E-House (China) Enterprise Holdings Limited
易居（中國）企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2048)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of E-House (China) Enterprise Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**"). These annual results have been reviewed by the Company's audit committee.

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

FINANCIAL HIGHLIGHTS

- Total revenue amounted to RMB8,051.5 million, in the year ended 31 December 2020.
- The GTV of real estate agency services and real estate brokerage network services amounted to RMB513.4 billion, in the year ended 31 December 2020.
- Profit for the year amounted to RMB439.2 million and total comprehensive income for the year amounted to RMB458.7 million, in the year ended 31 December 2020.
- EBITDA[1] amounted to RMB1,384.1 million in year ended 31 December 2020.

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

The Board recommended payment of a final dividend of RMB5.22 cents per share for the year ended 31 December 2020 (2019: RMB15.48 cents).

Dear shareholders,

(I) BUSINESS REVIEW

In the beginning of 2020, the 2019 Novel Coronavirus ("**COVID-19**") outbreak spread across the globe, putting various industries under different forms of stress.

Following the effective control measures implemented by the PRC government, the outbreak has gradually come under control in mainland China. Under the leadership of the PRC government and in response to the government's call, the Company spared no effort in supporting pandemic prevention and control by promptly establishing an outbreak emergency response taskforce to help prevent further spread of the outbreak. However, at the same time, the COVID-19 outbreak brought certain impacts to the industry. Approximately 1,600 sales offices in mainland China were forced to shut down and ceased operations in the first quarter of 2020 leading to a greater operating loss to the Group in the first quarter of 2020. In the second half of 2020, since the impact of the COVID-19 pandemic has almost disappeared in mainland China, the Group's operation has already recovered to its normal level and the EBITDA of the Group has increased by 35% for the second half of 2020[(2)] as compared to the corresponding period in 2019[(3)]. In addition, the Company has strengthened control over recoveries through improving projects' qualities and quantities, and thus leading to positive operating cash flows of the Company for the first time ever since its listing on The Stock Exchange of Hong Kong Limited.

Real estate agency services in the primary market:

During the Reporting Period, the total sales areas of real estate agency services in the primary market achieved 32.9 million square meters, and the total sales amount was RMB405.6 billion. As of 31 December 2020, the amount of signed and unsold reserve projects was 216.8 million square meters. Meanwhile, in relation to real estate agency services in the primary market, we gradually shifted to pursue high-quality growth by consolidating premium resources and projects.

Real estate brokerage network services:

In 2020, the Company has maintained our industry leading position and rolled out several products such as You Fang Multiple Listing Service Platform successively, striving to develop the distribution business and to empower small-to-medium brokerage firms and brokers. We recorded a GTV amount of RMB107.8 billion in 2020 and 78,661 units sold, realizing a profit of RMB126.9 million.

(2) EBITDA for the six months ended 31 December of 2020 (approximately RMB947.9 million) equals to EBITDA for the Reporting Period (approximately RMB1,384.1 million) minus EBITDA for the six months ended 30 June 2020 (approximately RMB436.2 million).

(3) EBITDA for the six months ended 31 December of 2019 (approximately RMB702.2 million) equals to EBITDA for the year ended 31 December 2019 (approximately RMB1,672.3 million) minus EBITDA for the six months ended 30 June 2019 (approximately RMB970.1 million).

Real estate market data and consulting services:

Capitalizing on our real estate big data capabilities, the Company has maintained a steady growth in our business. Revenue recorded for this segment during the Reporting Period amounted to RMB987.0 million. During the Reporting Period, the Company launched CAIC Asset Management Cloud, CAIC Investment Management Cloud, etc. The Company expanded beyond residential data to non-residential data in six areas, namely, CRIC Real Estate, CRIC Asset Management, CRIC Securities, CRIC Property Management, CRIC Lease & Sale and CRIC R&D, by which the Company generated industry demand and value.

(II) STRATEGIC DEVELOPMENT AND OUTLOOK

In the future, the Company will adhere to the "technology-enabled and smart services-based" development ambition, seize industry opportunities, and actively participate in digital development. As a striver, integrator and leader in the real estate industry, the Company strives to serve a number of developers, intermediaries and asset owners. The Company's strategic objective is to create a "new infrastructure" in the real estate sector, leading the digital and intelligent upgrade of transactions and operations across the sector. The Company will also build a data asset platform ecosystem in the real estate sector to promote the sharing and application of all data assets in the industry.

In relation to real estate digital marketing, on one hand, the Company will continue to consolidate premium resource services and projects to maintain high-quality development and maintain advantageous market position in traditional marketing and channels, and further expand business scale, expand operation model and improve operational efficiency on the basis of the consolidation of the mature business model. On the other hand, digital marketing will become the Company's key business to promote. During the COVID-19 public health incident, the real estate industry has accelerated the emergence of digital development. Through continuous innovation and practice, the traditional market has gradually accepted and recognized the emerging marketing method. The Company will build a full-chain platform for real estate digital marketing in order to realize the online, internet and digital upgrade of full-chain real estate marketing and to improve marketing effectiveness in all scenarios such as smart customer development, smart services and smart showcase.

