					(92)
Unallocated net exchange loss					(34)
Share of result of associates					(531)
Interest income					4,191
Finance costs					(29,756)
Profit before taxation					<u>788,805</u>

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	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	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	<u>3,927,498</u>	<u>634,023</u>	<u>79,875</u>	<u>(8,036)</u>	<u>4,633,360</u>
SEGMENT PROFIT (LOSS)	<u>950,424</u>	<u>159,327</u>	<u>(125,101)</u>	<u>–</u>	<u>984,650</u>
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					<u>971,257</u>

For the three-month period ended 31 March 2017 (unaudited)

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE					
External sales	654,706	185,758	14,330	–	854,794
Inter-segment sales	–	654	–	(654)	–
Total	<u>654,706</u>	<u>186,412</u>	<u>14,330</u>	<u>(654)</u>	<u>854,794</u>
SEGMENT PROFIT (LOSS)	<u>135,483</u>	<u>68,256</u>	<u>(27,114)</u>	<u>–</u>	<u>176,625</u>
Unallocated expenses					(24)
Unallocated net exchange gain					3
Share of result of associates					158
Interest income					1,206
Finance costs					(6,642)
Profit before taxation					<u>171,326</u>

For the three-month period ended 31 March 2018

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE					
External sales	734,757	167,633	27,812	–	930,202
Inter-segment sales	90	419	1,802	(2,311)	–
Total	<u>734,847</u>	<u>168,052</u>	<u>29,614</u>	<u>(2,311)</u>	<u>930,202</u>
SEGMENT PROFIT (LOSS)	<u>240,479</u>	<u>57,048</u>	<u>(34,197)</u>	<u>–</u>	<u>263,330</u>
Unallocated expenses					(222)
Listing expenses					(17,406)
Unallocated net exchange loss					(45,780)
Fair value gain on financial liabilities at FVTPL					23,864
Share of result of associates					(1,638)
Interest income					2,844
Finance costs					(5,551)
Profit before taxation					<u>219,441</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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 and finance costs. 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 2015

	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	12,794	14,425	–	39	27,258
Loss allowance on financial assets measured at amortised cost	34,945	28,496	–	–	63,441
(Gain) loss on disposal of property and equipment	(400)	314	–	–	(86)
Gain on disposal of investment properties	(2,181)	–	–	–	(2,181)
Impairment loss of investment properties	7,290	–	–	–	7,290
	<u>7,290</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,290</u>

For the year ended 31 December 2016

	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	6,718	13,784	3,644	44	24,190
Loss allowance on financial assets measured at amortised cost	92,150	11,305	504	–	103,959
(Gain) loss on disposal of property and equipment	(39)	86	–	–	47
Loss on disposal of investment properties	388	–	–	–	388
Impairment loss of investment properties	2,053	–	–	–	2,053
	<u>2,053</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,053</u>

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
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
	<u>8,021</u>	<u>17,890</u>	<u>1,877</u>	<u>82</u>	<u>27,870</u>

For the three-month period ended 31 March 2017 (unaudited)

	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
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation	2,526	6,174	589	19	9,308
Loss allowance on financial assets measured at amortised cost	9,612	1,289	(228)	–	10,673
Loss on disposal of property and equipment	51	50	–	–	101
Gain on disposal of investment properties	(636)	–	–	–	(636)
Impairment loss of investment properties	42	–	–	–	42
	<u>2,526</u>	<u>6,174</u>	<u>589</u>	<u>19</u>	<u>9,308</u>

For the three-month period ended 31 March 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	2,092	3,033	1,142	24	6,291
Loss allowance on financial assets measured at amortised cost	10,545	1,242	356	–	12,143
(Gain) loss on disposal of property and equipment	(224)	101	7	–	(116)
Gain on disposal of investment properties	(75)	–	–	–	(75)
	<u>2,092</u>	<u>3,033</u>	<u>1,142</u>	<u>24</u>	<u>6,291</u>

Geographical information

As all of the Group's revenue is derived from customers located in the PRC and all of the Group's identifiable non-current assets are principally located in the PRC, no geographical segment information is presented.

Information about major customers

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

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A (note)	605,769	1,074,191	1,626,497	293,059	314,455

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

7. OTHER INCOME

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest income	4,551	4,191	6,122	1,206	2,844
Government grants (note)	17,031	34,061	31,218	272	14,649
Investment gain on money market fund	197	–	–	–	–
Others	440	1,018	916	134	93
	22,219	39,270	38,256	1,612	17,586

Note: The amount represents government grants received from various PRC government authorities in connection with the enterprise development support and fiscal subsidy during the Track Record Period, which had no conditions imposed by the respective PRC government authorities.

8A. LOSS ALLOWANCE ON FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Provision) reversal for loss allowance on:					
Accounts receivables . . .	(88,417)	(99,202)	(104,626)	(17,504)	4,605
Bills receivables	(1,404)	(2,075)	(7,225)	4,433	(12,069)
Amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings)	1,525	(2,753)	(4,475)	1,211	(4,994)
Other receivables and other non-current assets	24,855	71	(3,540)	1,187	315
	<u>(63,441)</u>	<u>(103,959)</u>	<u>(119,866)</u>	<u>(10,673)</u>	<u>(12,143)</u>

8B. OTHER GAINS AND LOSSES

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Impairment loss of investment properties . . .	(7,290)	(2,053)	(602)	(42)	–
Gain (loss) on disposal of investment properties . . .	2,181	(388)	1,787	636	75
Gain (loss) on disposal of property and equipment . .	86	(47)	65	(101)	116
Net exchange gain (loss) . .	591	(31)	(14,922)	3	(45,781)
Fair value gain on financial liabilities at FVTPL	–	–	17,027	–	23,864
	<u>(4,432)</u>	<u>(2,519)</u>	<u>3,355</u>	<u>496</u>	<u>(21,726)</u>

9. FINANCE COSTS

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank borrowings	26,448	29,756	21,650	6,642	5,551

10. INCOME TAX EXPENSE

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
PRC Enterprise Income Tax ("EIT")					
Current tax	139,069	361,268	364,386	65,798	33,711
Overprovision in prior years	(719)	(2,561)	(4,233)	–	–
	138,350	358,707	360,153	65,798	33,711
Deferred tax (credit) expenses (note 26)	(26,279)	(142,071)	(154,202)	(29,570)	33,355
	112,071	216,636	205,951	36,228	67,066

Hong Kong

No provision for Hong Kong Profits Tax was made in the Historical Financial Information as the Group had no assessable profit subject to Hong Kong Profits Tax during the Track Record Period.

PRC

Save as those PRC subsidiaries disclosed below, pursuant to the EIT Law and Implementation Regulations of the Law of the PRC (the "EIT Law"), the statutory tax rate of all other PRC subsidiaries is 25% during the Track Record Period.

PRC Holdco was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of two years from 2015 to 2016 in accordance with the EIT Law and relevant regulations. For the year ended 31 December 2017, PRC Holdco had not been granted as High Technology Enterprise after the year ended 31 December 2016. Hence, the applicable tax rate of which was 25% for the year ended 31 December 2017 and for the three-month period ended 31 March 2018.

Beijing CREA Technology Services Ltd.[#] (北京中房研協技術服務有限公司) ("Zhongfangyanxie"), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of three years from 2015 to 2017 in accordance with the EIT Law and relevant regulations. Zhongfangyanxie is in the progress of applying High Technology Enterprise for the year ending 31 December 2018. As at the date of this report, the relevant application is still in the progress.

Shanghai Zhuxiang Information Technology Co., Ltd.[#] (上海築想信息科技股份有限公司) ("Shanghai Zhuxiang"), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy preferential tax policy of a period of five years from 2015 to 2019 in accordance with EIT Law and relevant regulations, to be exempted from income tax for its first two years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years. Hence, the applicable tax rate of Shanghai Zhuxiang was 0% for the years ended 31 December 2015 and 2016, while it was 12.5% for the year ended 31 December 2017 and the three-month period ended 31 March 2018.

[#] English name is for identification purpose only

Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, Chongqing E-House Investment Consultancy Co., Ltd[#] (重慶易居投資顧問有限公司), a wholly-owned PRC subsidiary of the Group, enjoys a preferential tax rate of 15% for a period of six years and three months from 1 October 2014 to 31 December 2020. Certain subsidiaries of the Group also situated in the western regions of the PRC which are approved by the relevant regulations to enjoy a preferential tax rate of 15% in the year ended 31 December 2016 and 31 December 2017 and the three-month period ended 31 March 2018. In 2015, as these subsidiaries did not apply for the preferential tax rate for the western regions of the PRC, the applicable tax rate of these subsidiaries for the year ended 31 December 2015 was 25%.

The income tax expenses over the Track Record Period can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Profit before taxation	289,225	788,805	971,257	171,326	219,441
Tax at the applicable tax rate of 25%	72,306	197,201	242,814	42,832	54,860
Tax effect at share of result of associates	(23)	133	(37)	(39)	409
Tax effect of expenses not deductible for tax purposes	9,205	8,497	12,133	1,594	16,645
Tax effect of income not taxable for tax purpose	–	–	(4,257)	–	(5,966)
Overprovision in respect of prior years	(719)	(2,561)	(4,233)	–	–
Tax effect of tax losses not recognised	25,465	27,053	10,684	6,245	4,327
Utilisation of tax losses previously not recognised	(2,774)	–	(2,037)	(11)	(62)
Tax effect of deductible temporary differences not recognised	5,999	1,549	967	481	16
Utilisation of deductible temporary differences previously not recognised	(874)	(1,559)	(1,598)	(1,059)	(884)
Tax effect of tax concession granted	(2,483)	(13,677)	(37,580)	(2,910)	(2,279)
Increase in opening deferred tax assets resulting from an increase in applicable tax rate	–	–	(10,905)	(10,905)	–
Tax effect of different tax rate applied to deferred tax and current tax	5,969	–	–	–	–
Income tax expenses	112,071	216,636	205,951	36,228	67,066

[#] English name is for identification purpose only

11. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD

Profit for the year/period over the Track Record Period has been arrived at after charging:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Directors' remuneration:					
– Fees	–	–	–	–	–
– Salaries, bonus and other allowances	2,724	4,644	7,720	441	1,450
– Retirement benefit scheme contributions	165	168	147	42	44
– Equity-settled share-based payment expenses	2,681	1,606	–	–	–
	<u>5,570</u>	<u>6,418</u>	<u>7,867</u>	<u>483</u>	<u>1,494</u>
Other staff costs:					
– Salaries, bonus and other allowances	1,484,673	2,131,815	2,304,116	432,601	420,908
– Retirement benefit scheme contributions	231,133	257,600	311,349	67,504	80,986
– Equity-settled share-based payment expenses	15,338	6,090	–	–	–
	<u>1,731,144</u>	<u>2,395,505</u>	<u>2,615,465</u>	<u>500,105</u>	<u>501,894</u>
Total staff costs	<u>1,736,714</u>	<u>2,401,923</u>	<u>2,623,332</u>	<u>500,588</u>	<u>503,388</u>
Depreciation of property and equipment	17,392	18,242	21,862	7,772	4,883
Depreciation of investment properties	4,259	238	305	101	152
Amortisation of intangible assets	5,607	5,710	5,703	1,435	1,256
Total depreciation and amortisation	<u>27,258</u>	<u>24,190</u>	<u>27,870</u>	<u>9,308</u>	<u>6,291</u>
Auditor's remuneration	7,575	5,004	5,994	2,879	2,173
Research and development costs recognised as an expense included in:					
– Staff costs	27,424	34,808	37,900	7,919	11,631
– Depreciation and amortisation expenses	2,231	505	1,507	327	423
– Other operating costs	4,498	483	1,221	390	669
	<u>34,153</u>	<u>35,796</u>	<u>40,628</u>	<u>8,636</u>	<u>12,723</u>
Minimum operating lease rental expense in respect of rented premises	<u>86,837</u>	<u>94,133</u>	<u>105,571</u>	<u>25,248</u>	<u>26,613</u>

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to their becoming directors of the Company) for their services during the Track Record Period are as follows:

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2015						
Executive directors:						
Zhou Xin	22 February 2010	-	-	-	-	-
Huang Canhao	9 November 2017	-	1,944	82	-	2,026
Cheng Lilan	16 March 2018	-	-	-	-	-
Ding Zuyu	16 March 2018	-	780	83	2,681	3,544
Xia Hai Jun	16 March 2018	-	-	-	-	-
Mo Bin	16 March 2018	-	-	-	-	-
Zhu Jiusheng	16 March 2018	-	-	-	-	-
Total		-	2,724	165	2,681	5,570

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2016						
Executive directors:						
Zhou Xin	22 February 2010	-	-	-	-	-
Huang Canhao	9 November 2017	-	2,904	85	-	2,989
Cheng Lilan	16 March 2018	-	-	-	-	-
Ding Zuyu	16 March 2018	-	1,740	83	1,606	3,429
Xia Hai Jun	16 March 2018	-	-	-	-	-
Mo Bin	16 March 2018	-	-	-	-	-
Zhu Jiusheng	16 March 2018	-	-	-	-	-
Total		-	4,644	168	1,606	6,418

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2017						
Executive directors:						
Zhou Xin	22 February 2010	-	-	-	-	-
Huang Canhao	9 November 2017	-	4,160	58	-	4,218
Cheng Lilan	16 March 2018	-	-	-	-	-
Ding Zuyu	16 March 2018	-	3,560	89	-	3,649
Xia Hai Jun	16 March 2018	-	-	-	-	-
Mo Bin	16 March 2018	-	-	-	-	-
Zhu Jiusheng	16 March 2018	-	-	-	-	-
Total		-	7,720	147	-	7,867
For the three-month period ended 31 March 2017 (unaudited)						
Executive directors:						
Zhou Xin	22 February 2010	-	-	-	-	-
Huang Canhao	9 November 2017	-	246	21	-	267
Cheng Lilan	16 March 2018	-	-	-	-	-
Ding Zuyu	16 March 2018	-	195	21	-	216
Xia Hai Jun	16 March 2018	-	-	-	-	-
Mo Bin	16 March 2018	-	-	-	-	-
Zhu Jiusheng	16 March 2018	-	-	-	-	-
Total		-	441	42	-	483
For the three-month period ended 31 March 2018						
Executive directors:						
Zhou Xin	22 February 2010	-	-	-	-	-
Huang Canhao	9 November 2017	-	800	22	-	822
Cheng Lilan	16 March 2018	-	-	-	-	-
Ding Zuyu	16 March 2018	-	650	22	-	672
Xia Hai Jun	16 March 2018	-	-	-	-	-
Mo Bin	16 March 2018	-	-	-	-	-
Zhu Jiusheng	16 March 2018	-	-	-	-	-
Total		-	1,450	44	-	1,494

Note: Ding Zuyu is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The five highest paid individuals of the Group include 2, 2, 2, 1 (unaudited) and 2 directors of the Company for each of the three years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively. The emoluments of the remaining 3, 3, 3, 4 (unaudited) and 3 for each of the three years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively, are as follows:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, bonus and other allowances	5,580	7,986	7,980	930	1,350
Retirement benefit scheme contributions	246	255	267	84	66
Equity-settled share-based payment expenses	3,950	1,476	–	–	–
	<u>9,776</u>	<u>9,717</u>	<u>8,247</u>	<u>1,014</u>	<u>1,416</u>

The emoluments of the five highest paid individuals were within the following bands:

	Number of employees				
	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
				(unaudited)	
HK\$0 (equivalent to RMB0 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$1,000,000 (equivalent to RMB813,000, RMB838,000, RMB860,000, RMB888,000 and RMB814,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively)	–	–	–	5	4
HK\$1,000,001 (equivalent to RMB813,001, RMB838,001, RMB860,001, RMB888,001 and RMB814,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$1,500,000 (equivalent to RMB1,220,000, RMB1,256,000, RMB1,290,000, RMB1,332,000 and RMB1,221,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively)	–	–	–	–	1

	Number of employees				
	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
				(unaudited)	
HK\$1,500,001 (equivalent to RMB1,220,001, RMB1,256,001, RMB1,290,001, RMB1,332,001 and RMB1,221,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$2,000,000 (equivalent to RMB1,626,000, RMB1,675,000, RMB1,720,000, RMB1,776,000 and RMB1,628,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	-	-	-	-	-
HK\$2,000,001 (equivalent to RMB1,626,001, RMB1,675,001, RMB1,720,001, RMB1,776,001 and RMB1,628,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$2,500,000 (equivalent to RMB2,033,000, RMB2,094,000, RMB2,150,000, RMB2,220,000 and RMB2,035,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	1	-	1	-	-
HK\$2,500,001 (equivalent to RMB2,033,001, RMB2,094,001, RMB2,150,001, RMB2,220,001 and RMB2,035,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$3,000,000 (equivalent to RMB2,439,000, RMB2,513,000, RMB2,580,000, RMB2,664,000 and RMB2,442,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	-	1	-	-	-
HK\$3,000,001 (equivalent to RMB2,439,001, RMB2,513,001, RMB2,580,001, RMB2,664,001 and RMB2,442,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$3,500,000 (equivalent to RMB2,846,000, RMB2,931,000, RMB3,010,000, RMB3,108,000 and RMB2,849,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	1	-	-	-	-

	Number of employees				
	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
				(unaudited)	
HK\$3,500,001 (equivalent to RMB2,846,001, RMB2,931,001, RMB3,010,001, RMB3,108,001 and RMB2,849,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$4,000,000 (equivalent to RMB3,252,000, RMB3,350,000, RMB3,440,000, RMB3,552,000 and RMB3,256,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	-	1	2	-	-
HK\$4,000,001 (equivalent to RMB3,252,001, RMB3,350,001, RMB3,440,001, RMB3,552,001 and RMB3,256,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$4,500,000 (equivalent to RMB3,659,000, RMB3,769,000, RMB3,870,000, RMB3,996,000 and RMB3,663,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	3	2	1	-	-
HK\$4,500,001 (equivalent to RMB3,659,001, RMB3,769,001, RMB3,870,001, RMB3,996,001 and RMB3,663,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$5,000,000 (equivalent to RMB4,066,000, RMB4,188,000, RMB4,300,000, RMB4,441,000 and RMB4,070,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	-	1	1	-	-
	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

During the Track Record Period, no emoluments were paid by the Group to the management of the Group or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the management of the Group and five highest paid individuals of the Group has waived any emoluments during the Track Record Period.

13. DIVIDENDS

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
The Company.	–	–	–	–	–
PRC Holdco	600,000	–	–	–	–
	<u>600,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The rate of dividend and number of shares ranking for dividend are not presented as such information is not meaningful having regards to the purpose of this report. No dividend has been proposed by the Company and PRC Holdco subsequent to 31 March 2018.

14. EARNINGS PER SHARE

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			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Earnings:					
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share . . .	165,209	486,969	352,020	56,000	93,875
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 . . .	<u>165,209</u>	<u>486,969</u>	<u>352,020</u>	<u>56,000</u>	<u>70,011</u>

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	'000	'000	'000	(unaudited) '000	'000
Number of shares:					
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000,000	915,301	500,000	500,000	693,380
Effect of dilutive potential ordinary shares:					
Contingently issuable shares arising from the conditional investment fund received	—	—	—	—	101,220
Weighted average number of ordinary share for the purpose of diluted earnings per share	<u>1,000,000</u>	<u>915,301</u>	<u>500,000</u>	<u>500,000</u>	<u>794,600</u>

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 2015.

No diluted earnings per share for the year ended 31 December 2015 and 2016 and for the three-month period ended 31 March 2017 was presented as there were no potential ordinary shares in issue during the year ended 31 December 2015 and 2016 and for the three-month period ended 31 March 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 as detailed in note 27(c). These contingently issuable shares were not treated as outstanding and were not included in the calculation of basic earnings per share for the year ended 31 December 2017, since the condition about the completion of Group Reorganisation has not yet been satisfied as at 31 December 2017.

In addition, the contingently issuable shares were also not included in the diluted earnings per share calculation for the year ended 31 December 2017, because the conditions about the Group Reorganisation had not yet been satisfied and was still in the contingency period as at 31 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 has become issued and outstanding, which was therefore are included in the calculation of basic earnings per share since that date for the three-month period ended 31 March 2018. As the conditional investment fund received had become unconditional during the three-month period ended 31 March 2018, these 144,600,000 shares are included in the computation of diluted earnings per share for the three-month period ended 31 March 2018.

15. PROPERTY AND EQUIPMENT

	Leasehold improvements	Leasehold land and building	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At 1 January 2015	17,627	26,158	73,296	22,117	139,198
Additions	4,057	–	5,852	2,027	11,936
Disposals	–	(2,111)	(7,586)	(2,405)	(12,102)
Deemed disposal upon					
Business Transfer (note)	–	(4,683)	–	(6,999)	(11,682)
Disposal of subsidiaries (note 32)	(11,267)	–	(1,274)	–	(12,541)
At 31 December 2015	10,417	19,364	70,288	14,740	114,809
Additions	17,928	–	5,392	5,167	28,487
Disposals	–	(782)	(4,046)	(1,488)	(6,316)
At 31 December 2016	28,345	18,582	71,634	18,419	136,980
Additions	17,414	–	2,118	2,594	22,126
Disposals	(516)	(2,500)	(6,430)	(2,511)	(11,957)
At 31 December 2017	45,243	16,082	67,322	18,502	147,149
Additions	1,000	–	106	378	1,484
Disposals	(1,359)	–	(1,013)	(1,084)	(3,456)
At 31 March 2018	44,884	16,082	66,415	17,796	145,177
DEPRECIATION					
At 1 January 2015	(4,027)	(3,800)	(37,291)	(15,407)	(60,525)
Provided for the year	(3,650)	(806)	(10,388)	(2,548)	(17,392)
Eliminated on disposals	–	319	7,025	2,034	9,378
Eliminated on deemed disposal upon					
Business Transfer (note)	–	1,207	–	5,468	6,675
Eliminated on disposal of subsidiaries (note 32)	2,607	–	250	–	2,857
At 31 December 2015	(5,070)	(3,080)	(40,404)	(10,453)	(59,007)
Provided for the year	(6,618)	(761)	(9,191)	(1,672)	(18,242)
Eliminated on disposals	–	233	3,771	1,413	5,417
At 31 December 2016	(11,688)	(3,608)	(45,824)	(10,712)	(71,832)
Provided for the year	(10,732)	(470)	(8,723)	(1,937)	(21,862)
Eliminated on disposals	33	409	6,060	2,292	8,794
At 31 December 2017	(22,387)	(3,669)	(48,487)	(10,357)	(84,900)
Provided for the period	(2,203)	(118)	(2,050)	(512)	(4,883)
Eliminated on disposals	320	–	955	872	2,147
At 31 March 2018	(24,270)	(3,787)	(49,582)	(9,997)	(87,636)
CARRYING VALUES					
At 31 December 2015	5,347	16,284	29,884	4,287	55,802
At 31 December 2016	16,657	14,974	25,810	7,707	65,148
At 31 December 2017	22,856	12,413	18,835	8,145	62,249
At 31 March 2018	20,614	12,295	16,833	7,799	57,541

Note: Property and equipment of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer was deemed to be an asset disposal.

The above items of property and equipment are depreciated, taking into account their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	The shorter of the term of the relevant lease or 5 years
Leasehold land and building	30 years
Furniture, fixtures and equipment	Over 3 – 5 years
Motor vehicles	Over 5 years

16. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 January 2015	136,416
Additions	18,655
Disposals	(15,603)
Deemed disposal upon Business Transfer (<i>note</i>).	(133,995)
At 31 December 2015	5,473
Additions	13,794
Disposals	(4,414)
At 31 December 2016	14,853
Additions	11,940
Disposals	(6,503)
At 31 December 2017	20,290
Disposals	(348)
At 31 March 2018	19,942
DEPRECIATION AND IMPAIRMENT	
At 1 January 2015	(8,760)
Provided for the year	(4,259)
Impairment loss recognised in profit or loss	(7,290)
Eliminated on disposals	1,784
Eliminated on deemed disposal upon Business Transfer (<i>note</i>).	18,318
At 31 December 2015	(207)
Provided for the year	(238)
Impairment loss recognised in profit or loss	(2,053)
Eliminated on disposals	226
At 31 December 2016	(2,272)
Provided for the year	(305)
Impairment loss recognised in profit or loss	(602)
Eliminated on disposals	1,577
At 31 December 2017	(1,602)
Provided for the period	(152)
Eliminated on disposals	25
At 31 March 2018	(1,729)
CARRYING VALUES	
At 31 December 2015	5,266
At 31 December 2016	12,581
At 31 December 2017	18,688
At 31 March 2018	18,213

Note: Investment properties of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer were deemed to be an asset disposal.

All of the Group's investment properties are held for capital appreciation only and the Group did not rent out any of the investment properties during the Track Record Period.

The fair value of the Group's investment properties as at 31 December 2015, 2016 and 2017 and 31 March 2018 was RMB5,394,000, RMB13,611,000, RMB24,891,000 and RMB24,788,000, respectively. The valuation was determined by the management of the Group by reference to recent market prices for similar properties in the same locations and conditions, and to consider if any adjustment factor necessary.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3	Fair value as at 31/12/2015
	RMB'000	RMB'000
Commercial property units located in Changsha.	799	799
Commercial property units located in Zhengzhou.	1,747	1,747
Commercial property units located in Guangzhou.	2,848	2,848
	<u>5,394</u>	<u>5,394</u>
	Level 3	Fair value as at 31/12/2016
	RMB'000	RMB'000
Commercial property units located in Changsha.	1,198	1,198
Commercial property units located in Tianjin	4,693	4,693
Commercial property units located in Kunshan	1,039	1,039
Commercial property units located in Yinchuan	1,373	1,373
Commercial property units located in Chongqing.	2,323	2,323
Commercial property units located in Guangzhou.	2,985	2,985
	<u>13,611</u>	<u>13,611</u>
	Level 3	Fair value as at 31/12/2017
	RMB'000	RMB'000
Commercial property units located in Changsha.	1,145	1,145
Commercial property units located in Tianjin	3,645	3,645
Commercial property units located in Yinchuan	1,268	1,268
Commercial property units located in Guangzhou.	4,120	4,120
Commercial property units located in Wuhan	9,958	9,958
Commercial property units located in Qingdao	4,755	4,755
	<u>24,891</u>	<u>24,891</u>
	Level 3	Fair value as at 31/3/2018
	RMB'000	RMB'000
Commercial property units located in Changsha.	1,013	1,013
Commercial property units located in Tianjin	3,534	3,534
Commercial property units located in Yinchuan	1,454	1,454
Commercial property units located in Guangzhou.	3,070	3,070
Commercial property units located in Wuhan	10,684	10,684
Commercial property units located in Qingdao	5,033	5,033
	<u>24,788</u>	<u>24,788</u>

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the term of the lease
Buildings	The shorter of the term of the lease or 30 years

None of the Group's investment properties are pledged for the Group's borrowings and/or banking facilities.

17. GOODWILL

	RMB'000
Cost	
At 1 January 2015, 31 December 2015, 31 December 2016, 31 December 2017 and 31 March 2018	5,109

For the purpose of impairment testing, goodwill has been allocated to one CGU. During the Track Record Period, management of the Group determines that there is no impairment to the CGU containing goodwill over the Track Record Period.

Goodwill was arisen from the Group's previous acquisition of Shenzhen Fangyou Software Technology Co., Ltd.# (深圳市房友軟件技術有限公司) in 2009, which was related to the real estate data and consulting services. Its major business involves providing software development and information consulting service. The recoverable amount of this CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 19% as at 31 December 2015, 2016 and 2017 and 31 March 2018. The cash flows beyond the 5-year period are extrapolated at a steady growth rate of 3% as at 31 December 2015, 2016 and 2017 and 31 March 2018. The management believes such growth rate does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue, such estimation is based on its past performance and management's expectations for the market development. The management determines that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU containing such goodwill exceeds its recoverable amount.

18. INTANGIBLE ASSETS

	Software	Domain	Exclusive cooperative right	Others	Total
	RMB'000	RMB'000	RMB'000 (note)	RMB'000	RMB'000
COST					
At 1 January 2015	18,239	1,559	29,855	1,425	51,078
Additions	299	–	–	–	299
At 31 December 2015 . . .	18,538	1,559	29,855	1,425	51,377
Additions	21	–	–	–	21
At 31 December 2016 . . .	18,559	1,559	29,855	1,425	51,398
Additions	241	–	–	–	241
At 31 December 2017 and 31 March 2018	18,800	1,559	29,855	1,425	51,639
AMORTISATION					
At 1 January 2015	(11,134)	(630)	(16,327)	(784)	(28,875)
Provided for the year . . .	(1,530)	(202)	(3,732)	(143)	(5,607)
At 31 December 2015 . . .	(12,664)	(832)	(20,059)	(927)	(34,482)
Provided for the year . . .	(1,628)	(207)	(3,732)	(143)	(5,710)
At 31 December 2016 . . .	(14,292)	(1,039)	(23,791)	(1,070)	(40,192)
Provided for the year . . .	(1,583)	(245)	(3,732)	(143)	(5,703)
At 31 December 2017 . . .	(15,875)	(1,284)	(27,523)	(1,213)	(45,895)
Provided for the period . . .	(234)	(53)	(933)	(36)	(1,256)
At 31 March 2018	(16,109)	(1,337)	(28,456)	(1,249)	(47,151)
CARRYING VALUES					
At 31 December 2015 . . .	5,874	727	9,796	498	16,895
At 31 December 2016 . . .	4,267	520	6,064	355	11,206
At 31 December 2017 . . .	2,925	275	2,332	212	5,744
At 31 March 2018	2,691	222	1,399	176	4,488

In respect of the newly acquired intangible assets during the Track Record Period, all of them were acquired from independent third parties.

English name is for identification purpose only

Note: The Group's exclusive cooperative right was resulted from the prior capital injection of a 51% owned subsidiary established on 17 August 2010 by non-controlling shareholders of a subsidiary of the Group, of which was initially carried at fair value with reference to a valuation report using income approach performed by an internationally recognised independent professional valuer in the prior year. The exclusive cooperative right represents the exclusive right granted to the subsidiary by the non-controlling shareholders to (i) host exhibition and activities sponsored by the non-controlling shareholders and (ii) access to real estate industry research reports prepared by the non-controlling shareholders.

The above items of software, domain, exclusive cooperative right and others are amortised, on a straight-line basis over their estimated useful lives as follows:

Software	Over 3 – 10 years
Domain	5 years
Exclusive cooperative right	8 years
Others	10 years

19. INTERESTS IN ASSOCIATES

	At 31 December			At 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted	3,430	5,030	9,830	9,830
Share of post-acquisition results	1,463	932	1,185	(453)
	<u>4,893</u>	<u>5,962</u>	<u>11,015</u>	<u>9,377</u>

Details of the Group's interests in associates are as follows:

Name of Company	Country of registration	Place of operation	Paid up registered capital RMB'000	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group				Principal activity	
				As at 31 December			As at 31 March		As at 31 December			As at 31 March
				2015	2016	2017	2018	2015	2016	2017		2018
Wuhan Zhongcheng E-House Sales and Marketing Co., Ltd [#] (武漢中城易居營銷策劃有限公司)	The PRC	The PRC	5,000	45%	45%	45%	45%	40%	40%	40%	40%	Consulting and brokerage service in real estate industry
Xirui (Shanghai) Investment Consultancy Co., Ltd [#] (悉瑞(上海)投資諮詢有限公司)	The PRC	The PRC	2,000	39%	39%	39%	39%	39%	39%	39%	39%	Consulting service
Shenzhen CRIC Huamei Consultancy Co., Ltd. [#] (深圳市克而瑞華美顧問有限公司)	The PRC	The PRC	1,000	20%	20%	20%	20%	20%	20%	20%	20%	Investment holding and consulting service
Shanghai Chuangbai Investment Management Co., Ltd. [#] (上海創柏投資管理有限公司) ("Chuangbai") (note)	The PRC	The PRC	400	20%	20%	–	–	20%	20%	–	–	Investment holding and consulting service
Shenzhen Dahai Zhide Investment Management Co., Ltd. [#] (深圳大海智地投資管理有限公司)	The PRC	The PRC	30,000	20%	20%	20%	20%	20%	20%	20%	20%	Investment management
Shanghai Zhuojia Information Technology Co., Ltd. [#] (上海卓家信息科技有 限公司)	The PRC	The PRC	1,100	20%	20%	20%	20%	20%	20%	20%	20%	Computer information technology consulting service

English name is for identification purpose only

Note: During the year ended 31 December 2017, the Group disposed of its 20% equity interest in Chuangbai to an independent third party at net carrying amount of RMB96,000 for a cash consideration of RMB96,000 equivalent to the share of the net asset value of Chuangbai on the date of disposal, with no gain or loss recognised in profit or loss.