In response to the industry trend, the Company will bring into play its own strengths set out below to stay ahead in the digital marketing sector. In July 2020, the Company and Alibaba Group ("Alibaba") announced to form a strategic partnership whereby both parties have engaged in in-depth cooperation in areas including online and offline real estate transactions, digital marketing, and post-transaction related services; and in November 2020, the Company completed the acquisition of control of Leju Holdings Limited ("Leju", a company listed on the New York Stock Exchange with Stock Sticker LEJU). As an internet media and online digital transaction platform for real estate in China, Leju will further exert its media influence, empower digital technology, and create a new ecosystem of real estate interconnected transactions and omnichannel online marketing closed-loop; the Company has obtained considerable achievements and experience through the proactive practice of digital marketing: the "Real Estate Transaction Coordination Mechanism" (ETC) jointly launched with Alibaba has been rolled-out across the country to gradually establish a fair, open, efficient, and win-win industry ecosystem; during the "Double 11" in 2020, the ETC Coordination Mechanism has achieved a total of 41,775 transactions in 236 cities across the country and a total gross transaction value ("GTV") of RMB93.1 billion.

In relation to real estate digital services, on one hand, the Company will continue to leverage the strength of CRIC as a real estate big data asset application service and capitalize on the advantage of its real estate big data and technology in terms of business to improve the real estate big data service and expand market share. Meanwhile, the Company will actively broaden the application of the real estate big data service in finance, commercial office, property community, industrial parks, and other areas, and explore new big data applications to retain its leading position in the industry in the country.

On the other hand, the Company will carry out core upgrades in the real estate digital services sector. In the face of the industry's digital transformation and upgrade, the Company will leverage its industry strength, technological experience focusing on the pan-real estate sector and, with system products and customized approaches, provide customers with omnichannel and all-around digital solutions covering all sectors, including PAAS middle platform technology, SaaS business application, BI Smart Data Analysis. Meanwhile, the Company will construct a leading data asset transaction platform for the real estate sector through AI algorithms and blockchain technology.

The future business focus of the Company will be quickly adjusting its business formation, actively adapting and seizing opportunities to continue to lead the sound and rapid development of the real estate service industry, and the Company can finally realize the driving of accurate real estate transactions and operations through the use of big data and make a small contribution to the industry digitalization upgrade of the real estate sector.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue decreased by 11.5% from RMB9,094.7 million in 2019 to RMB8,051.5 million in 2020. The decrease was primarily due to business disruptions caused by the outbreak of the COVID-19 pandemic. In the second half of 2020, since the impact of the COVID-19 pandemic has almost disappeared in Mainland China, the Group's operation has already recovered to its normal level.

Revenue derived from real estate agency services in the primary market decreased by 29.8% from RMB4,566.2 million in 2019 to RMB3,203.5 million in 2020, primarily due to the business disruptions caused by COVID-19, approximately 1,600 sales offices in Mainland China were closed in the first quarter of 2020.

Revenue derived from real estate brokerage network services decreased by 23.1% from RMB3,550.8 million in 2019 to RMB2,732.3 million in 2020. This decrease was primarily due to the suspension of the sales in the primary market by the real estate developer during the first quarter of 2020 caused by COVID-19.

Revenue derived from real estate data and consulting services increased by 1.0% from RMB977.7 million in 2019 to RMB987.0 million in 2020 primarily due to an increase in revenue from our rating and ranking services and data services.

Revenue derived from digital marketing services upon acquisition of Leju completed on 4 November 2020 amounted to RMB1,128.7 million.

Staff costs

Our staff costs decreased by 18.2% from RMB3,342.1 million in 2019 to RMB2,734.3 million in 2020. Staff costs as a percentage of our revenue decreased from 36.7% in 2019 to 34.0% in 2020, primarily due to improved operational efficiency.

Advertising and promotion expenses

Our advertising and promotion expenses increased by 141.2% from RMB392.6 million in 2019 to RMB946.8 million in 2020, primarily due to the RMB728.8 million advertising expenses incurred by Leju after the Company's acquisition of controlling interest in Leju in November 2020. The advertising and promotion expenses of Leju primarily consist of targeted online and offline marketing costs for business expansion.

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 RMB33.6 million in 2020, and RMB52.6 million in 2019. The decrease was primarily due to the reduction of the rental expense for the sales and marketing employees in line with the decrease in our revenue due to the impact of COVID-19.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by 131.7% from RMB90.9 million in 2019 to RMB210.6 million in 2020, primarily due to the increase in amortization of intangible assets arising from acquisition and the increased balance of property and equipment and investment properties.

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

Our loss allowance on financial assets measured at amortised cost decreased by 22.5% from RMB222.7 million in 2019 to RMB172.5 million in 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 2020, and RMB14.5 million in 2019.

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

We recorded loss on derecognition of receivables at FVTOCI of RMB14.7 million in 2020, and nil in 2019. The increase was primarily due to the cost incurred from the disposal of accounts receivables through certain factoring arrangement.

Consultancy expenses

Our consultancy expenses decreased by 17.0% from RMB275.1 million in 2019 to RMB228.4 million in 2020, primarily due to the decrease in project consultation in line with the decrease in our revenue.