In the opinion of the management of the Group, each individual associate of the Group and in aggregate is considered insignificant, and thus, the individual associate's or aggregate information of associates' summarised financial information is not disclosed.

20. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
The Group				
Accounts receivables	1,418,580	2,275,610	3,031,137	2,022,940
Less: Loss allowance for accounts receivables	(247,539)	(346,740)	(451,116)	(415,865)
	<u>1,171,041</u>	<u>1,928,870</u>	<u>2,580,021</u>	<u>1,607,075</u>
Bills receivables	227,141	369,852	743,220	651,812
Less: Loss allowance for bills receivables	(5,938)	(8,014)	(15,239)	(27,308)
	<u>221,203</u>	<u>361,838</u>	<u>727,981</u>	<u>624,504</u>
Total accounts receivables and bills receivables	<u>1,392,244</u>	<u>2,290,708</u>	<u>3,308,002</u>	<u>2,231,579</u>
Deposits paid to customers (<i>note i</i>)				
– current	2,499	11,065	39,439	42,689
– non-current	2,200	2,105	18,796	8,600
Prepayments (current)	12,343	16,828	16,298	23,473
Deferred issue costs (<i>note ii</i>)	–	–	–	4,839
Rental deposits				
– current	5,643	3,180	3,095	3,197
– non-current	14,007	13,361	15,389	14,867
Deposits paid for acquisition of property and equipment (non-current)	1,381	3,666	1,428	4,109
Long-term deferred expenses (non-current)	260	199	118	105
Other receivables – others (current)	5,386	10,870	15,177	16,041
	<u>43,719</u>	<u>61,274</u>	<u>109,740</u>	<u>117,920</u>
Less: Loss allowance for other receivables and other non-current assets measured at amortised cost	(3,064)	(2,943)	(6,481)	(4,158)
	<u>40,655</u>	<u>58,331</u>	<u>103,259</u>	<u>113,762</u>
Total accounts receivables, bills receivables, other non-current assets and other receivables	<u>1,432,899</u>	<u>2,349,039</u>	<u>3,411,261</u>	<u>2,345,341</u>
Other non-current assets and other receivables disclosed in the consolidated statements of financial position as:				
– Current	25,259	40,668	71,590	87,951
– Non-current	15,396	17,663	31,669	25,811
	<u>40,655</u>	<u>58,331</u>	<u>103,259</u>	<u>113,762</u>

note i: Amount represents earnest deposits paid by the Group to its property developer customers enabling the Group to carry out the real estate agency services in the primary market projects, which will be released to the Group at the earlier of (i) period agreed in the respective agreements and (ii) upon completion of the respective agreements.

note ii: Deferred issue costs represent the qualifying portion of listing expenses incurred up to 31 March 2018, which will be debited to equity of the Group as share issue costs in respect of the successful issue of new shares upon listing.

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 allowance for doubtful debts, 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:

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
Within 1 year.	946,910	1,750,663	2,325,803	1,382,610
1 – 2 years	170,587	140,538	220,797	195,331
Over 2 years	53,544	37,669	33,421	29,134
	<u>1,171,041</u>	<u>1,928,870</u>	<u>2,580,021</u>	<u>1,607,075</u>

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 Track Record Period, 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 2015, 2016 and 2017 and 31 March 2018 with carrying amounts of RMB218,326,000, RMB357,602,000, RMB715,636,000 and RMB619,496,000, respectively, are commercial bills issued by a property developer. Upon completion of Group Reorganisation on 5 March 2018, the property developer became a related party to the Group.

The following is an aged analysis of bills receivables, net of allowance for doubtful debts, presented based on the issue dates of bills receivables.

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
Within 180 days	213,174	361,838	727,981	621,319
181 – 365 days.	8,029	–	–	3,185
Over 365 days	–	–	–	–
	<u>221,203</u>	<u>361,838</u>	<u>727,981</u>	<u>624,504</u>

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.

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
Within 180 days	203,439	355,848	722,644	293,527
181 – 365 days.	17,764	5,990	5,337	330,787
Over 365 days	–	–	–	190
	<u>221,203</u>	<u>361,838</u>	<u>727,981</u>	<u>624,504</u>

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 2015, 2016 and 2017 and 31 March 2018 with aggregate carrying amounts of RMB98,388,000, RMB61,658,000, RMB56,420,000 and RMB40,373,000, respectively, 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 2015, 2016 and 2017 and the three-month period ended 31 March 2018, the Group received real estate properties with fair value of RMB18,655,000, RMB13,794,000, RMB11,940,000 and nil, respectively, and recognised these real estate properties as investment properties, with the corresponding amount credited to accounts receivables.

Movement in lifetime ECL that has been recognised for accounts receivables and bills receivables in accordance with the simplified approach set out in IFRS 9.

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
At beginning of the year/period	225,702	253,477	354,754	466,355
Net impairment losses recognised on accounts receivables and bills receivables	89,821	101,277	111,851	7,464
Eliminated on deemed disposal upon Business Transfer (<i>note i</i>)	(62,046)	–	–	–
Amounts written off	–	–	(250)	–
Transfer to amounts due from related parties of trade nature (<i>note ii</i>)	–	–	–	(30,646)
At end of the year/period	253,477	354,754	466,355	443,173

Movement in ECL that has been recognised for other receivables and other non-current assets in accordance with IFRS 9.

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
At beginning of the year/period	43,672	3,064	2,943	6,481
Impairment losses (reversal) recognised on other receivables	(24,855)	(71)	3,540	(315)
Eliminated on deemed disposal upon Business Transfer (<i>note i</i>)	(15,753)	–	–	–
Amounts written off	–	(50)	(2)	–
Transfer to amounts due from related parties of trade nature (<i>note ii</i>)	–	–	–	(2,008)
At end of the year/period	3,064	2,943	6,481	4,158

Note i: Accounts receivables, bills receivables, other receivables and other non-current assets of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer was deemed to be an asset disposal. The previously recognised ECL provision of E-House Management and Beijing EJU on accounts receivables, bills receivables, other receivables and other non-current assets was therefore eliminated.

Note ii: On 5 March 2018, upon completion of the Group Reorganisation, China Vanke Co., Ltd., China Evergrande Group and Country Garden Holdings Company Limited became shareholders of the Company and exercise significant influence over the Group. As a result, the affiliates of China Vanke Co., Ltd., China Evergrande Group and Country Garden Holdings Company Limited became related parties of the Group.

The Company

The Company's other receivables balance as at 31 December 2017 represented prepayments with aggregate carrying amount of RMB42,000.

The Company's other receivables balance as at 31 March 2018 represented prepayments with aggregate carrying amount of RMB40,000 and deferred issue costs of RMB4,839,000.

21. AMOUNT DUE FROM (TO) RELATED PARTIES

The Group's and the Company's amounts due from (to) related parties comprised of amounts due from (to) shareholders and related parties, details of which are set out below.

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets								
Amount due from holding companies								
– non-trade nature (<i>note a</i>)	13,950	13,950	13,950	13,950	–	–	–	–
Amounts due from related parties (<i>note b</i>)	541,269	436,585	365,120	1,321,527	631	674	167,815	160,871
	<u>555,219</u>	<u>450,535</u>	<u>379,070</u>	<u>1,335,477</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>
Disclosed in the statements of								
financial position as:								
– Current assets	470,241	365,040	379,070	1,319,609	631	674	167,815	160,871
– Non-current assets	84,978	85,495	–	15,868	–	–	–	–
	<u>555,219</u>	<u>450,535</u>	<u>379,070</u>	<u>1,335,477</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>
Analysed as:								
Trade nature:								
– Amounts due from related parties under common control of								
E-House (China) Holdings	16,840	79,653	50,474	52,042	–	–	–	–
– Amounts due from other related parties	4,481	2,871	2,729	993,453	–	–	–	–
Less: Loss allowance for amounts due from other related parties	(787)	(3,540)	(8,015)	(45,663)	–	–	–	–
	<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>999,832</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Non-trade nature:								
– Amounts due from related parties under common control of								
E-House (China) Holdings	534,397	371,261	333,592	335,645	631	674	167,815	160,871
– Amounts due from other related parties	288	290	290	–	–	–	–	–
	<u>534,685</u>	<u>371,551</u>	<u>333,882</u>	<u>335,645</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>
	<u>555,219</u>	<u>450,535</u>	<u>379,070</u>	<u>1,335,477</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>

	The Group				The Company			
	As at 31 December			As at	As at 31 December			As at
	2015	2016	2017	31 March	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities								
Amount due to immediate holding company –								
non-trade nature (note c)	784	864	850	881	726	790	768	778
Amounts due to related parties (note d)								
	330,773	477,742	296,444	311,974	–	–	–	–
	<u>331,557</u>	<u>478,606</u>	<u>297,294</u>	<u>312,855</u>	<u>726</u>	<u>790</u>	<u>768</u>	<u>778</u>
Disclosed in the statements of financial position as:								
– Current liabilities	331,557	478,606	297,294	312,855	726	790	768	778
Analysed as:								
Trade nature:								
– Amounts due to related parties under common control of								
E-House (China) Holdings	1,801	83,187	17,823	21,617	–	–	–	–
– Amounts due to other related parties								
	17,076	13,692	21,544	36,226	–	–	–	–
	<u>18,877</u>	<u>96,879</u>	<u>39,367</u>	<u>57,843</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Non-trade nature:								
– Amounts due to related parties under common control of								
E-House (China) Holdings	312,680	381,727	257,927	255,012	726	790	768	778
	<u>331,557</u>	<u>478,606</u>	<u>297,294</u>	<u>312,855</u>	<u>726</u>	<u>790</u>	<u>768</u>	<u>778</u>

Notes

(a) Amounts due from holding companies – non-trade nature

Particulars of the amounts due from holding companies are disclosed as follows:

	The Group					The Company				
	As at	As at 31 December			As at	As at	As at 31 December			As at
	1 January	2015	2016	2017	31 March	1 January	2015	2016	2017	31 March
	2015	2015	2016	2017	2018	2015	2015	2016	2017	2018
Non-trade nature	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
E-House (China)										
Holdings	110,260	517	517	517	517	–	–	–	–	–
CRE Corp	16,430	13,433	13,433	13,433	13,433	–	–	–	–	–
	<u>126,690</u>	<u>13,950</u>	<u>13,950</u>	<u>13,950</u>	<u>13,950</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Disclosed in the statements of financial position as:										
– Current assets		517	–	13,950	13,950	–	–	–	–	–
– Non-current assets		13,433	13,950	–	–	–	–	–	–	–
		<u>13,950</u>	<u>13,950</u>	<u>13,950</u>	<u>13,950</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

For amounts due from holding companies, the maximum amount outstanding during the Track Record Period is as follows:

	The Group				The Company			
	Year ended 31 December			For the three-month period ended 31 March	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
E-House (China) Holdings . . .	110,395	517	517	517	-	-	-	-
CRE Corp . . .	16,430	13,433	13,433	13,433	-	-	-	-

The amounts due from holding companies are non-trade in nature, unsecured, interest-free and repayable on demand.

As represented by the management of the Group, the outstanding amounts due from holding companies as at 31 March 2018 would be settled prior to the Listing.

(b) Amounts due from related parties

Particulars of the amounts due from related parties of trade nature presented as current assets are disclosed as follows:

	Relationship (note)	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade nature									
Shanghai Nanzhi Investment Co., Ltd. (上海南志投资有限公司) ("Nanzhi")#	(i)	9,640	4,460	-	-	-	-	-	
Hangzhou E-House Chenxin Real Estate Broker Co., Ltd# (杭州易居臣信房地產經紀有限公司) ("Hangzhou Chenxin")	(i)	4,900	-	-	-	-	-	-	
Shanghai Urban Development (Group) Co., Ltd (上海城開(集團)有限公司) ("Shanghai Urban")									
- accounts receivables	(ii)	3,694	2,493	2,270	1,221	-	-	-	
- other receivables	(ii)	-	-	-	290	-	-	-	
China Evergrande Group's affiliates									
- accounts receivables	(iv)	-	-	-	896,943	-	-	-	
- other non-current assets	(iv)	-	-	-	604	-	-	-	
China Vanke Co., Ltd's affiliates									
- accounts receivables	(iv)	-	-	-	31,441	-	-	-	
- other non-current assets	(iv)	-	-	-	15,264	-	-	-	
Country Garden Holdings Company Limited's affiliates.	(iv)	-	-	-	14,655	-	-	-	

English name is for identification purpose only

Trade nature	Relationship (note)	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Chenxin Real Estate Brokerage Co., Ltd [#] (上海臣信房地產經紀有限公司) ("Shanghai Chenxin")	(i)	1,000	-	-	-	-	-	-	
E-House Chenxin Real Estate Broker (Shanghai) Co., Ltd [#] (易居臣信房地產經紀(上海)有限公司) ("E-House Chenxin")	(i)	-	570	-	-	-	-	-	
Hangzhou Yisheng Leju Advertising Co., Ltd. [#] (杭州怡生樂居廣告有限公司) ("Hangzhou Yisheng")	(i)	-	10	-	-	-	-	-	
E-House China R&D Institute [#] (上海易居房地產研究院) ("E-House Academy")	(i)	330	330	-	-	-	-	-	
Xinjiang E-House Shengshi Real Estate Marketing Co., Ltd. [#] (新疆易居盛世房地產營銷有限公司) ("Xinjiang Shengshi")	(i)	150	-	-	-	-	-	-	
E-House Management* - accounts receivables	(i)	-	60,765	38,429	33,510	-	-	-	
- other receivables	(i)	-	-	-	87	-	-	-	
Beijing EJU* - accounts receivables	(i)	-	10,042	3,654	3,246	-	-	-	
- other receivables	(i)	-	-	-	345	-	-	-	
Chongqing Huace Education Training School [#] (重慶市華策職業培訓學校) ("Huace")	(i)	-	-	50	-	-	-	-	
Chongqing Anbang Real Estate Broker Co., Ltd [#] (重慶安邦房地產經紀有限公司) ("Chongqing Anbang")	(i)	-	-	123	-	-	-	-	
Shanghai YiHan Investment Management Consultants Co., Ltd [#] (上海易漢投資管理諮詢有限公司) ("Yihan")	(i)	550	-	-	-	-	-	-	
Fujian Jinyue Real Estate Consultant Co., Ltd [#] (福建金岳房地產諮詢服務有限公司) ("Fujian Jinyue")	(i)	270	-	-	-	-	-	-	
Shanghai Fangjiao Information Technology Co., Ltd [#] (上海房教信息技術有限公司) ("Fangjiao") - accounts receivables	(i)	-	155	662	-	-	-	-	
- other receivables	(i)	-	-	-	2,226	-	-	-	
Beijing Yisheng Leju Information Services Limited [#] (北京怡生樂居信息服務有限公司) ("Beijing Yisheng")	(i)	-	159	-	-	-	-	-	
		<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>999,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	

English name is for identification purpose only

Relationship <i>(note)</i>	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade nature								
Disclosed in the statements of financial position as:								
- Current assets	20,534	78,984	45,188	983,964	-	-	-	-
- Non-current assets	-	-	-	15,868	-	-	-	-
	<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>999,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount due from related parties of trade nature:								
- Accounts receivables	20,534	78,984	45,188	981,016	-	-	-	-
- Other receivables	-	-	-	2,948	-	-	-	-
- Other non-current assets	-	-	-	15,868	-	-	-	-
	<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>999,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Upon completion of the Business Transfer, E-House Management and Beijing EJU had ceased to carry out the Primary Business. At the completion date of the Business Transfer, as some of the real estate agency services in the primary market contracts are incomplete, the Group, E-House Management and Beijing EJU entered into two agency agreements on the same date, pursuant to which the Group will perform the Primary Business and E-House Management and Beijing EJU will continue to act as collection agents on behalf of the Group to collect the outstanding accounts receivables from the property developer customers till completion of those incomplete contracts. As at 31 December 2016 and 2017 and 31 March 2018, outstanding accounts receivables due from the property developer customers whereas E-House Management and Beijing EJU acted as collection agents and included in amounts due from E-House Management and Beijing EJU totalling RMB70,807,000, RMB42,083,000 and RMB36,756,000, respectively.

The Group allows all of its related parties a credit period of 30 days in respect of all trade nature transactions, upon the completion of the terms and conditions of the relevant agreements.

The following is an aged analysis of the amounts due from related parties of trade nature – accounts receivables, net of allowance for doubtful debts, presented based on the date of rendering the services at the end of the reporting period, which approximated the respective revenue recognition dates:

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	11,140	74,153	29,561	884,159
1 – 2 years	555	3,643	14,440	88,886
Over 2 years	8,839	1,188	1,187	7,971
	<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>981,016</u>

Before accepting any new transaction with related parties, the Group assesses the potential related party credit quality and defines credit limits by related party. Credit limits attributed to related parties and credit term granted to related parties are reviewed regularly. The Group's amounts due from related parties of trade nature are neither past due nor impaired and have no history of defaulting on repayments.

Movement in ECL that has been recognised for amounts due from related parties of trade nature – accounts receivables in accordance with the simplified approach under IFRS 9.

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period.	2,312	787	3,540	8,015
Impairment losses (reversed) recognised on amounts due from related parties of trade nature	(1,525)	2,753	4,475	4,994
Transfer from accounts receivables	–	–	–	30,646
At end of the year/period	<u>787</u>	<u>3,540</u>	<u>8,015</u>	<u>43,655</u>

Movement in ECL that has been recognised for amounts due from related parties of trade nature – other receivables and other non-current assets in accordance with IFRS 9.

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period.	–	–	–	–
Transfer from accounts receivables	–	–	–	2,008
At end of the year/period	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,008</u>

Particulars of the amounts due from related parties of non-trade nature are disclosed as follows:

The Group	Relationship (note)	As at 1 January	As at 31 December			As at 31 March
		2015	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade nature						
Shanghai Yicang Enterprise Management Co., Ltd.# (上海易倉企業管理有限公司) ("Yicang")	(i)	269,544	300,238	125,000	125,000	125,000
E-House Management	(i)	19,245	158,502	180,799	176,378	186,413
Yike Internet Technology (Shanghai) Co., Ltd.# (亦可網絡科技(上海)有限公 司) ("Yike Technology").	(i)	99,310	47,765	50,000	14,278	9,066
Beijing EJU	(i)	–	7,904	1,137	1,808	755
Fangjiao	(i)	–	–	216	1,735	18
Shanghai Chengxiang Commercial Real Estate Broker Co., Ltd.# (上海城香商用房地產經紀有 限公司) ("Chengxiang").	(i)	522	160	45	–	–
E-House Academy.	(i)	–	–	–	330	330

English name is for identification purpose only

The Group	Relationship (note)	As at	As at 31 December			As at
		1 January	2015	2016	2017	31 March
		2015	2015	2016	2017	2018
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fujian Jinyue	(i)	11,911	70	114	113	113
Shanghai Yi Fang Software Technology Co., Ltd.# (上海易房軟件技術有限公司) ("Yifang")	(i)	7,370	5,000	-	-	-
Shanghai Lituo Enterprise Development Co., Ltd.# (上海勵拓企業發展有限公司) ("Lituo Development")	(i)	-	506	-	-	-
Shanghai Yicheng Fortune Commercial Real Estate Consulting Co., Ltd.# (上海易城財富商用地產諮詢 顧問有限公司) ("Yicheng Fortune")	(i)	31,313	270	-	-	-
Xinjiang Shengshi	(i)	4,010	6	-	-	-
Shanghai Weidian Information Technology Co., Ltd.# (上海微點信息科技有限公司) ("Weidian")	(i)	-	25	-	-	-
Tianjin Binmao Fortune Business Advisory Co., Ltd.# (天津濱茂財富商務諮詢有限 公司) ("Binmao")	(i)	1	1	-	-	-
E-House Chenxin Real Estate Broker (Shanghai) Co., Ltd.# (易居臣信房地產經紀(上海) 有限公司) ("E-House Chenxin")	(i)	100,706	-	-	-	-
Shanghai Tian Zhuo Advertising Co., Ltd.# (上海天卓廣告有限公司) ("Tianzhuo")	(i)	56,500	-	-	-	-
Shanghai Shanglin Property Management Co., Ltd.# (上海尚林物業管理有限公司) ("Shanglin")	(i)	20,000	-	-	-	-
Guangzhou integrated residential industry supporting Co., Ltd.# (廣州集成住宅產業配套有限 公司) ("Jichengzhuzhai")	(i)	10,016	-	-	-	-
Shanghai Yixin Electronic Commerce Co., Ltd.# (上海翊信電子商務有限公司) ("Yixin")	(i)	11	-	-	-	-
Shanghai Urban	(ii)	753	288	290	290	-
		<u>631,212</u>	<u>520,735</u>	<u>357,601</u>	<u>319,932</u>	<u>321,695</u>
Disclosed in the statements of financial position as:						
- Current assets			449,190	286,056	319,932	321,695
- Non-current assets			71,545	71,545	-	-
			<u>520,735</u>	<u>357,601</u>	<u>319,932</u>	<u>321,695</u>

English name is for identification purpose only.

As represented by the management of the Group, the outstanding amounts due from these related parties of non-trade nature as at 31 March 2018 would be settled prior to the Listing.

The Company	Relationship (note)	As at	As at 31 December			As at
		1 January	2015	2016	2017	31 March
		2015	2015	2016	2017	2018
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fangyou Information Technology Holdings Ltd.	(iii)	595	631	674	167,815	160,871
Disclosed in the statements of financial position as:						
– Current assets . . .			631	674	167,815	160,871

For amounts due from related parties of non-trade nature with common directorship, the maximum amounts outstanding during the Track Record Period are as follows:

	The Group			
	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Fujian Jinyue	17,106	20,757	201	113
Shanglin	20,000	24,000	48,793	–
Tianzhuo	56,500	44,675	37,675	–
Yike Technology	126,955	272,538	187,684	14,278
E-House Management	659,164	237,538	341,879	197,259
Binmao	1	1	–	–
E-House Chenxin	100,706	–	9,000	–
Jichengzhuzhai	10,016	–	–	–
Yixin	11	125,011	125,011	–
Beijing EJU	11,562	12,026	1,808	1,808

	The Company			
	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Fangyou Information Technology Holdings Ltd.	631	674	167,815	167,815

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

The Group's and the Company's amounts due from related parties that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of amount due from related parties:								
Denominated in Hong Kong Dollar ("HK\$")	-	-	-	-	631	674	167,815	160,871

(c) Amount due to immediate holding company – non-trade nature

Particulars of the amount due to immediate holding company presented as current liabilities are disclosed as follows:

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CRE Corp	784	864	850	881	726	790	768	778
Disclosed in the statements of financial position as:								
- Current liabilities	784	864	850	881	726	790	768	778

The amount due to CRE Corp is non-trade nature, unsecured, interest-free and repayable on demand.

As represented by the management of the Group, the outstanding amount due to CRE Corp as at 31 March 2018 would be settled prior to the Listing.

The Group's and the Company's amounts due to shareholder that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of amount due to shareholders:								
Denominated in HK\$.	784	864	850	881	726	790	768	778

(d) Amounts due to related parties

Particulars of the amounts due to related parties of trade nature presented as current liabilities are disclosed as follows:

Trade nature	Relationship	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
E-house Management	(i)	-	72,061	6,656	7,549	-	-	-	-
Beijing EJU	(i)	-	10,662	11,162	10,713	-	-	-	-
China Evergrande Group's affiliates									
- advance from related parties	(iv)	-	-	-	3,530	-	-	-	-
China Vanke Co., Ltd's affiliates									
- advance from related parties	(iv)	-	-	-	3,658	-	-	-	-
- other payables	(iv)	-	-	-	98	-	-	-	-
Country Garden Holdings Company Limited's affiliates									
- advance from related parties	(iv)	-	-	-	3,090	-	-	-	-
Yicang	(i)	-	-	-	745	-	-	-	-
Yike Technology	(i)	-	-	-	2,604	-	-	-	-
Shanglin	(i)	-	-	-	1	-	-	-	-
Shenyang Yisheng Ruiju Media Co., Ltd. [#] (瀋陽怡生瑞居傳媒有限公司)	(i)	963	-	-	-	-	-	-	-
Shanghai Dehu Culture Communication Co., Ltd. [#] ("上海德滬文化傳播有限公司") (Shanghai Dehu)	(i)	391	-	-	-	-	-	-	-
Hangzhou Chenxin	(i)	83	-	-	-	-	-	-	-
Shanghai Yunchuang Information Technology Co., Ltd. [#] (上海盈創信息技術有限公司) ("Yunchuang")	(i)	-	12	5	5	-	-	-	-
Hebei Dehu Culture Communication Co., Ltd. [#] (河北德滬文化傳播有限公司) ("Hebei Dehu")	(i)	364	-	-	-	-	-	-	-
Fangjiao	(i)	-	140	-	-	-	-	-	-
Beijing Cheng Xin Real Estate Broker Co., Ltd. [#] (北京臣信房地產經紀有限公司) ("Beijing Chenxin")									
- advance from related parties	(i)	-	300	-	-	-	-	-	-
Hangzhou Rui Ju Real Estate Broker Co., Ltd. [#] (杭州瑞居房地產經紀有限公司) ("Hangzhou Ruiju")									
- advance from related parties	(i)	-	12	-	-	-	-	-	-
Shanghai Urban									
- advance from related parties	(ii)	17,076	13,692	21,544	25,825	-	-	-	-
- other payables	(ii)	-	-	-	25	-	-	-	-
		18,877	96,879	39,367	57,843	-	-	-	-
Disclosed in the statements of financial position as:									
- Current liabilities		18,877	96,879	39,367	57,843	-	-	-	-
Trade nature amounts due to related parties:									
- Accounts payables		1,801	82,875	17,823	21,617	-	-	-	-
- Advance from related parties		17,076	14,004	21,544	36,103	-	-	-	-
- Other payables		-	-	-	123	-	-	-	-
		18,877	96,879	39,367	57,843	-	-	-	-

[#] English name for identification purpose only.

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 consistent with liquidity risk table. The following is an aged analysis of amounts due to related parties of trade nature presented based on the receipts of services by the Group at the end of each reporting period:

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	755	82,875	17,823	21,617
1 – 2 years	381	–	–	–
Over 2 years	665	–	–	–
	<u>1,801</u>	<u>82,875</u>	<u>17,823</u>	<u>21,617</u>

Particulars of the amounts due to related parties of non-trade nature are disclosed as follows:

	Relationship <i>(note)</i>	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade nature									
E-House Management Holdco	(i)	153,595	–	–	–	–	–	–	–
Fangjia Technique	(i)	4,000	–	–	–	–	–	–	–
E-House Chenxin	(i)	3,101	–	–	–	–	–	–	–
Yicang	(i)	540	589	710	–	–	–	–	–
Yike Technology	(i)	2,025	19,171	442	–	–	–	–	–
E-House (Macau) International Property Limited	(i)	59	59	59	–	–	–	–	–
Shanghai Ted Culture Communication Co., Ltd.# (上海太德文化传播有限公司) (“TED Culture”)	(i)	–	–	–	510	–	–	–	–
Xiamen Yisheng Leju Information Technology Co., Ltd.# (廈門怡生樂居信息科技有限公司) (“Xiamen Yisheng”)	(i)	–	–	–	1,000	–	–	–	–
Hainan Zhongfangxin Information Technology Co., Ltd.# (海南中房信息技術有限公司)	(i)	4	4	–	–	–	–	–	–
E-House Management	(i)	51,635	266,305	156,005	156,006	–	–	–	–
Beijing Yisheng	(i)	258	–	–	–	–	–	–	–
Beijing EJU	(i)	86,625	83,371	88,860	85,616	–	–	–	–
Shanghai Sina Leju Information Co., Ltd.# (上海新浪樂居信息科技有限公司)	(i)	–	3,051	2,901	2,901	–	–	–	–
Hangzhou Chenxin	(i)	60	–	–	–	–	–	–	–
CRE BVI	(i)	8,094	8,094	8,094	8,094	–	–	–	–
Shanglin	(i)	–	–	2	–	–	–	–	–
Nanzhi	(i)	1,471	–	–	–	–	–	–	–
Fujian Jinyue	(i)	–	4	4	4	–	–	–	–
Shanghai Shangyou Property Management Co., Ltd.# (上海尚友物業管理有限公司) (“Shangyou”)	(i)	429	215	–	–	–	–	–	–
		<u>311,896</u>	<u>380,863</u>	<u>257,077</u>	<u>254,131</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Disclosed in the statements of financial position as:									
– Current liabilities		<u>311,896</u>	<u>380,863</u>	<u>257,077</u>	<u>254,131</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

English name for identification purpose only.

The amounts are non-trade nature, unsecured, interest free and repayable on demand.

As represented by the management of the Group, the outstanding amounts due to related parties of non-trade nature as at 31 March 2018 would be settled prior to the Listing.

Notes

- (i) Fellow subsidiaries of the Group
- (ii) Non-controlling shareholder of a non-wholly owned subsidiary of the Group which exercises significant influence over the subsidiary of the Group
- (iii) A subsidiary of the Company
- (iv) Entities controlled by shareholders of the Company which exercises significant influence over the Company

22. FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2014, the Group held a money market fund with principal amount of RMB7,014,000 issued by an independent financial institution, which had no guarantee on its principal and return. The return of the money market fund varied depending on the interest rates quoted by the People's Bank of China for the underlying investments. During the year ended 31 December 2015, the Group received investment return of RMB197,000 included in "other income" in note 7. The Group had fully disposed of the money market fund at its principal amount of RMB7,014,000 during the year ended 31 December 2015.

On 15 December 2017, the Group subscribed a convertible note at a cash consideration of RMB20,000,000 issued by Beijing Youmingyun Software Company Limited[#] (北京有明雲軟件股份有限公司) ("Beijing Youmingyun"), an independent third party listed on the National Equities Exchange and Quotations ("NEEQ"). The convertible note carried at a fixed coupon rate of 10% per annum and was convertible into 3,738,333 shares of Beijing Youmingyun at a conversion price of RMB5.32 per share.

The convertible note can only be executed at the maturity date which is 24 months after the acquisition date with no early redemption right. The financial assets is mandatorily measured at fair value through profit or loss. The management of the Group considers the fair value of the convertible note as at 31 December 2017 is approximate to the acquisition consideration of RMB20,000,000. The fair value as at 31 March 2018 has been arrived at on the basis of valuation carried out by Valuelink (Beijing) Asset Valuation Co., Ltd ("Valuelink"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experience in the valuation of similar financial instrument. The address of Valuelink is Room 607, 6/F, Century Business Plaza, 989 Changle Road, Shanghai. The fair value of the convertible note is determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node.

23. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Cash and cash equivalents comprises bank balances and cash held by the Group and the Company. Bank balances carried interest at prevailing market interest rates which were 0.35% per annum throughout the Track Record Period.