Distribution expenses

Our distribution expenses decreased by 23.1% from RMB3,116.2 million in 2019 to RMB2,395.8 million in 2020, primarily due to the decrease in revenue derived from real estate brokerage network services.

Other operating costs

Our other operating costs increased by 10.6% from RMB324.9 million in 2019 to RMB359.4 million in 2020, primarily due to the operating costs amounted to RMB48.4 million after acquisition of Leju.

Other income

Our other income increased by 12.3% from RMB124.9 million in 2019 to RMB140.2 million in 2020, primarily due to the increase in government grant received from various PRC government authorities.

Other gains and losses

We recorded net other gains of RMB171.9 million in 2019 and net other gains of RMB72.3 million in 2020. Our net other gains in the year ended 31 December 2020 were primarily attributable to the fair value gain on holding of shares of other companies listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Other expenses

Our other expenses increase from RMB2.1 million in 2019 to approximately RMB15.6 million in 2020, primarily due to the consulting expense related to the acquisition of a majority interest in Leju and share subscription by Alibaba group.

Share of result of associates

We recorded share of profits of associates of RMB23.7 million in 2019 and share of profits of associates of RMB21.1 million in 2020. The share of profits in 2020 was primarily attributable to our investment in a private equity fund.

Finance costs

Our finance costs increased by 77.1% from RMB272.2 million in 2019 to RMB481.9 million in 2020, primarily due to the finance costs in connection with the issuance of USD300 million senior notes by the Company in 2020.

Income tax expense

Our income tax expense decreased by 25.5% from RMB338.6 million in 2019 to RMB252.4 million in 2020, 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 2020.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 54.8% from RMB970.7 million in 2019 to RMB439.2 million in 2020.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year decreased by 52.7% from RMB970.7 million in 2019 to RMB458.7 million in 2020.

Non-IFRS Measures

To supplement our consolidated financial information which are presented in accordance with IFRS, we also use (i) operating profit and operating profit margin, (ii) EBITDA and (iii) core net profit attributable to owners of the Company as additional measures for illustrative purposes only. We revised the definition of EBITDA and core net profit attributable to owners of the Company because the total comprehensive income for the year include the other comprehensive income which is not directly related to the company's operating results and since the other comprehensive income in 2019 was nil, the change of the definition will not affect the use of the measures. We believe that these measures provide useful information to investors and others in understanding and evaluating our condensed consolidated financial results in the same manner as our management.

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

Our operating profit decreased by 24.4% from RMB1,263.1 million for the year ended 31 December 2019 to RMB955.5 million for the year ended 31 December 2020. Our operating profit margin decreased from 13.9% for the year ended 31 December 2019 to 11.9% for the year ended 31 December 2020, primarily due to the increase in operating profit arising from real estate brokerage network services which has a lower operating margin rate. The calculation of operating profit and operating profit margin is not in accordance with IFRS and may not be directly comparable with similarly named financial measures of other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

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

Our EBITDA for the year ended 31 December 2020 was RMB1,384.1 million, representing an decrease of 17.2% when compared with RMB1,672.3 million for the year ended 31 December 2019. The calculation of EBITDA is not in accordance with IFRS and therefore may not be directly comparable with similarly named financial measures of other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

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

The core net profit attributable to owners of the Company for the year ended 31 December 2020 was RMB357.4 million, representing a decrease of 64.2% when compared with RMB997.9 million for the year ended 31 December 2019. The calculation of core net profit attributable to owners of the Company is not in accordance with IFRS and may not be directly comparable with similarly named financial measures of other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

Liquidity, Financial Resources and Gearing

During the year ended 31 December 2020, we have funded our cash requirements principally from cash generated from our operations, external borrowings, and the issue of USD-denominated senior notes due 2021, 2022 and 2023. We had cash and cash equivalents of RMB2,294.4 million and RMB7,515.8 million as of 31 December 2019 and 31 December 2020, respectively. We generally deposit our excess cash in interest bearing bank accounts and current accounts.

During the year ended 31 December 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 and to finance the purchases in March 2020 and July 2020 as particularised under the section headed "Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies" below. Going forward, we currently believe our liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, and the issue of United States dollar-denominated senior notes due 2021, 2022 and 2023 and other funds raised from the capital markets from time to time.

Capital Expenditure

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Purchase of and deposits placed for property and equipment	**176,564**	193,647
Purchase of intangible assets	**288**	23,585
Total	**176,852**	217,232

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

Off-Balance Sheet Commitments and Arrangements

As of 31 December 2020, we had not entered into any off-balance sheet transactions.

Gearing Ratio

As of 31 December 2020, the gearing ratio of the Group, which is calculated by dividing total debt (all interest-bearing bank loans) by total equity as of the end of the year, was 64.1%, representing a decrease of 1.1 percentage points as compared with 65.2% as of 31 December 2019. The decrease was primarily due to the increase of cash and cash equivalents.

Significant Investments Held

Save as disclosed in the section headed "Material Acquisition and/or Disposals of Subsidiaries and Affiliated Companies", as of 31 December 2020, we did not hold any significant investments in the equity interests of any other companies (including any investment in an investee company with a value of 5 per cent or more of the Company's total assets as at 31 December 2020).