Restricted bank balances

As at 31 December 2015 and 2016, restricted bank balances of RMB500,000 represent guarantee deposits placed in designated bank accounts to carry out a real estate agency services in the primary market project, which had been released upon completion of the service project during the year ended 31 December 2017. In addition, as at 31 December 2016 and 2017 and 31 March 2018, restricted bank balances amounting to RMB63,123,000, RMB131,264,000 and RMB82,720,000, respectively, represented the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. A corresponding liability is recorded as receipts on behalf of property sellers in other payable. The restricted bank balances carried at a fixed interest rate at 0.35% per annum throughout Track Record Period.

[#] *English name is for identification purpose only*

The Group's restricted bank balances and cash and cash equivalents that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December			As at
				31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of restricted bank balances and cash and cash equivalents by currency:				
Denominated in US\$	1	1	98,014	94,320
Denominated in HK\$	2	6	988,681	1,364,535
	3	7	1,086,695	1,458,855

24. ACCOUNTS AND OTHER PAYABLES

	The Group				The Company			
	As at 31 December			As at	As at 31 December			As at
	2015	2016	2017	31 March	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payables	68,484	109,614	174,561	119,493	-	-	-	-
Other payables								
Interest payable	808	690	622	731	-	-	-	-
Value added tax payables	18,487	124,638	120,945	63,371	-	-	-	-
Business tax payables	65,071	-	-	-	-	-	-	-
Other tax payables	11,847	19,366	19,778	22,003	-	-	-	-
Receipts on behalf of property sellers (note i)	-	62,823	130,963	82,181	-	-	-	-
Contract liabilities (note 5 ^(note))	20,683	23,485	33,113	29,367	-	-	-	-
Acquisition consideration payable (note iii)	-	-	-	1,892,000	-	-	-	-
Accrued listing expense	-	-	-	21,487	-	-	-	21,487
Other payables	7,250	22,516	45,115	51,089	-	-	-	-
	124,146	253,518	350,536	2,162,229	-	-	-	21,487
Conditional investment fund received classified at FVTPL (note ii)	-	-	1,253,850	-	-	-	1,253,850	-
	124,146	253,518	1,604,386	2,162,229	-	-	1,253,850	21,487

Note i: Receipts on behalf of property sellers represent the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. Such bank balances received are classified as restricted bank balances in note 23.

Note ii: Conditional investment fund received represent the proceeds received by the Company for the conditional issue of new shares to three independent third parties as detailed in note 27(c). The amount was treated as FVTPL as it contained a forward conversion option as equity which was an embedded derivative. On 5 March 2018, upon completion of acquisition of 100% equity interests in PRC Holdco by Hong Kong Fangyou, the conditional investment fund received previously classified at financial liabilities at FVTPL at a fair amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to share premium, accordingly. During the period from 1 January 2018 to 5 March 2018, the fair value loss of financial liabilities at FVTPL amounted to RMB23,864,000 is credited to other gains and losses in note 8B. The fair value of the conditional investment fund received is determined by discount cash flow method under income approach using the inputs including estimated cash flows and an appropriate discount rate and crossed checked by guideline company method under market approach, methods of which are evaluated by Valuelink, a professional third-party valuer.

Note iii: Acquisition consideration payable represents the consideration payable by the Group for the acquisition of the 100% equity interests of PRC Holdco as detailed in note 1b amounted to RMB1,892,000,000. The amount was fully paid on 19 April 2018.

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:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	64,311	108,703	173,242	118,047
1 – 2 years	1,634	174	513	723
Over 2 years	2,539	737	806	723
	<u>68,484</u>	<u>109,614</u>	<u>174,561</u>	<u>119,493</u>

There were no significant changes in the contract liabilities during the Track Record Period.

25. BANK BORROWINGS

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Secured and unguaranteed	350,000	290,000	–	–
Unsecured and guaranteed	100,000	100,000	450,000	550,000
	<u>450,000</u>	<u>390,000</u>	<u>450,000</u>	<u>550,000</u>
The carrying amounts of the above bank borrowings are repayable*:				
Within one year	160,000	390,000	450,000	550,000
Within a period of more than one year but not exceeding two years	290,000	–	–	–
	<u>450,000</u>	<u>390,000</u>	<u>450,000</u>	<u>550,000</u>
Less: Amounts due within one year shown under current liabilities	(160,000)	(390,000)	(450,000)	(550,000)
	<u>290,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

* The amounts due are based on 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 borrowings are as follows:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
Effective interest rate:				
Fixed-rate borrowings	5.06% – 6.04%	4.84% – 6.04%	4.82% – 6.04%	4.35% – 5.22%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Details of bank borrowings guaranteed by and/or secured by properties of related parties are set out in note 37(b).

26. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for the financial reporting purposes:

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
Deferred tax assets	208,255	350,179	504,234	470,842
Deferred tax liabilities	(513)	(366)	(219)	(182)
	<u>207,742</u>	<u>349,813</u>	<u>504,015</u>	<u>470,660</u>

The following are the major deferred tax movements thereon during the Track Record Period:

	Accrued staff	Allowance	Tax losses	Other	Total
	welfare and	for bad and			
	commission	doubtful			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	75,096	61,938	58,849	5,030	200,913
Credit (charge) to profit or loss (<i>note 10</i>)	46,574	13,015	(29,025)	(4,285)	26,279
Eliminated on deemed disposal upon Business Transfer (<i>note i</i>)	–	(19,450)	–	–	(19,450)
At 31 December 2015	121,670	55,503	29,824	745	207,742
Credit to profit or loss (<i>note 10</i>)	104,613	21,353	13,969	2,136	142,071
At 31 December 2016	226,283	76,856	43,793	2,881	349,813
Credit to profit or loss (<i>note 10</i>)	49,225	40,358	53,308	406	143,297
Effect of change in tax rate (<i>note 10</i>)	2,465	8,440	–	–	10,905
At 31 December 2017	277,973	125,654	97,101	3,287	504,015
(Charge) credit to profit or loss (<i>note 10</i>)	(87,040)	(432)	54,073	44	(33,355)
At 31 March 2018	<u>190,933</u>	<u>125,222</u>	<u>151,174</u>	<u>3,331</u>	<u>470,660</u>

Note i: Deferred tax of “E-House Management” and “Beijing EJU” not transferred to the Group from the Business Transfer were deemed to be disposed of.

At 31 December 2015, 2016 and 2017 and 31 March 2018, the Group had unused tax losses of RMB260,216,000, RMB411,209,000, RMB641,536,000 and RMB880,055,000, respectively, available to offset against future profits. Deferred tax assets have been recognised in respect of tax losses of RMB128,911,000, RMB178,471,000, RMB388,405,000 and RMB609,865,000, respectively. No deferred tax asset has been recognised for the remaining tax losses of RMB131,305,000, RMB232,738,000, RMB253,131,000 and RMB270,190,000, respectively, due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
2016	6,781	–	–	–
2017	14,198	14,198	–	–
2018	22,234	22,234	18,178	17,930
2019	15,533	15,533	11,443	11,443
2020	72,559	72,559	72,559	72,559
2021	–	108,214	108,214	108,214
2022	–	–	42,737	42,737
2023	–	–	–	17,307
	<u>131,305</u>	<u>232,738</u>	<u>253,131</u>	<u>270,190</u>

At 31 December 2015, 2016 and 2017 and 31 March 2018, the Group had deductible temporary differences, mainly arising from accrued staff welfare and commission and allowance for bad and doubtful debts, totalling RMB797,168,000, RMB1,334,417,000, RMB1,657,648,000 and RMB1,314,896,000, respectively, available to offset against future profits. Deferred tax assets have been recognised in respect of deductible temporary differences of RMB770,722,000, RMB1,308,011,000, RMB1,633,766,000 and RMB1,294,486,000, respectively. No deferred tax assets have been recognised in relation to the remaining deductible temporary differences of RMB26,446,000, RMB26,406,000, RMB23,882,000 and RMB20,410,000, respectively, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2015, 2016 and 2017 and 31 March 2018, deferred taxation has not been provided for in the Historical Financial Information in respect of all temporary differences attributable to undistributed profits of the PRC subsidiaries attributable to owners of the Company amounting to RMB266,229,000, RMB35,286,000, RMB371,047,000 and RMB497,751,000, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There were no other significant unrecognised temporary differences at the end of each reporting period.

27. PAID IN/SHARE CAPITAL

The paid in/share capital of the Group as at 31 December 2015, 2016 and 2017 represented the combined paid in/share capital attributable to owners of the Company and PRC Holdco, while the share capital of the Group as at 31 March 2018 represented the share capital of the Company following the completion of Group Reorganisation.

The Group

Name of the entities	As at			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
The Company (note i)	7	7	76	76
PRC Holdco (note ii)	226,256	330,000	330,000	–*
	<u>226,263</u>	<u>330,007</u>	<u>330,076</u>	<u>76</u>

Note i:

Details of movements of authorised and issued capital of the Company are as follow:

	<u>Par value per share</u>	<u>Number of shares</u>	<u>Share capital</u>	<u>Share capital presented in RMB</u>
	US\$		US\$'000	RMB'000
Authorised, issued and fully paid				
As at 1 January 2015,				
31 December 2015 and				
31 December 2016	1	1,000	1	7
Effect of share subdivision				
(note a)	–	99,999,000	–	–
Increased (note b).	0.00001	900,000,000	9	60
Increased (note c).	0.00001	144,600,000	1	9
As at 31 December 2017 and				
31 March 2018	0.00001	1,144,600,000	11	76

Note ii:

Details of movements of authorised and issued paid-in capital of PRC Holdco are as follow:

	<u>Number of shares</u>	<u>Paid in capital</u>
		RMB'000
Ordinary shares of RMB1.00 each		
Authorised, issued and fully paid:		
As at 1 January 2015 and 31 December 2015.	226,256,500	226,256
Disposal of 50% equity interests by CRE BVI (note d) . . .	(113,128,250)	(113,128)
Increase due to conversion to a joint stock company (note e).	216,871,750	216,872
As at 31 December 2016 and 31 December 2017	330,000,000	330,000

* Upon completion of the Group Reorganisation, PRC Holdco became a wholly-owned subsidiary of the Company.

Note a: With effect from 6 November 2017, the Company subdivided its shares on the basis that every share of US\$1 each into 100,000 shares of US\$0.00001 each.

Note b: On 6 November 2017, the Company increased its total authorised share capital of 900,000,000 shares with par value of US\$0.00001 per share. On the same date, the Company issued 900,000,000 shares for a consideration of US\$9,000 (equivalent to approximately RMB60,000) to CRE Corp.

Note c: On 1 December 2017, the Company increased its total authorised share capital by 144,600,000 shares with par value of US\$0.00001 per share. On the same date, the Company conditionally issued 48,200,000 shares to each of Captain Valley (Cayman) Limited, Jovial Idea Developments Limited and Heyday Surge Limited, totalling 144,600,000 shares for a total subscription price of HK\$1,500,000,000 (equivalent to RMB1,270,877,000). The 144,600,000 conditional shares of US\$0.00001 each has been issued, totalling US\$1,446 (equivalent to RMB9,000) has been credited as share capital of the Company, with a corresponding debit to other reserve. Pursuant to the agreement entered into between the Company and these three prospective investors, the subscription of the Company's shares is subject to the completion of Hong Kong Fangyou's acquisition of the 100% equity interests of PRC Holdco (that is, the completion of Group Reorganisation). If the acquisition is not completed prior to 30 June 2018, the Company will need to return the total conditional investment fund of HK\$1,500,000,000 to these three prospective investors. As at 31

December 2017, as Hong Kong Fangyou had not yet acquired the 100% equity interest of PRC Holdco, the subscription price of HK\$1,500,000,000 (equivalent to RMB1,253,850,000 as at 31 December 2017), representing the conditional investment fund, received by the Company and is accounted for as financial liabilities at FVTPL per note 24. On 5 March 2018, the Group Reorganisation is completed and the conditional investment fund received previously classified at financial liabilities at FVTPL at a fair amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to share premium, accordingly.

Note d: On 31 October 2016, CRE BVI transferred its 50% equity interests of PRC Holdco in aggregate to a number of independent third parties without losing control, resulting in a reduction of 50% share capital of PRC Holdco attributable to the owners of the PRC Holdco.

Note e: On 5 March 2016, PRC Holdco converted from a limited liability company into a joint stock company, together with the accounting impact as detailed in note d, it resulted in an overall impact of capitalising PRC Holdco's retained earnings of RMB171,434,000 and statutory surplus reserves of RMB45,438,000, totalling RMB216,872,000, in paid-in capital, by increasing the total authorised paid capital by and issue of 216,871,750 shares at par value of RMB1.00 per share.

The new shares rank pari passu with the then existing shares in all respects.

28. SHARE-BASED PAYMENT TRANSACTIONS

Share Incentive Plan of E-House (China) Holdings

E-House (China) Holdings' shares were previously listed on the New York Stock Exchange and were delisted on 12 August 2016. E-House (China) Holdings' Share Incentive Plan was adopted pursuant to a resolution passed on 28 November 2006 for the purpose of providing incentives to directors and eligible employees, and will expire on 9 October 2021. Under E-House (China) Holdings Share Incentive Plan, the board of directors of E-House (China) Holdings may grant options or restricted shares to eligible employees, including employees and directors of the Group, to subscribe for shares in E-House (China) Holdings.

Share option

The following table discloses movements of the number of E-House (China) Holdings' share options, which had been fully vested as at 1 January 2015, held by employees and directors of the Group during the Track Record Period.

	Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2015
	'000	'000	'000	'000	'000	'000
Number of share options	1,803	–	(20)	–	(4)	1,779
Exercisable at the end of the year						1,779
	Outstanding at 1 January 2016	Granted during the year ended 31 December 2016	Exercised during the year ended 31 December 2016	Forfeited during the year ended 31 December 2016	Expired during the year ended 31 December 2016	Outstanding at 31 December 2016 and 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
Number of share options	1,779	–	–	(1,779)	–	–
Exercisable at the end of the year/period.						–

Upon E-House (China) Holdings is delisted from the New York Stock Exchange on 12 August 2016, the outstanding share options were all deemed to be forfeited on that date.

In respect of the share options exercised during the year ended 31 December 2015, the weighted average share price at the dates of exercise was US\$7.2.

Restricted shares

E-House (China) Holdings granted restricted shares to eligible employees, including employees and directors of the Group. The following table discloses movement of E-House (China) Holdings' restricted shares held by employees and directors of the Group during the Track Record Period. The weighted average fair value in respect of the restricted shares on grant date as at 1 January 2015 and 2016 was US\$8.45 and US\$9.14, respectively.

	Unvested at 1 January 2015	Granted during the year	Vested during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2015
	'000	'000	'000	'000	'000	'000
Number of restricted shares	639	–	(303)	–	–	336
	Unvested At 1 January 2016	Granted during the year ended 31 December 2016	Vested during the year ended 31 December 2016	Forfeited during the year ended 31 December 2016	Expired during the year ended 31 December 2016	Outstanding at 31 December 2016 and 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
Number of restricted shares	336	–	(336)	–	–	–

Share Incentive Plan of Leju

Leju's shares are listed on the New York Stock Exchange. Its ultimate parent is E-House (China) Holdings. Leju's Share Incentive Plan was adopted pursuant to a resolution passed on 1 December 2013 for the purpose of providing incentives to directors and eligible employees, and will expire on 30 November 2023. Under Leju Share Incentive Plan, the board of directors of Leju may grant options or restricted shares to eligible employees, including employees and directors of the Group, to subscribe for shares in Leju.

Share option

Details of specific categories of options granted under the Share Incentive Plan of Leju are as follows:

Date of grant	Range of vesting period	Range of exercise period	Weighted average exercise price	Weighted average fair value at grant date
1 December 2013 . . .	1 December 2013 – 1 December 2016	1 December 2014 – 30 November 2023	US\$4.60	US\$2.15

The following table discloses movements of the number of Leju's share options held by employees and directors of the Group during the Track Record Period.

	Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2015
	'000	'000	'000	'000	'000	'000
	459	–	(7)	–	(3)	449
Exercisable at the end of the year						126

	Outstanding at 1 January 2016	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2016
	'000	'000	'000	'000	'000	'000
	449	-	-	-	(10)	439
Exercisable at the end of the year						282

	Outstanding at 1 January 2017	Granted during the year ended 31 December 2017	Exercised during the year ended 31 December 2017	Forfeited during the year ended 31 December 2017	Expired during the year ended 31 December 2017	Outstanding at 31 December 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
	439	-	-	-	(27)	412
Exercisable at the end of the year						412

In respect of the share options exercised during the year ended 31 December 2015, the weighted average share price at the dates of exercise was US\$9.44.

Restricted shares

Leju granted restricted shares to eligible employees, including the Group's employees and management of the Group. The following table discloses movement of Leju's restricted shares held by employees and management of the Group during the Track Record Period. The weighted average fair value in respect of the restricted shares on grant date as at 1 January 2015 was US\$16.25.

	Unvested at 1 January 2015	Granted during the year ended 31 December 2015	Vested during the year ended 31 December 2015	Forfeited during the year ended 31 December 2015	Expired during the year ended 31 December 2015	Outstanding at 31 December 2015, 2016 and 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
Number of restricted shares	1	-	(1)	-	-	-

In respect of the share options and restricted shares granted by E-House (China) Holdings and Leju to the employees and directors of the Company prior to the Track Record Period, on each date of grant, the fair value of the share options were calculated using the Binomial model performed by an internationally recognised independent professional valuer, while such of the restricted shares were measured at the quoted closing market price. Both E-House (China) Holdings and Leju were listed on the New York Stock Exchange at the time they granted such share options and restricted shares. The fair value of the equity-settled share-based payments in respect of share options/restricted shares is then expensed on a straight-line basis over the vesting period. The Group recognised the total expense of RMB18,019,000, RMB7,696,000, nil, nil (unaudited) and nil for each of the three years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively, in relation to the share options and restricted shares of both E-House (China) Holdings and Leju granted to the employees and directors of the Group by E-House (China) Holdings and Leju.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank borrowings, amounts due to related parties of non-trade nature and financial liability classified at FVTPL disclosed in notes 25, 21 and 24 net of cash and cash equivalent, and equity attributable to owners of the Group.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debt or redemption of existing debt.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Amortised costs (including cash and cash equivalents)	2,440,141	3,817,081	5,695,273	6,905,957	632	676	1,254,507	254,126
Financial assets classified as at FVTPL	–	–	20,000	20,000	–	–	–	–
	<u>2,440,141</u>	<u>3,817,081</u>	<u>5,715,273</u>	<u>6,925,957</u>	<u>632</u>	<u>676</u>	<u>1,254,507</u>	<u>254,126</u>
Financial liabilities								
Amortised cost	841,023	1,050,244	1,077,012	2,993,715	726	790	768	778
FVTPL	–	–	1,253,850	–	–	–	1,253,850	–
	<u>841,023</u>	<u>1,050,244</u>	<u>2,330,862</u>	<u>2,993,715</u>	<u>726</u>	<u>790</u>	<u>1,254,618</u>	<u>778</u>

b. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivables, bills receivables, other receivables, other non-current assets, restricted bank balances, cash and cash equivalent, accounts payables, other payables, amounts due from (to) related parties and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain cash and cash equivalent and amounts due from (to) related parties and conditional investment fund received are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk.

The carrying amounts of the Group's and the Company's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of each reporting period are as follows:

	The Group							
	Assets				Liabilities			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
US\$	1	1	98,014	94,320	-	-	-	-
HK\$	2	6	998,681	1,364,535	784	864	1,254,691	881
	The Company							
	Assets				Liabilities			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
US\$	-	-	98,014	88,033	-	-	-	-
HK\$	632	676	1,156,493	162,680	726	790	1,254,618	778

The Group and the Company currently does not have a foreign currency hedging policy as the management of the Group considers that the foreign exchange risk exposure of the Group and the Company is minimal. The Group and the Company will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% decrease in the functional currency of the relevant group entities against the foreign currency. 10% is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit for the year/period where the functional currency of relevant group entities weakening against the relevant foreign currencies. For a 10% strengthen of the functional currency of relevant group entities, there would be an equal and opposite impact on the profit after taxation.

	The Group			
	For the year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Foreign currency				
US\$	-	-	9,801	9,432
HK\$	(78)	(86)	(25,601)	136,454

	The Company			
	For the year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Foreign currency				
US\$	–	–	9,801	8,803
HK\$	(10)	(11)	(9,812)	16,190
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 25 for details). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank balances.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances at the respective reporting date. The analysis is prepared assuming the financial instruments outstanding at the respective reporting date was outstanding for the whole year/period. A 10 basis point increase or decrease in interest rate on bank balances is used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for bank balances and all other variables were held constant, the Group's post-tax profit for the year/period would increase/(decrease) by the following magnitude:

	The Group				The Company			
	Year ended 31 December			For the three-month period ended 31 March	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Increase/(decrease) in profit for the year/period	364	825	627	832	–	–	98	93
	<u>364</u>	<u>825</u>	<u>627</u>	<u>832</u>	<u>–</u>	<u>–</u>	<u>98</u>	<u>93</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group.

With reference to the historical settlement patterns from these related parties under common of E-House (China) Holdings, the Group has assessed that the expected credit loss for amounts due from related parties under common control of E-House (China) Holdings is insignificant. Thus, no loss allowance provision was recognised during the Track Record Period.

The Group is exposed to credit risk in relation to its accounts receivables, bills receivables, other receivables, other non-current assets, amounts due from related parties (except for related parties under common control of E-House (China) Holdings), restricted bank balances, and cash and cash equivalents which represents the Group's maximum exposure to credit risk in relation to financial assets.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks as detailed in note 35. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on. No loss allowance for the financial guarantee contracts has been recognised in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 and 31 March 2018.

The Group expects that there is no significant credit risk associated with restricted bank balances and cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has concentration of credit risk as 30.57%, 34.93%, 49.00% and 47.20% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables (except for related parties under common control of E-House (China) Holdings) was due from the Group's largest customer as at 31 December 2015, 2016 and 2017 and 31 March 2018, respectively, and 36.37%, 40.89%, 55.34% and 55.05% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables (except for related parties under common control of E-House (China) Holdings) was due from the five largest customers as at 31 December 2015, 2016 and 2017 and 31 March 2018, respectively.

Trade-related balances

Included in the Group's accounts receivables, bills receivables and of amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) as at 31 December 2015, 2016 and 2017 and 31 March 2018 with aggregate carrying amounts of RMB98,388,000, RMB61,658,000, RMB56,420,000 and RMB40,373,000, respectively, the Group has collateral of real estate properties over these balances. Details of the arrangement is set out on note 20.

The carrying amount of the Group's financial assets at FVTPL as disclosed in note 22 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

For accounts receivables, bills receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings), the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, fair values of real estate properties obtained as collateral over accounts receivables, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off an accounts receivables and trade nature of amounts due from related parties (except for related parties under common control of E-House (China) Holdings) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. For the year ended 31 December 2017, the Group had written off accounts receivables of RMB250,000 as the Group had identified the debtor has financial difficulty. For the year ended 31 December 2015 and 2016 and for the three-month period ended 31 March 2018, none of the accounts receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) that had been written off as the management assessed that no counterparties were in severe financial difficulty and the prospect of recovery was still realistic.

The following table details the risk profile of accounts receivables, bills receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) based on the Group's provision matrix. As the Group's historical credit loss experience show significantly different loss patterns for different customer portfolio (including high risk, strategic and normal risk type), the provision for loss allowance based on past due status is further distinguished between the Group's customer portfolio of different risk type.

As at 31 December 2015

<u>High risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	N/A	100.00%	100.00%	100.00%
Estimated total gross carrying amount at default (RMB'000)	–	4,179	88,474	92,653
Lifetime ECL (RMB'000)	–	(4,179)	(88,474)	(92,653)
	–	–	–	–

Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due				
Strategic type customers	Within 1 year	1-2 years	Over 2 years	Total
<i>(note)</i>				
Estimated total gross carrying amount at default (RMB'000)	228,962	13,636	2,488	245,086
Lifetime ECL (RMB'000)	(9,575)	(570)	(104)	(10,249)
	<u>219,387</u>	<u>13,066</u>	<u>2,384</u>	<u>234,837</u>
Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due				
Normal risk type customers	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	4.69%	20.28%	54.96%	11.53%
Estimated total gross carrying amount at default (RMB'000)	996,944	198,296	117,223	1,312,463
Lifetime ECL (RMB'000)	(46,720)	(40,219)	(64,423)	(151,362)
	<u>950,224</u>	<u>158,077</u>	<u>52,800</u>	<u>1,161,101</u>
As at 31 December 2016				
Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due				
High risk type customers	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	N/A	100.00%	100.00%	100.00%
Estimated total gross carrying amount at default (RMB'000)	–	15,180	131,611	146,791
Lifetime ECL (RMB'000)	–	(15,180)	(131,611)	(146,791)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due				
Strategic type customers	Within 1 year	1-2 years	Over 2 years	Total
<i>(note)</i>				
Estimated total gross carrying amount at default (RMB'000)	526,499	7,263	10,026	543,788
Lifetime ECL (RMB'000)	(17,411)	(240)	(332)	(17,983)
	<u>509,088</u>	<u>7,023</u>	<u>9,694</u>	<u>525,805</u>

<u>Normal risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	3.79%	25.62%	73.84%	9.52%
Estimated total gross carrying amount at default (RMB'000)	1,741,422	180,065	110,236	2,031,723
Lifetime ECL (RMB'000)	(65,983)	(46,135)	(81,402)	(193,520)
	<u>1,675,439</u>	<u>133,930</u>	<u>28,834</u>	<u>1,838,203</u>

As at 31 December 2017

<u>High risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	N/A	100.00%	100.00%	100.00%
Estimated total gross carrying amount at default (RMB'000)	–	21,841	199,065	220,906
Lifetime ECL (RMB'000)	–	(21,841)	(199,065)	(220,906)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

<u>Strategic type customers</u> (note)	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Estimated total gross carrying amount at default (RMB'000)	990,833	22,008	6,517	1,019,358
Lifetime ECL (RMB'000)	(33,527)	(745)	(221)	(34,493)
	<u>957,306</u>	<u>21,263</u>	<u>6,296</u>	<u>984,865</u>

<u>Normal risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	3.39%	27.03%	69.68%	8.47%
Estimated total gross carrying amount at default (RMB'000)	2,199,863	293,228	93,371	2,586,462
Lifetime ECL (RMB'000)	(74,658)	(79,254)	(65,059)	(218,971)
	<u>2,125,205</u>	<u>213,974</u>	<u>28,312</u>	<u>2,367,491</u>

Non-trade related balances

In order to minimise credit risk on other receivables and other non-current assets, the Group has tasked its credit management committee to develop and maintain the credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework in respect of other receivables and other non-current assets comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts or aged within 1 year.	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition (aged within 1 year but less than 2 years)	Lifetime ECL – not credit-impaired
In default	There is evidence indicating the asset is credit-impaired (aged over 2 years)	Lifetime ECL – credit-impaired
Write-off.	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For the purposes of impairment assessment, other receivables and other non-current assets are considered to have low credit risk as the counterparties to these financial assets have a high credit rating. Accordingly, for the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12m ECL.

In determining the ECL for other receivables and other non-current assets, the management of the Group has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other non-current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made throughout the Track Record Period.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

In addition, the following table also included the Group's liquidity analysis for the conditional investment fund received at FVTPL as at 31 December 2017, which were analysed based on the contractual terms pursuant to the investment agreements entered into with the prospective investors.

Liquidity and interest risk table

	Weighted average effective interest rate	On demand or less than 1 month	Within 1 to 3 months	Within 3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group							
31 December 2015							
Accounts and other payables	-	76,542	-	-	-	76,542	76,542
Amounts due to related parties	-	314,481	-	-	-	314,481	314,481
Fixed-rate bank borrowings	5.88%	-	3,733	171,200	318,549	493,482	450,000
		<u>391,023</u>	<u>3,733</u>	<u>171,200</u>	<u>318,549</u>	<u>884,505</u>	<u>841,023</u>
31 December 2016							
Accounts and other payables	-	195,643	-	-	-	195,643	195,643
Amounts due to related parties	-	464,601	-	-	-	464,601	464,601
Fixed-rate bank borrowings	5.73%	-	3,265	399,794	-	403,059	390,000
		<u>660,244</u>	<u>3,265</u>	<u>399,794</u>	<u>-</u>	<u>1,063,303</u>	<u>1,050,244</u>
31 December 2017							
Accounts and other payables	-	351,261	-	-	-	351,261	351,261
Amounts due to related parties	-	275,751	-	-	-	275,751	275,751
Fixed-rate bank borrowings	5.02%	-	104,639	353,304	-	457,943	450,000
Financial guarantee contracts	-	85,301	-	-	-	85,301	-
		<u>712,313</u>	<u>104,639</u>	<u>353,304</u>	<u>-</u>	<u>1,170,256</u>	<u>1,077,012</u>
Conditional investment fund received at FVTPL	-	-	-	1,253,850	-	1,253,850	1,253,850
		<u>712,313</u>	<u>104,639</u>	<u>1,607,154</u>	<u>-</u>	<u>2,424,106</u>	<u>2,330,862</u>
31 March 2018							
Accounts and other payables	-	2,166,963	-	-	-	2,166,963	2,166,963
Amounts due to related parties	-	276,752	-	-	-	276,752	276,752
Fixed-rate bank borrowings	4.46%	-	355,434	205,619	-	561,053	550,000
Financial guarantee contracts	-	52,160	-	-	-	52,160	-
		<u>2,495,875</u>	<u>355,434</u>	<u>205,619</u>	<u>-</u>	<u>3,056,928</u>	<u>2,993,715</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to the change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Company's financial liabilities are non-interest bearing and repayable on demand.

c. Fair value measurements of financial instruments

The management of the Group considers that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The Group's investment in a convertible note amounted to RMB20,000,000 was accounted for as financial assets mandatorily measured at FVTPL as at 31 December 2017 and 31 March 2018 of which is under level 3 fair value hierarchy. The management of the Group assessed that there was no significant change of fair value for the year ended 31 December 2017. The fair value as at 31 March 2018 has been arrived at on the basis of valuation carried out by Valuelink. Its fair value was determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node. The significant unobservable input to the lattice binomial model being the volatility of the share price of the investee. The higher the volatility of the investee, the higher the fair value of the convertible note will be. A 5% increase/decrease in the volatility of the share price of the investee, holding all other variables constant, would increase/decrease the carrying amount of the convertible note by RMB591,000 and RMB742,000 as at 31 December 2017 and 31 March 2018, respectively.

In addition, the Group's and the Company's conditional investment fund received which were classified at financial liabilities at FVTPL of RMB1,253,850,000 as at 31 December 2017 is under level 3 hierarchy. The management of the Group assessed that there was no significant change of fair value for the year ended 31 December 2017. Its fair value was determined by discount cash flow method under income approach using the inputs including estimated cash flows and an appropriate discount rate and crossed checked by guideline company method under market approach. The significant unobservable input to the discount cash flow method being the expected revenue in the estimated cash flows. The higher the expected revenue, the higher the fair value of the financial liabilities at FVTPL will be. A 5% increase/decrease in the expected revenue, holding all other variables constant, would increase/decrease the carrying amount of the financial liabilities at FVTPL by RMB67,228,000 as at 31 December 2017.

Reconciliation of Level 3 fair value measurements

The following table represents the changes in Level 3 financial asset and liability

As at 31 December 2017

	<u>Asset</u>	<u>(Liability)</u>
	Convertible note classified as financial asset mandatorily measured at FVTPL	Conditional investment fund received classified as FVTPL
	RMB'000	RMB'000
At 1 January 2017.	–	–
Addition.	20,000	(1,270,877)
Total gain recognised in profit and loss.	–	17,027
At 31 December 2017	<u>20,000</u>	<u>(1,253,850)</u>

As at 31 March 2018

	<u>Asset</u>	<u>(Liability)</u>
	Convertible note classified as financial asset mandatorily measured at FVTPL	Conditional investment fund received classified as FVTPL
	RMB'000	RMB'000
At 1 January 2018.	20,000	(1,253,850)
Total gain recognised in profit and loss.	–	23,864
Derecognised.	–	1,229,986
At 31 March 2018.	<u>20,000</u>	<u>–</u>

Of the total gain for the year ended 31 December 2017 and the three months period ended 31 March 2018 included in profit or loss, the respective amount of RMB23,864,000, RMB17,027,000 relates to the decrease in fair value in respect of conditional investment fund received classified as FVTPL held as at 31 December 2017 and the date of derecognition. Fair value gain on conditional investment fund received classified at FVTPL is included in "other gains and losses" in note 8B.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank borrowing	Accrued interest expense	Amounts due to related parties (non- trade nature)	Conditional investment fund received	Dividend payable	Dividend payable to non- controlling interest	Issue cost payable	Other payables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 . . .	120,000	40	43,197	-	-	-	-	-	163,237
Financing cash flow									
(note ii)	330,000	(25,680)	240,859	-	(600,000)	(21,966)	-	-	(76,787)
Finance cost									
recognised	-	26,448	-	-	-	-	-	-	26,448
Dividend declared	-	-	-	-	600,000	21,966	-	-	621,966
Non-cash changes									
Eliminated on deemed disposal upon business transfer									
(note i)	-	-	(124,971)	-	-	-	-	-	(124,971)
Consideration payable for acquisition of Tianjin Jinyue under common control	-	-	153,595	-	-	-	-	-	153,595
At 31 December 2015 . .	450,000	808	312,680	-	-	-	-	-	763,488
Financing cash flow									
(note ii)	(60,000)	(29,874)	74,047	-	-	(19,167)	-	-	(34,994)
Finance cost									
recognised	-	29,756	-	-	-	-	-	-	29,756
Dividend declared	-	-	-	-	-	19,167	-	-	19,167
At 31 December 2016 . .	390,000	690	386,727	-	-	-	-	-	777,417
Financing cash flow									
(note ii)	60,000	(21,718)	(123,800)	1,253,850	-	(28,951)	-	-	1,139,381
Finance cost									
recognised	-	21,650	-	-	-	-	-	-	21,650
Dividend declared	-	-	-	-	-	28,951	-	-	28,951
At 31 December 2017 . .	450,000	622	262,927	1,253,850	-	-	-	-	1,967,399
Financing cash flow									
(note ii)	100,000	(5,442)	(2,915)	-	-	-	(758)	-	90,885
Finance cost									
recognised	-	5,551	-	-	-	-	-	-	5,551
Issue costs accrued . . .	-	-	-	-	-	-	4,839	-	4,839
Non-cash changes									
Conversion of conditional investment fund received into share premium	-	-	-	(1,229,986)	-	-	-	-	(1,229,986)
Fair value change on financial liabilities measured through profit and loss	-	-	-	(23,864)	-	-	-	-	(23,864)
Consideration payable for acquisition of PRC Holdco under common control	-	-	-	-	-	-	-	1,892,000	1,892,000
At 31 March 2018	550,000	731	260,012	-	-	-	4,081	1,892,000	2,706,824
At 31 December 2016 . .	390,000	690	386,727	-	-	-	-	-	777,417
Financing cash flow									
(note ii) (unaudited) . .	90,000	(6,523)	(33,517)	-	-	-	-	-	49,960
Finance cost									
recognised (unaudited)	-	6,642	-	-	-	-	-	-	6,642
At 31 March 2017 (unaudited)	480,000	809	353,210	-	-	-	-	-	834,019

Note i: Bank borrowings of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer was deemed to be disposed.

Note ii: The financing cash flows represent (i) the proceeds from and repayment of bank borrowings, (ii) the advance from and repayment to related parties, (iii) consideration paid for the acquisition of Tianjin Jinyue under common control amounted to RMB153,595,000 for the year ended 31 December 2016 and (iv) conditional investment fund received of RMB1,253,850,000 for the year ended 31 December 2017.

32. DISPOSAL OF SUBSIDIARIES UNDER COMMON CONTROL

Disposal of subsidiaries under common control for the year ended 31 December 2015

- (i) On 31 May 2015, the Group disposed of its 100% equity interest in Fangjia Technique to Yifang for a consideration of RMB5,000,000. Fangjia Technique is principally engaged in the business of technical development and technical consulting.
- (ii) On 31 October 2015, the Group disposed of its 100% equity interest in Shanghai Yijin Culture Development Co., Ltd[#] (上海易進文化發展有限公司) (“Yijin”) to Yifang whose ultimate parent is E-House (China) Holdings for a consideration of RMB10,000,000. Yijin is principally engaged in the business of planning service, business information consulting and etiquette service.
- (iii) On 31 December 2015, the Group disposed of its 100% equity interest in Shanghai Chengshen Culture Development Co., Ltd[#] (上海城申文化發展有限公司) (“Chengshen”) to Yifang for a consideration of RMB3,000,000. Chengshen is principally engaged in the business of cultural and artistic communication, business information consulting and exhibition and display service.

Further details of the consideration, and assets and liabilities disposed of in respect of the disposed subsidiaries during the year ended 31 December 2015 are set out below:

	Fangjia Technique	Yijin	Chengshen	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration				
Cash received	–	10,000	3,000	13,000
Consideration receivable (note)	5,000	–	–	5,000
	<u>5,000</u>	<u>10,000</u>	<u>3,000</u>	<u>18,000</u>
Analysis of assets and liabilities over which control was lost				
Property and equipment	–	8,749	935	9,684
Accounts receivables	–	228	–	228
Other receivables	–	2,831	365	3,196
Cash and cash equivalents.	4,998	3,723	1,141	9,862
Accounts payables	–	(104)	–	(104)
Other payables.	(2)	(15,592)	(39)	(15,633)
Tax payables	–	(100)	(9)	(109)
Net assets (liabilities) disposal of	<u>4,996</u>	<u>(265)</u>	<u>2,393</u>	<u>7,124</u>
Gain on disposal of subsidiaries under common control recognised in other reserve as deemed contribution				
Consideration	5,000	10,000	3,000	18,000
Net (assets) liabilities disposed of.	(4,996)	265	(2,393)	(7,124)
	<u>4</u>	<u>10,265</u>	<u>607</u>	<u>10,876</u>

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	Fangjia Technique	Yijin	Chengshen	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net cash (outflow) inflow arising on disposal:				
Cash consideration received	–	10,000	3,000	13,000
Less: bank balances and cash disposed of	(4,998)	(3,723)	(1,141)	(9,862)
	<u>(4,998)</u>	<u>6,277</u>	<u>1,859</u>	<u>3,138</u>

Note: The consideration of RMB5,000,000 in respect of the disposal of Fangjia Technique to Yifang had been received in full during the year ended 31 December 2016.

33. OPERATING LEASES

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follow:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	60,401	39,436	61,656	60,644
In the second year to fifth year inclusive	69,569	66,444	91,093	86,047
Over five years.	17,741	11,981	7,577	6,788
	<u>147,711</u>	<u>117,861</u>	<u>160,326</u>	<u>153,479</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated with fixed lease term ranged from 1 month to 10 years.

34. CAPITAL COMMITMENTS

As at 31 December 2015, 2016 and 2017, the Group had the following capital commitments:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for:				
Property and equipment	856	723	1,300	1,083
	<u>856</u>	<u>723</u>	<u>1,300</u>	<u>1,083</u>

35. CONTINGENT LIABILITIES

As at 31 December 2017 and 31 March 2018, the Group provided financial guarantees to banks for individual property buyers in obtaining mortgage approval with aggregate amount of RMB85,301,000 and RMB52,160,000, respectively in relation to the secondary real estate transfer in Wuhan. For the financial guarantees as at 31 December 2017, they had been released in full in March 2018. As at the date of this report, the financial guarantees amounting to RMB51,460,000 as at 31 March 2018 had been subsequently released. No such arrangement was entered into for the years ended 31 December 2015 and 2016.

Management of the Group has, taking into account the nature of the guarantee and relevant facts and circumstances, considered that the probabilities of default to be low and therefore, the fair value of which on initial date of recognition was insignificant and also there was no provision made subsequent to initial recognition during the year ended 31 December 2017 and the three-month period ended 31 March 2018.

36. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Company's subsidiaries situated in the PRC are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

During the Track Record Period, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to RMB231,298,000, RMB257,768,000, RMB311,496,000, RMB67,546,000 (unaudited) and RMB81,030,000 for the years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively.

37. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statements of financial position and in note 21.

(b) Related party transactions

During the Track Record Period, the Group entered into the following transactions with its related parties.

(i) Advertising service, agency revenue, consulting service earned

Advertising service

Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
Shanghai Lerong Information Technology Co., Ltd.# (上海樂榮信息技術有限公司) ("Lerong") (i)	-	-	22	-	2,537
Ningbo E-House Chenxin Real Estate Broker Co., Ltd.# (寧波易居臣信房地產經紀有限公司) (i)	-	-	1,331	-	690
Shanxi Chenxin Real Estate Broker Co., Ltd.# (陝西臣信房地產經紀有限公司) (i)	-	92	3,272	236	7
Beijing Chenxin (i)	19,220	2,551	-	-	-
Chen Xin Real Estate Economic (Changsha) Co., Ltd.# (臣信房地產經濟(長沙)有限公司) (i)	57	-	-	-	-
Guangzhou Xinchun Real Estate Broker Co., Ltd.# (廣州新臣房地產經紀有限公司) (i)	-	492	484	16	-
Hangzhou Yisheng (i)	-	-	1,119	-	-
Nanchang Yichen Real Estate Broker Co., Ltd.# (南昌易臣房地產經紀有限公司) (i)	-	-	152	-	-

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Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
Shanghai Treasure Culture Development Inc. [#] (上海寶庫文化發展股份有限公司) ("Baoku") (i)	-	295	-	-	-
Nanzhi (i)	14	-	-	-	-
Shijiazhuang Bolei Real Estate Broker Co., Ltd [#] (石家莊博雷房產經紀有限公司) (i)	183	-	-	-	-
Suzhou E-House Chenxin Real Estate Broker Co., Ltd [#] (蘇州易居臣信房地產經紀 有限公司) ("Suzhou Chenxin") (i)	-	647	-	-	-
Tianjin Chenxin Real Estate Broker Co., Ltd [#] (天津臣信房地產經紀有限公司) ("Tianjin Chenxin") (i)	221	-	-	-	-
Wuhan Yisheng Leju Advertising Co., Ltd. [#] (武漢怡生樂居廣告有限公司) (i)	-	4,221	329	211	-
Wuhan E-House Chenxin Real Estate Consulting Co., Ltd. [#] (武漢易居臣信地產顧 問有限公司) (i)	448	-	-	-	-
E-House Chenxin (i)	4,493	2,051	4,736	895	-
Chongqing Anbang (i)	2,585	1,241	1,138	1,138	-
	27,221	11,590	12,583	2,496	3,234

Agency revenue

Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
China Evergrande Group's affiliates (iii)	-	-	-	-	196,246
China Vanke Co., Ltd's affiliates (iii)	-	-	-	-	5,438
Country Garden Holdings Company Limited's affiliates. (iii)	-	-	-	-	5,361
Shanghai Urban (ii)	9,816	37,081	23,389	6,331	4,351
E-House Chenxin (i)	-	2,463	14,762	5,212	679
Chongqing Anbang (i)	-	-	-	-	78
Hangzhou Yisheng (i)	-	45	123	90	34
Zhengzhou Leju Advertising Co., Ltd. [#] (鄭州樂居廣告有限公司) (i)	-	-	49	-	30
Hangzhou Ruiju (i)	-	81	-	-	-
Hangzhou Chenxin (i)	-	391	-	-	-
Shanghai Chenxin (i)	-	102	-	-	-
Lerong (i)	-	529	-	-	-
Nanzhi (i)	4,801	1,143	-	-	-
	14,617	41,835	38,323	11,633	212,217

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Consulting service

Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Country Garden Holdings Company Limited's affiliates	(iii)	-	-	-	1,299
China Evergrande Group's affiliates	(iii)	-	-	-	344
Shanghai Urban	(ii)	1,271	1,799	3,153	568
China Vanke Co., Ltd's affiliates	(iii)	-	-	-	138
Hangzhou Yisheng	(i)	-	-	66	-
Zhuhai Yisheng Leju Information Technology Co., Ltd.# (珠海怡生樂居信息科技有限公司)	(i)	-	-	-	11
Fangjiao	(i)	-	-	-	2
Beijing Chenxin	(i)	-	167	281	84
Beijing Lingzhi Tongcheng Education Technology Co., Ltd.# (北京凌志通成教育科技有限公司)	(i)	-	4	-	-
Fuzhou E-House Chenxin Estate Broker Co., Ltd.# (福州易居臣信房地產經紀有限公司)	(i)	-	56	-	-
Guangzhou Leviju Information Technology Co., Ltd.# (廣州樂怡居信息科技有限公司)	(i)	-	-	1,412	405
Hangzhou Ruiju	(i)	-	35	12	12
Jinan Yisheng Leju Advertising Co., Ltd.# (濟南怡生樂居廣告有限公司)	(i)	-	21	-	-
Nanchang Xinyiju Culture Communication Co., Ltd.# (南昌新怡居文化傳媒有限公司)	(i)	-	4	-	-
Nanjing Anyue Real Estate Broker Co., Ltd.# (南京安岳房地產經紀有限公司)	(i)	-	-	233	-
Xiamen Yisheng	(i)	-	371	-	-
Baoku	(i)	-	37	-	-
TED	(i)	-	9	-	-
Shanghai Xinju Financial Information Services Co., Ltd.# (上海新居金融信息服務有限公司)	(i)	-	2	-	-
Suzhou Chenxin	(i)	61	28	-	-
Tianjin Chenxin	(i)	-	28	66	66
E-House Chenxin	(i)	-	223	328	-
Chongqing Anbang	(i)	45	-	230	-
		1,377	2,784	5,781	1,135
					2,104

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(ii) Service cost incurred (including mainly staff training and development cost)

Relationship	Year ended 31 December			For the three-month period ended 31 March		
	2015	2016	2017	2017	2018	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
				(unaudited)		
TED Culture	(i)	-	1,710	4,120	2,294	2,057
Hebei Dehu	(i)	1,369	619	1,985	132	127
Fangjiao	(i)	-	3,007	1,803	217	290
Xiamen Yisheng	(i)	-	-	755	-	1,000
E-House Academy	(i)	-	-	185	-	-
Yunchuang	(i)	-	51	152	75	-
Huace	(i)	-	-	144	-	50
Lerong	(i)	-	160	94	94	-
Beijing Zhongfang Zhiye Management Consulting Co., Ltd.# (北京中房智業管理諮詢有限公司)	(i)	-	283	67	-	-
Chengxiang	(i)	-	-	58	-	-
Baoku	(i)	500	272	47	-	-
Beijing Yisheng	(i)	1,231	604	39	39	-
E-House Management	(i)	-	8	15	-	-
Shanglin	(i)	-	-	7	5	-
Hangzhou Chenxin	(i)	150	11,033	-	-	-
Shanghai Yiguan Culture and Art Co., Ltd.# (上海藝觀文化藝術有限公司)	(i)	-	566	-	-	-
Shanghai Guansong Culture Communication Co., Ltd.# (上海觀頌文化傳播有限公司)	(i)	194	268	-	-	-
Shanghai Chenxin	(i)	-	66	-	-	-
TED	(i)	6,619	62	-	-	-
Shanghai Dehu	(i)	1,574	-	-	-	-
Shanghai Dehao Exhibition Co., Ltd.# (上海德鎬展覽有限公司)	(i)	572	-	-	-	-
Xinjiang Shengshi	(i)	290	-	-	-	-
Shanghai Weike Information Technology Co., Ltd.# (微課聯盟信息科技有限公司)	(i)	20	-	-	-	-
		12,519	18,709	9,471	2,856	3,524

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(iii) Rental expenses incurred

Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Yike Technology	(i) 19,429	24,333	29,929	6,588	6,947
Yicang	(i) 636	2,126	1,704	329	458
Shangyou	(i) 852	821	-	-	-
	<u>20,917</u>	<u>27,280</u>	<u>31,633</u>	<u>6,917</u>	<u>7,405</u>

Notes:

(i) *Fellow subsidiaries of the Group*

(ii) *Non-controlling shareholder of a non-wholly owned subsidiary of the Group which exercises significant influence over the subsidiary of the Group.*

(iii) *Entities controlled by shareholders of the Group which exercises significant influence over the Company.*

(iv) Collection agency arrangement with E-House Management and Beijing EJU

Subsequent to the completion of the Business Transfer, E-House Management and Beijing EJU, had acted as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts.