Future Plans for Material Investments and Capital Assets

As of 31 December 2020, we did not have any plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

1. On 20 March 2020,

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

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

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

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

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

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

For further details of the Connected Acquisition Agreements, please refer to the announcement of the Company published under the title "Connected Transactions in relation to the Acquisition Agreements" on 22 March 2020 and the supplemental announcement of the Company dated 15 May 2020.

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

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

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

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

2. On 31 July 2020,

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

Equity transfer agreement I was entered into by and among, SINA Corporation, MemeStar Limited (together, the "**SINA Parties**") and the Company, pursuant to which the Company conditionally agreed to purchase 24,438,564 ordinary shares and 36,687 American Depositary Shares ("**ADSs**") (each representing one ordinary share) of Leju from the SINA Parties for a total consideration of USD93,600,000 (approximately HK$725,400,000) which will be satisfied by the Company allotting and issuing 78,676,790 consideration shares to the SINA Parties at the issue price of HK$9.22 per consideration share.

Equity transfer agreement II was entered into by and among, Kanrich Holdings Limited, On Chance, Inc., Jun Heng Investment Limited, E-House (China) Holdings Limited, Mr. Zhou Xin (together, the "**Zhou Parties**") and the Company, pursuant to which the Company conditionally agreed to purchase 49,686,192 ordinary shares and 2,239,804 ADSs (each representing one ordinary share) of Leju from the Zhou Parties for a total consideration of USD198,579,099 (approximately HK$1,538,988,015) which will be satisfied by the Company allotting and issuing 166,918,440 consideration shares to the Zhou Parties at the issue price of HK$9.22 per consideration share.

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

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

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

Completion of the Equity Transfer Agreement I, Equity Transfer Agreement II, Share Subscription Agreement and Note Subscription Agreement took place on 4 November 2020. For further details, please refer to the announcement of the Company dated 31 July 2020 (as supplemented by the clarification announcement of the Company dated 21 August 2020), the circular of the Company dated 14 October 2020, and the announcement of the Company dated 4 November 2020.

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

Employee and Remuneration Policy

As of 31 December 2020, we had 21,030 full-time employees, most of whom were based in China. Our employees are based in our headquarters in Shanghai and various other cities in China according to our business strategies.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. The total remuneration expenses, including share-based compensation expense, for the year ended 31 December 2020 were RMB2,734.3 million, as opposed to RMB3,342.1 million for the year ended 31 December 2019, representing a year-on-year decrease of 18.2%.

Foreign Exchange Risk

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

Pledge of Assets

As of 31 December 2020, the Group's bank borrowings of RMB1,225.1 million was secured by the bank deposit of USD92.9 million (equivalent to approximately RMB605.9 million), Wanju Property (carrying amount of RMB646.9 million) and Tangchao Grand Hotel (carrying amount of RMB564.3 million). Details of Wanju Property and Tangchao Grand Hotel are set out in the announcements of the Company published under the titles "Discloseable Transaction – Acquisition of Shanghai Wanju" and "Discloseable Transaction – Acquisition of Shanghai Juanpeng", respectively, on 22 March 2020.

Contingent Liabilities

As of 31 December 2020, we did not have any material contingent liabilities (31 December 2019: RMB53.2 million).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	Year ended 31 December **2020** *RMB'000*	2019 *RMB'000*
Revenue	*3*	**8,051,509**	9,094,682
Staff costs		**(2,734,263)**	(3,342,113)
Advertising and promotion expenses		**(946,816)**	(392,550)
Rental expenses for short-term leases and low-value assets leases		**(33,628)**	(52,646)
Depreciation and amortisation expenses		**(210,570)**	(90,870)
Loss allowance on financial assets subject to expected credit loss ("ECL"), net of reversal		**(172,548)**	(222,748)
Loss on derecognition of financial assets measured at amortised cost		**–**	(14,484)
Loss on derecognition of receivables at fair value through other comprehensive income ("FVTOCI")		**(14,651)**	–
Consultancy expenses		**(228,357)**	(275,101)
Distribution expenses		**(2,395,799)**	(3,116,152)
Other operating costs		**(359,388)**	(324,902)
Other income		**140,199**	124,892
Other gains and losses		**72,345**	171,884
Other expenses		**(15,583)**	(2,127)
Share of results of associates		**21,056**	23,705
Finance costs	*5*	**(481,913)**	(272,153)
Profit before taxation		**691,593**	1,309,317
Income tax expense	*6*	**(252,371)**	(338,604)
Profit for the year		**439,222**	970,713
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on receivables measured at FVTOCI		**(119,196)**	–
Net changes in ECL of receivables measured at FVTOCI		**119,196**	–
Exchange differences arising on translation of foreign operations		**19,465**	–
Total comprehensive income for the year	*7*	**458,687**	970,713
Profit for the year attributable to:			
Owners of the Company		**304,413**	860,872
Non-controlling interests		**134,809**	109,841
		439,222	970,713
Total comprehensive income for the year attribute to:			
Owners of the Company		**315,255**	860,872
Non-controlling interests		**143,432**	109,841
		458,687	970,713
Earnings per share	*9*		
– Basic (RMB cents)		**21.11**	60.49
– Diluted (RMB cents)		**17.70**	60.49

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**31 December 2020 RMB'000**	31 December 2019 RMB'000
Non-current assets			
Property and equipment		**1,077,120**	108,603
Right-of-use assets		**542,331**	134,835
Investment properties		**700,996**	35,211
Goodwill		**549,223**	5,109
Intangible assets		**699,474**	23,918
Interests in associates		**300,694**	281,406
Amounts due from related parties		**11,135**	201,141
Deferred tax assets		**845,467**	534,603
Other non-current assets		**594,366**	764,855
		5,320,806	2,089,681
Current assets			
Accounts receivables and bills receivables	*10*	**1,066,285**	5,546,823
Other receivables		**2,322,991**	1,737,239
Amounts due from related parties		**293,945**	2,614,160
Receivables at FVTOCI	*11*		
– accounts receivables and bills receivables		**4,813,186**	–
– amounts due from related parties – accounts receivables		**2,152,393**	–
Contract assets		**8,628**	–
Financial assets at fair value through profit or loss ("FVTPL")		**1,388,027**	1,708,599
Restricted bank balances		**284,943**	158,492
Pledged bank deposits		**605,902**	1,016,087
Bank balances and cash		**7,515,836**	2,294,435
		20,452,136	15,075,835
Current liabilities			
Accounts payables	*12*	**1,374,616**	623,463
Advance from customers		**721,827**	98,902
Accrued payroll and welfare expenses		**752,392**	789,724
Other payables		**976,912**	1,194,830
Contract liabilities		**156,368**	95,842
Tax payables		**1,396,756**	808,600
Amounts due to related parties		**155,662**	107,407
Bank borrowings		**1,641,115**	1,848,000
Other borrowings		**1,952,623**	–
Lease liabilities		**101,842**	86,451
		9,230,113	5,653,219

	Notes	**31 December 2020** **RMB'000**	31 December 2019 RMB'000
Net current assets		**11,222,023**	9,422,616
Total assets less current liabilities		**16,542,829**	11,512,297
Non-current liabilities			
Deferred tax liabilities		**201,058**	–
Bank borrowings		**580,188**	–
Other borrowings		**3,195,350**	3,406,130
Convertible note		**840,372**	–
Lease liabilities		**232,210**	41,919
		5,049,178	3,448,049
Net assets		**11,493,651**	8,064,248
Capital and reserves			
Share capital		**116**	93
Share premium		**6,239,597**	4,104,603
Treasury stock		**–**	–*
Reserves		**4,024,462**	3,770,702
Equity attributable to owners of the Company		**10,264,175**	7,875,398
Non-controlling interests		**1,229,476**	188,850
Total equity		**11,493,651**	8,064,248

* *amount less than RMB1,000*

NOTES:

1. 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 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.

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

The Company is an investment holding company.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board (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 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

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year 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.

2.1 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

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 and the related Amendments[1]
Amendments 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 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[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

The directors of the Company anticipate that the application of all these new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

The Group derives its revenue from (1) real estate agency services in the primary market, (2) real estate data and consulting services, (3) real estate brokerage network services and (4) Digital Marketing (as defined in note 4) services upon the Group's acquisition of Leju completed on 4 November 2020. This is consistent with the revenue information that is disclosed for each operating and reportable segment under IFRS 8:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Real estate agency services in the primary market, recognised at a point in time	**3,203,543**	4,566,217
Real estate data and consulting services		
– consulting services, recognised at a point in time	**789,839**	792,859
– data services, recognised over time	**197,183**	184,806
	987,022	977,665
Real estate brokerage network services		
– distribution business in the primary market, recognised at a point in time	**2,707,310**	3,517,130
– other services, recognised at a point in time	**24,957**	33,670
	2,732,267	3,550,800
Digital Marketing services upon the Group's acquisition of Leju completed on 4 November 2020 comprising:		
– E-commerce, recognised at a point in time	**782,051**	–
– Online advertising services, recognised over time on a gross basis	**343,870**	–
– Online advertising services, recognised over time on a net basis	**1,746**	–
– Listing services, recognised over time	**1,010**	–
	1,128,677	–
	8,051,509	9,094,682

4. SEGMENT INFORMATION

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

On 4 November 2020, the Group completed the acquisition of Leju. The CODM further assessed the Group's operation and measurement of financial performance assessment and identified four (2019: three) operating and reportable segments which are based on the internal organisation and reporting structure for the year ended 31 December 2020. This is the basis upon which the Group is organised upon completion of the Group's acquisition of Leju.

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

(i) Real estate agency services in the primary market

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

(ii) Real estate data and consulting services

The Group mainly provides the following services:

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

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

(iii) Real estate brokerage network services

The Group provides real estate brokerage network services under the Fangyou brand of integrating small and medium-sized secondary real estate brokerage stores in 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.

(iv) Digital Marketing services

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

a) E-commerce services

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

b) Online advertising services

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

c) Listing services

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

Segment revenue and results

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

For the year ended 31 December 2020

	Real estate agency services in the primary market *RMB'000*	Real estate data and consulting services *RMB'000*	Real estate brokerage network services *RMB'000*	Digital Marketing *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
REVENUE						
External sales	**3,203,543**	**987,022**	**2,732,267**	**1,128,677**	**–**	**8,051,509**
Inter-segment sales	**58,615**	**46,514**	**159,161**	**9,434**	**(273,724)**	**–**
Total	**3,262,158**	**1,033,536**	**2,891,428**	**1,138,111**	**(273,724)**	**8,051,509**
SEGMENT PROFIT	**842,340**	**68,365**	**126,880**	**123,191**	**–**	**1,160,776**
Unallocated expenses						**(74,005)**
Unallocated net exchange gain						**36,327**
Unallocated net fair value loss on financial assets at FVTPL						**(15,491)**
Fair value gain on convertible note						**37,582**
Share of results of associates						**21,056**
Interest income						**67,193**
Finance costs						**(481,913)**
Equity-settled share-based payment expenses						**(59,932)**
Profit before taxation						**691,593**

For the year ended 31 December 2019

	Real estate agency services in the primary market *RMB'000*	Real estate data and consulting services *RMB'000*	Real estate brokerage network services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
REVENUE					
External sales	4,566,217	977,665	3,550,800	–	9,094,682
Inter-segment sales	4,517	47,191	32,476	(84,184)	–
Total	4,570,734	1,024,856	3,583,276	(84,184)	9,094,682
SEGMENT PROFIT	1,218,944	231,707	57,881	–	1,508,532
Unallocated expenses					(24,631)
Unallocated net exchange gain					6,851
Unallocated net fair value gain on financial assets at FVTPL					160,222
Share of results of associates					23,705
Interest income					43,816
Finance costs					(272,153)
Equity-settled share-based payment expenses					(137,025)
Profit before taxation					1,309,317

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

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

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

Other segment information

For the year ended 31 December 2020

	Real estate agency services in the primary market *RMB'000*	Real estate data and consulting services *RMB'000*	Real estate brokerage network services *RMB'000*	Digital Marketing *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit:						
Depreciation and amortisation	**49,527**	**56,042**	**12,080**	**34,285**	**58,636**	**210,570**
Net loss allowance on financial assets subject to ECL recognised	**27,495**	**52,948**	**74,692**	**17,413**	**–**	**172,548**
Net (gain) loss on disposal of property and equipment	**(349)**	**(47)**	**13**	**1,000**	**699**	**1,316**
Net (gain) loss on disposal of investment properties	**(660)**	**–**	**–**	**115**	**–**	**(545)**

For the year ended 31 December 2019

	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*
Amounts included in the measure of segment profit:					
Depreciation and amortisation	40,805	37,804	11,624	637	90,870
Net loss allowance on financial assets subject to ECL recognised	53,220	13,597	155,931	–	222,748
Net (gain) loss on disposal of property and equipment	(283)	121	4	234	76
Net loss on disposal of investment properties	112	–	–	–	112

Geographical information

The Group's operations are located in the PRC (including Hong Kong) and Vietnam for both years.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers Year ended 31 December		Non-current assets *(note)* As at 31 December	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (including Hong Kong)	**8,050,244**	9,056,648	**4,022,554**	1,353,291
Vietnam	**1,265**	38,034	**–**	–
	8,051,509	9,094,682	**4,022,554**	1,353,291

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

Information about major customers

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Customer A *(note i)*	**1,332,221**	1,640,143
Customer B	**(note ii)**	1,241,626

Notes:

(i) Revenue included such generated from real estate agency services in the primary market, real estate data and consulting services, real estate brokerage network services and Digital Marketing services (2019: real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services). The property developer customer is a related party to the Group.

(ii) The Group carried out transactions with this customer for the year ended 31 December 2020 but the amount of the transaction was less than 10% of the total revenue of the Group.

5. FINANCE COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interest on bank borrowings	**94,639**	69,619
Interest on other borrowings	**366,577**	194,728
Interest on lease liabilities	**10,025**	7,806
Effective interest expense on convertible note	**10,672**	–
	481,913	272,153

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
Current tax	**261,133**	394,313
Overprovision in prior years	**(14,189)**	(9,109)
	246,944	385,204
Withholding tax of Leju	**9,478**	–
Deferred tax credit	**(4,051)**	(46,600)
	252,371	338,604

7. TOTAL COMPREHENSIVE INCOME FOR THE YEAR

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Directors' remuneration:	**29,317**	65,354
Other staff costs:		
– Salaries, bonus and other allowances	**2,489,270**	2,784,556
– Retirement benefit scheme contributions	**180,126**	413,850
– Equity-settled share-based payment expenses	**35,550**	78,353
	2,704,946	3,276,759
Total staff costs	**2,734,263**	3,342,113
Research costs recognised as an expense and included in:		
– Staff costs	**66,046**	54,506
– Depreciation and amortisation expenses	**6,733**	4,463
– Other operating costs	**26,121**	36,071
	98,900	95,040

8. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB5.22 cents (2019: RMB15.48 cents) per ordinary share, in aggregate amount to RMB91,324,000 (2019: RMB214,456,000), 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.

9. EARNINGS PER SHARE – BASIC AND DILUTED

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**304,413**	860,872
Effect of dilutive potential ordinary shares:		
Share options and restricted shares of Leju	**(673)**	–
Aggregate amount of interest, fair value change and exchange realignment on convertible note (net of income tax)	**(45,587)**	–
	(46,260)	–
Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share	**258,153**	860,872

	Year ended 31 December	
	2020	2019
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,442,071**	1,423,201
Effect of dilutive potential ordinary shares:		
Share options and restricted shares of the Company	**70**	4
Convertible note	**16,630**	–
	16,700	4
Weighted average number of ordinary share for the purpose of diluted earnings per share	**1,458,771**	1,423,205

For the years ended 31 December 2019 and 2020, the weighted average number of shares have been arrived at after eliminating the treasury shares held by the Company.

For calculation of diluted earnings per share of the Group for the year ended 31 December 2020, the potential decrease of the Group's shareholding in Leju arising from the outstanding share options and restricted shares of Leju are taken into consideration in the calculation. Subsequent to the entering of the Note Subscription Agreement, the Company issued the Convertible Note to Alibaba Noteholder on 4 November 2020. It is taken into consideration in the calculation of diluted earnings per share since that date for the year ended 31 December 2020.

10. ACCOUNTS RECEIVABLES AND BILLS RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Accounts receivables and bills receivables measured at amortised cost	**1,082,096**	6,341,843
Less: Loss allowance for accounts receivables and bills receivables measured at amortised cost	**(15,811)**	(795,020)
Total accounts receivables and bills receivables measured at amortised cost	**1,066,285**	5,546,823

The following is an aged analysis of accounts receivables, net of loss allowance, presented based on the dates of rendering the services (2019: date of rendering the service) and the date when the sales target for higher commission was achieved for the real estate agency service in the primary market at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**282,083**	3,315,830
1 – 2 years	**25,114**	706,465
Over 2 years	**32,624**	13,221
	339,821	4,035,516

11. RECEIVABLES AT FVTOCI

	As at 31 December 2020
	RMB'000
Receivables at FVTOCI comprise:	
– Accounts receivables	**3,266,798**
– Bills receivables	**1,546,388**
– Amounts due from related parties – accounts receivables	**2,152,393**
	6,965,579

Since the second half of 2019, as part of the Group's cash flow management, some of the Group's accounts receivables, bills receivables and amounts due from related parties – 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. Resulting from the change in the business model of both selling and collecting contractual cash flows on some of the Group's accounts receivables, bills receivables, and amounts due from related parties – 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.

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 for the real estate agency service in the primary market at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at 31 December 2020 *RMB'000*
Within 1 year	**3,879,474**
1 – 2 years	**1,372,090**
Over 2 years	**167,627**
	5,419,191

12. ACCOUNTS PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Accounts payables	**1,374,616**	623,463

Accounts payables mainly represent consultancy fee payables to suppliers of the Group's real estate agency services in the primary market whereby no general credit terms are granted. For real estate brokerage network services, account payables mainly represent brokerage network intermediary fees. The balance as at 31 December 2020 also included those outstanding payables for advertising fee, E-commerce service fee, and cultural media related expenses as a result of the Group's acquisition of Leju completed on 4 November 2020. 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	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**1,340,224**	610,062
1 – 2 years	**34,392**	13,401
	1,374,616	623,463

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, there were no significant events that might affect the Group since 31 December 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Scope of Work of the Company's Auditors

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 26 March 2021. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this results announcement.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members.

OTHER BOARD COMMITTEES

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

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

During the Reporting Period, the Company repurchased an aggregate of 3,657,000 shares of its own issued ordinary share capital through the Stock Exchange at an aggregate consideration of approximately HK$26.4 million (equivalent to RMB23.7 million).

4,580,400 shares repurchased were cancelled on 15 April 2020, and 498,000 shares repurchased were cancelled on 29 September 2020.

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

On 7 August 2020, the Company and non-PRC subsidiaries of the Company entered into a purchase agreement with BOCI Asia Limited, Citigroup Global Markets Limited, CRIC Securities Company Limited, Valuable Capital Limited, AMTD Global Markets Limited, Central Wealth Securities Investment Limited, CMBC Securities Company Limited, CMB International Capital Limited, Haitong International Securities Company Limited, Orient Securities (Hong Kong) Limited, Soochow Securities International Brokerage Limited and Vision Capital International Holdings Limited, as the initial purchasers, in connection with the issuance of the additional USD100 million 7.625% senior notes due 2022 (to be consolidated and form a single series with the USD200 million 7.625% senior notes due 2022 issued on 18 October 2019) (the "**Additional Notes Issue**").

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

On 3 December 2020, the Company, Fangyou Information Technology Holdings Ltd. ("**Fangyou Information Technology**") and Hong Kong Fangyou Software Technology Co. Ltd. ("**Hong Kong Fangyou**") entered into a purchase agreement with various financial institutions in relation to the issue of USD200 million 7.60% senior notes due 2023 (the "**2023 Notes Issue**").

For further details of the 2023 Notes Issue, please refer to the announcements of the Company dated 3 December 2020 and 11 December 2020 and the offering memorandum published by the Company on 11 December 2020.

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

MATERIAL LITIGATION

As of 31 December 2020, the Company was not involved in any material litigation or arbitration. Nor were the Directors of the Company aware of any material litigation or claims that were pending or threatened against the Company.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB5.22 cents per share for the year ended 31 December 2020 (2019: RMB15.48 cents). The final dividend is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on 27 May 2021 (the "**AGM**") and the final dividend is expected to be payable on 15 July 2021 to the Shareholders whose names appear on the register of members of the Company on 24 June 2021.

CLOSURE OF REGISTER OF MEMBERS

The Company's annual general meeting will be held on 27 May 2021. The register of members of the Company will be closed from 24 May 2021 to 27 May 2021, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 May 2021.

The register of members of the Company will also be closed from 22 June 2021 to 24 June 2021, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no share transfers will be registered. To qualify for the final dividend (if recommended), all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 June 2021.

USE OF PROCEEDS

1. Use of Proceeds from Issue of USD-Denominated Senior Notes Due 2021

On 21 February 2019 and 9 May 2019, the Company entered into purchase agreements with various financial institutions in connection with the issue of the USD-denominated notes due 2021 ("**2021 Notes**") in the principal amount of USD200 million and USD100 million, respectively.

As at 31 December 2020, the Group had used around RMB1,947.3 million for developing its business operations in the PRC. All proceeds from the 2021 Notes have been fully utilized in accordance with the purposes set out in the announcements of the Company dated 22 February 2019 and 10 May 2019.

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

2. Use of Proceeds from Issue of USD-Denominated Senior Notes Due 2022

On 10 October 2019 and 7 August 2020, the Company entered into purchase agreements with various financial institutions in connection with the issue of USD-denominated senior notes due 2022 in the principal amount of USD200 million and USD100 million, respectively.

As at 31 December 2020, the Group had used around RMB819.2 million for general corporate purposes and refinancing existing indebtedness.

The utilised proceeds as described above were in accordance with the purposes set out in the announcements of the Company dated 8 October 2019 and 7 August 2020 (the "**2022 Notes Announcements**"). There was no change in the intended use of net proceeds as previously disclosed in the 2022 Notes Announcements. The remaining balance of the net proceeds (approximately USD182.6 million, equivalent to RMB1,138.3 million) was placed with banks. The Group will gradually apply the remaining net proceeds in the manner set out in the 2022 Notes Announcements. The Company may adjust its development plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

For further details, please refer to the announcements of the Company dated 8 October 2019, 10 October 2019, 7 August 2020 and 14 August 2020.

3. Use of Proceeds from Subscription

On 31 July 2020, the Company entered into the Share Subscription Agreement with the Alibaba Subsidiary, pursuant to which the Alibaba Subsidiary conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, a total of 118,300,000 subscription shares at the subscription price of HK$7.00 per subscription share for a total subscription amount of HK$828,100,000.

The gross proceeds from the subscription amount to HK$828,100,000. As at 31 December 2020, none of the proceeds from the subscription had been utilised. The Company intends to apply the net proceeds for the subscription (after deduction of legal, professional and other costs and expenses associated with the subscription) towards the Group's general working capital and to expand its existing businesses, or for other purposes considered appropriate by the Directors from time to time. For the avoidance of doubt, the proceeds may not be used to pre-pay any debt, borrowings or indebtedness of the Group with a principal amount of more than RMB10 million.

The Company expects to fully utilise all the proceeds within two years.

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

4. Use of Proceeds from Issuance of Convertible Note

On 31 July 2020, the Company entered the Note Subscription Agreement with the Alibaba Noteholder, pursuant to which the Alibaba Noteholder conditionally agreed to subscribe for the convertible note in the principal amount of HK$1,031,900,000.

The gross proceeds from the note issuance amount to HK$1,031,900,000. As at 31 December 2020, none of the proceeds from the note issuance had been utilised. The Company intends to apply the net proceeds for the note issuance (after deduction of legal, professional and other costs and expenses associated with the note issuance) towards the Group's general working capital and to expand its existing businesses, or for other purposes considered appropriate by the Directors from time to time. For the avoidance of doubt, the proceeds may not be used to pre-pay any debt, borrowings or indebtedness of the Group with a principal amount of more than RMB10 million.

The Company expects to fully utilise all the proceeds within two years.

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

5. Use of Proceeds from Issue of USD-Denominated Senior Notes Due 2023

On 3 December 2020, the Company, Fangyou Information Technology and Hong Kong Fangyou entered into a purchase agreement with various financial institutions in connection with the issue of USD-denominated notes due 2023 in the principal amount of USD200 million (the "**2023 Notes**").

As at 31 December 2020, none of the proceeds from the 2023 Notes had been utilised.

The Company intends to use the proceeds from the issue of the 2023 Notes primarily for refinancing existing indebtedness. The Company may adjust its development plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

For further details, please refer to the announcements of the Company dated 3 December 2020 and 11 December 2020 and the offering memorandum published by the Company on 11 December 2020.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ehousechina.com. The annual report of the Group for the year ended 31 December 2020 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

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

Hong Kong, 26 March 2021

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.