(v) Guarantees and pledged of assets provided by related parties

At 31 December 2015, 2016 and 2017 and 31 March 2018, E-House Management, a fellow subsidiary of the Company, had provided corporate guarantees to banks in respect of the Group's bank borrowings amounted to RMB100,000,000, RMB100,000,000, RMB450,000,000 and RMB550,000,000, respectively. At 31 December 2015 and 2016, certain properties of Shanghai Wanju Investment Partnership (Limited Partnership), a fellow subsidiary of the Company, were pledged to secure the Group's bank borrowings amounted to RMB350,000,000 and RMB290,000,000, respectively. As represented by the management of the Group, the corporate guarantee provided by E-House Management to banks as at 31 March 2018 would be released prior to the Listing.

(c) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the Track Record Period was as follows:

	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonus and other allowances	7,497	11,997	18,660	3,210
Retirement benefit scheme contributions	412	421	503	154
Equity-settled share-based payment expenses	6,653	4,064	-	-
	<u>14,562</u>	<u>16,482</u>	<u>19,163</u>	<u>3,364</u>

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

38. FINANCIAL INFORMATION OF THE COMPANY

(a) Investment in a subsidiary

	As at 31 December			As at
	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	2018
Unlisted shares, at cost.	7	7	7	9,318,225

Investment in a subsidiary represents the investment cost in Fangyou (BVI).

(b) Movements of the Company's reserves

	Share	Other reserves	Accumulated	Total
	premium		losses	
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	–	–	(77)	(77)
Loss and total comprehensive expense for the year	–	–	(17)	(17)
At 31 December 2015.	–	–	(94)	(94)
Loss and total comprehensive expense for the year	–	–	(20)	(20)
At 31 December 2016.	–	–	(114)	(114)
Loss and total comprehensive expense for the year	–	–	(15)	(15)
Conditional issue of shares (<i>note 27</i>)	–	(9)	–	(9)
At 31 December 2017.	–	(9)	(129)	(138)
Loss and total comprehensive expense for the period	–	–	(31,972)	(31,972)
Conversion of conditional investment fund received into share premium.	1,229,977	9	–	1,229,986
Capital contribution received from the immediate parent of the Company.	–	8,357,013	–	8,357,013
At 31 March 2018	1,229,977	8,357,013	(32,101)	9,554,889
For the three-month period ended				
31 March 2017 (unaudited)				
At 1 January 2017.	–	–	(114)	(114)
Profit and total comprehensive income for the period	–	–	1	1
At 31 March 2017	–	–	(113)	(113)

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect equity interests in the following principal subsidiaries.

Name of subsidiaries	Date and place of incorporation/ establishment	Issued and fully paid share capital/registered capital	Equity interest attributable to the Group as at				Date of this report	Principal activities	Notes
			31 December			31 March			
			2015	2016	2017	2018			
			(note 1)	(note 1)					
Directly held									
Fangyou (BVI)	BVI, 8 February 2010	USD1,000	100%	50%	50%	100%	100%	Investment holding	<i>l</i>
Indirectly held									
Hangzhou E-House Yongchuang Real Estate Sales and Marketing Co., Ltd (杭州易居永創房地產營銷策劃有限公司) ("Hangzhou Yongchuang")	Hangzhou, The PRC, 18 July 2008	RMB5,000,000	100%	50%	50%	100%	100%	Real estate agents	<i>c</i>
Wuhan E-House Investment Co., Ltd [#] (武漢易居投資有限公司) ("Wuhan E-House")	Wuhan, The PRC, 15 January 2004	RMB5,000,000	100%	50%	50%	100%	100%	Real estate sales, real estate agent	<i>d</i>
Henan E-House Real Estate Consultancy Co., Ltd. [#] (河南易居房地產顧問有限公司) ("Henan Yiju")	Zhengzhou, The PRC, 7 July 2005	RMB2,000,000	100%	50%	50%	100%	100%	Real estate agents, real estate marketing	<i>e</i>
Tianjin Jinyue	Tianjin, The PRC, 19 February 2008	RMB103,878,000	100%	50%	50%	100%	100%	Real estate marketing, real estate agent	<i>f</i>
Shanghai E-House Xiangyue Real Estate Sales Co., Ltd (上海易居祥悅房地產銷售有限公司) (Yijuxiangyue)	Shanghai, The PRC, 18 January 2010	RMB50,000,000	100%	50%	50%	100%	100%	Real estate marketing	<i>i</i>
Hainan E-House Tourism Real Estate Brokerage Co., Ltd [#] (海南易居旅遊地產經紀有限公司) ("Hainan Yiju")	Hainan, The PRC, 9 June 2010	RMB20,000,000	100%	50%	50%	100%	100%	Tourism real estate agents	<i>g</i>
Shanxi E-House Jinyue Real Estate Brokerage Co., Ltd [#] (山西易居金岳房地產經紀有限公司)	Shanxi, The PRC, 31 January 2013	RMB3,000,000	100%	50%	50%	100%	100%	Real estate agents, real estate information consulting	<i>l</i>
PRC Holdco	Shanghai, The PRC, 3 July 2006	RMB660,000,000	100%	50%	50%	100%	100%	Technology development	<i>j</i>
Nanjing Jinyue Real Estate Sales Co., Ltd [#] (南京金岳房地產銷售有限公司)	Nanjing, The PRC, 29 April 2004	RMB5,000,000	100%	50%	50%	100%	100%	Real estate sales agents	<i>l</i>
Anhui E-House Jinyue Real Estate Sales and Marketing Co., Ltd [#] (安徽易居金岳房地產營銷策劃有限公司)	Anhui, The PRC, 25 August 2015	RMB5,000,000	100%	50%	50%	100%	100%	Real estate marketing, real estate agents	<i>l</i>
Shanghai Dacheng Real Estate Brokerage Co., Ltd [#] (上海大乘房地產經紀有限公司) ("Dacheng")	Shanghai, The PRC, 16 November 2015	RMB50,000,000	100%	50%	50%	100%	100%	Real estate marketing	<i>h</i>
Jinan Jinyue Real Estate Brokerage Co., Ltd [#] (濟南金岳房地產經紀有限公司)	Jinan, The PRC, 27 May 2003	RMB5,000,000	100%	50%	50%	100%	100%	Real estate agents	<i>l</i>
Shanxi E-House Real Estate Investment Consultancy Co., Ltd [#] (陝西易居不動產投資顧問有限公司)	Shaanxi, The PRC, 4 December 2006	RMB3,000,000	100%	50%	50%	100%	100%	Real estate marketing agents, real estate information	<i>l</i>
Zhongfangyanxie	Beijing, The PRC, 17 August 2010	RMB30,000,000	51%	25.5%	25.5%	51%	51%	Information development, consulting	<i>k</i>

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Notes:

- (1) On 31 October 2016, PRC Holdco's immediate holding company, CRE BVI, had transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control. As a result, the Group's equity interest attributable to owner of the Company reduced by 50% as at 31 December 2016 and 2017.
- On 3 March 2018, Hong Kong Fangyou, a wholly-owned subsidiary of the Company, acquired 50% equity interests of PRC Holdco from CRE BVI and 50% equity interest of PRC Holdco from a number of independent third parties. As a result, the Group's equity interest attributable to owners of the Company increased from 50% to 100% as at 31 March 2018.
- (a) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (b) Each of the Company and its subsidiaries has adopted 31 December as its financial year end date.
- (c) The statutory financial statements of Hangzhou Yongchuang for the year ended 31 December 2015 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Zhejiang Xinghe Certified Public Accountants (浙江興合會計師事務所), a certified public accountant registered in the PRC. No audited statutory financial statements have been prepared for the year ended 31 December 2016 and 2017 as they are not mandatory to issue audited financial statements under the local statutory requirements.
- (d) The statutory financial statements of Wuhan E-House for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Wuhan Jingwei Certified Public Accountants (武漢經緯會計師事務所有限公司), a certified public accountant registered in the PRC.
- (e) The statutory financial statements of Henan Yiju for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Henan Shengmeng Certified Public Accountants (河南勝盟聯合會計師事務所), a certified public accountant registered in the PRC.
- (f) The statutory financial statements of Tianjin Jinyue for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Tianjin Boda Certified Public Accountants (天津市博達有限責任會計師事務所), a certified public accountant registered in the PRC.
- (g) The statutory financial statements of Hainan Yiju for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Hainan BDO Shu Lun Pan Certified Public Accountants LLP (海南立信長江會計師事務所), a certified public accountant registered in the PRC.
- (h) The statutory financial statements of Dacheng for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants (上海宏東亞會計師事務所), a certified public accountant registered in the PRC.
- (i) The statutory financial statements of Yijuxiangyue for the year ended 31 December 2015 and 2016 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai Wenhui Certified Public Accountants LLP (上海文匯會計師事務所), a certified public accountant registered in the PRC. The statutory financial statements of Yijuxiangyue for the year ended 31 December 2017 was prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants Co., LTD. (上海宏東亞會計師事務所), a certified public accountant registered in the PRC.
- (j) The statutory financial statements of PRC Holdco for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants Co., LTD. (上海宏東亞會計師事務所), a certified public accountant registered in the PRC.
- (k) The statutory financial statements of Zhongfangyanxie for the year ended 31 December 2015 and 2016 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants Co., LTD. (上海宏東亞會計師事務所), a certified public accountant registered in the PRC. The statutory financial statements of Zhongfangyanxie for the year ended 31 December 2017 was prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Beijing Zhongxuan Union Certified Public Accountants Co., LTD. (北京中燐聯盟會計師事務所), a certified public accountant registered in the PRC.
- (l) No audited statutory financial statements have been prepared since the date of the establishment as there is no such statutory requirement.

None of the subsidiaries of the Group had issued any debt securities during the Track Record Period.

40. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests				Profit (loss) allocated to non-controlling interests				Accumulated non-controlling interests				
						31/3/2017								
		31/12/2015	31/12/2016	31/12/2017	31/3/2018	31/12/2015	31/12/2016	31/12/2017	(unaudited) 31/3/2018	31/12/2015	31/12/2016	31/12/2017	31/3/2018	
PRC Holdco*	Shanghai, The PRC	nil	50%	50%	-	-	64,715	350,025	56,011	32,648	-	700,611	1,047,636	-
Included in the non-controlling interests of PRC Holdco and its subsidiaries														
Non-wholly owned subsidiaries of PRC Holdco						11,945	20,485	63,261	23,087	25,852	53,759	55,567	89,877	115,729
						11,945	85,200	413,286	79,098	58,500	53,759	756,178	1,137,513	115,729

* excluding non-controlling interests of non-wholly owned subsidiaries of PRC Holdco.

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below.

PRC Holdco and its subsidiaries	As at 31 December 2016	As at 31 December 2017	As at 31 March 2018
	RMB'000	RMB'000	RMB'000
Current assets	3,721,949	4,423,291	5,339,318
Non-current assets	483,171	642,556	613,869
Current liabilities	(2,747,965)	(2,904,479)	(2,559,167)
Non-current liabilities	(366)	(219)	(183)
Equity attributable to owners of the Company	700,611	1,023,636	3,278,108
Non-controlling interests of PRC Holdco (excluding those related to PRC Holdco's non-wholly owned subsidiaries)	700,611	1,047,636	-
Non-controlling interests of PRC Holdco's non-wholly owned subsidiaries	55,567	89,877	115,729

Summarised financial information of Zhongfangyanxie and its subsidiary, being a significant component of the non-wholly owned subsidiary of PRC Holdco. The summarised financial information below presented amounts before intra-group eliminations.

Zhongfangyanxie and its subsidiary	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 31 March 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	93,644	123,087	194,395	281,440
Non-current assets	11,501	8,116	2,840	3,945
Current liabilities	(13,402)	(20,499)	(17,419)	(46,905)
Equity attributable to owners of the Company	46,789	56,459	91,706	121,625
Non-controlling interests of Zhongfangyanxie	44,954	54,245	88,110	116,855

Zhongfangyanxie and its subsidiary	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017	For the three- month period ended 31 March 2017 (unaudited)	For the three- month period ended 31 March 2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	92,559	108,012	209,099	71,454	81,504
Expenses	(63,841)	(57,934)	(87,903)	(25,254)	(22,839)
Profit and total comprehensive income for the year/period . . .	28,718	50,078	121,196	46,200	58,665
Profit and total comprehensive income attributable to owners of the Company	14,646	25,540	61,810	23,562	29,919
Profit and total comprehensive income attributable to the non- controlling interests of Zhongfangyanxie	14,072	24,538	59,386	22,638	28,746
Profit and total comprehensive income for the year/period . . .	28,718	50,078	121,196	46,200	58,665
Dividends paid to non-controlling interests of Zhongfangyanxie . .	(10,347)	(15,247)	(25,521)	–	–
Net cash inflow from operating activities	45,133	60,682	122,192	37,681	87,099
Net cash outflow from financing activities	(21,291)	(31,669)	(52,398)	–	–
Net cash inflow	23,842	29,013	69,794	37,681	87,099

41. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2018, the major non-cash transactions mainly include the addition of investment properties which were collateral previously obtained and were transferred from property developer customers as settlement of the Group's outstanding accounts receivables in the amount of RMB18,655,000, RMB13,794,000, RMB11,940,000 and nil, respectively. Details of the arrangement are set out in note 20.

42. DIRECTORS' REMUNERATION

Under the arrangement currently in force, each of the aggregate amount of the directors' remuneration and benefits in kind for the year ending 31 December 2018 is estimated to be approximately RMB6 million (excluding discretionary bonus).

43. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, on 20 April 2018, the pre-IPO share option scheme was conditionally approved and adopted by the Board of Directors of the Company. In addition, the post-IPO share option scheme was conditionally adopted by the Company. The principal terms of the pre-IPO and post-IPO share option schemes are set out in the section headed "Statutory and General Information" in Appendix IV to the Prospectus.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2018 and up to the date of this report.

OUR REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Registered Office
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong
40th Floor, Sunlight Tower
248 Queen's Road East
Wan Chai
Hong Kong

TRUSTEE

The Hongkong and Shanghai Banking Corporation Limited

Level 24, HSBC Main Building
1 Queen's Road
Central
Hong Kong

PRINCIPAL PAYING AGENT

The Hongkong and Shanghai Banking Corporation Limited

Level 24, HSBC Main Building
1 Queen's Road
Central
Hong Kong

REGISTRAR AND TRANSFER AGENT

The Hongkong and Shanghai Banking Corporation Limited

Level 24, HSBC Main Building
1 Queen's Road
Central
Hong Kong

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law

Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

As to PRC law

Grandall Law Firm (Shanghai)
23-25/F, Garden Square
968 West Beijing Road
Shanghai 200041
China

As to United States law

Skadden, Arps, Slate, Meagher & Flom LLP
c/o Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

As to Cayman Islands and British Virgin Islands law

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISORS TO THE JOINT LEAD MANAGERS

As to United States law

Sidley Austin
39/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to PRC law

King & Wood Mallesons
17th Floor, One ICC
Shanghai ICC 999
Huai Hai Road (M)
Shanghai 200031
P.R. China

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong