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

		Year ended 31 December			For the three-month period ended 31 March	
	Notes	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
		177,154	572,169	765,306	135,098	152,375
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

		The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
	Notes	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

\# *English name is for identification purpose only*

	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.*

\# *English name is for identification purpose only*

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.*

\# *English name is for identification purpose only*

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.# (上海方加信息技術有限公司) ("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.

\# *English name is for identification purpose only*

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.# (上海易居祥悦房屋銷售有限公司) ("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 I January 2019.

3 Effective for annual periods beginning on or after I 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 aforegoing, 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 *(note)*	100,913	113,624	132,438	30,256	30,409
	379,906	396,397	629,422	185,758	167,633
Real estate brokerage network services, recognised at a point in time	–	31,157	77,216	14,330	27,812
	2,716,446	3,996,129	4,633,360	854,794	930,202

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	2,336,540	433,077	–	(53,171)	2,716,446
SEGMENT PROFIT (LOSS)	358,697	(47,756)	–	–	310,941
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					289,225

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	3,568,575	448,558	34,689	(55,693)	3,996,129
SEGMENT PROFIT (LOSS)	885,852	54,251	(125,076)	–	815,027
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					788,805

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	3,927,498	634,023	79,875	(8,036)	4,633,360
SEGMENT PROFIT (LOSS)	950,424	159,327	(125,101)	–	984,650
Unallocated expenses					(123)
Unallocated net exchange loss					(14,917)
Fair value gain on financial liabilities at FVTPL					17,027
Share of result of associates					148
Interest income					6,122
Finance costs					(21,650)
Profit before taxation					971,257

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	654,706	186,412	14,330	(654)	854,794
SEGMENT PROFIT (LOSS)	135,483	68,256	(27,114)	–	176,625
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					171,326

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	734,847	168,052	29,614	(2,311)	930,202
SEGMENT PROFIT (LOSS)	240,479	57,048	(34,197)	–	263,330
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					219,441

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

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

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

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

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)

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
	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)

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
	(4,432)	(2,519)	3,355	496	(21,726)

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	–	–	–
	5,570	6,418	7,867	483	1,494
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	–	–	–
	1,731,144	2,395,505	2,615,465	500,105	501,894
Total staff costs	1,736,714	2,401,923	2,623,332	500,588	503,388
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	27,258	24,190	27,870	9,308	6,291
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
	34,153	35,796	40,628	8,636	12,723
Minimum operating lease rental expense in respect of rented premises	86,837	94,133	105,571	25,248	26,613

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

	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
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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

	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
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	–	–	–
	9,776	9,717	8,247	1,014	1,416

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	–	–

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	–	–	–	–
	600,000	–	–	–	–

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	165,209	486,969	352,020	56,000	70,011

	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)	
	'000	'000	'000	'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	1,000,000	915,301	500,000	500,000	794,600

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 I 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 (*note*)	(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 (*note*)	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
	5,394	5,394

	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
	13,611	13,611

	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
	24,891	24,891

	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
	24,788	24,788

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	RMB'000	RMB'000
			(note)		
COST					
At I 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)
	4,893	5,962	11,015	9,377

Details of the Group's interests in associates are as follows:

			Paid up registered capital	Proportion of ownership interest held by the Group				Proportion of voting rights held by the Group				
Name of Company	Country of registration	Place of operation	RMB'000	As at 31 December			As at 31 March	As at 31 December			As at 31 March	Principal activity
				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 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	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)
	1,171,041	1,928,870	2,580,021	1,607,075
Bills receivables	227,141	369,852	743,220	651,812
Less: Loss allowance for bills receivables	(5,938)	(8,014)	(15,239)	(27,308)
	221,203	361,838	727,981	624,504
Total accounts receivables and bills receivables	1,392,244	2,290,708	3,308,002	2,231,579
Deposits paid to customers *(note 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 *(note ii)*	–	–	–	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
	43,719	61,274	109,740	117,920
Less: Loss allowance for other receivables and other non-current assets measured at amortised cost	(3,064)	(2,943)	(6,481)	(4,158)
	40,655	58,331	103,259	113,762
Total accounts receivables, bills receivables, other non-current assets and other receivables	1,432,899	2,349,039	3,411,261	2,345,341
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
	40,655	58,331	103,259	113,762

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 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	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
	1,171,041	1,928,870	2,580,021	1,607,075

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 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 180 days	213,174	361,838	727,981	621,319
181 – 365 days	8,029	–	–	3,185
Over 365 days	–	–	–	–
	221,203	361,838	727,981	624,504

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 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	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
	221,203	361,838	727,981	624,504

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 31 March
	2015	**2016**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
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 *(note i)*	(62,046)	–	–	–
Amounts written off	–	–	(250)	–
Transfer to amounts due from related parties of trade nature *(note ii)*	–	–	–	(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 31 March
	2015	**2016**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
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 *(note i)*	(15,753)	–	–	–
Amounts written off	–	(50)	(2)	–
Transfer to amounts due from related parties of trade nature *(note ii)*	–	–	–	(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
Assets								
Amount due from holding companies								
– non-trade nature *(note a)*	13,950	13,950	13,950	13,950	–	–	–	–
Amounts due from related parties *(note b)*	541,269	436,585	365,120	1,321,527	631	674	167,815	160,871
	555,219	450,535	379,070	1,335,477	631	674	167,815	160,871
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	–	–	–	–
	555,219	450,535	379,070	1,335,477	631	674	167,815	160,871
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)	–	–	–	–
	20,534	78,984	45,188	999,832	–	–	–	–
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	–	–	–	–	–
	534,685	371,551	333,882	335,645	631	674	167,815	160,871
	555,219	450,535	379,070	1,335,477	631	674	167,815	160,871

	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
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	–	–	–	–
	331,557	478,606	297,294	312,855	726	790	768	778
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	–	–	–	–
	18,877	96,879	39,367	57,843	–	–	–	–
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
	331,557	478,606	297,294	312,855	726	790	768	778

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 1 January	As at 31 December			As at 31 March	As at 1 January	As at 31 December			As at 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	–	–	–	–	–
	126,690	13,950	13,950	13,950	13,950	–	–	–	–	–
Disclosed in the statements of financial position as:										
– Current assets		517	–	13,950	13,950		–	–	–	–
– Non-current assets		13,433	13,950	–	–		–	–	–	–
		13,950	13,950	13,950	13,950		–	–	–	–

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:

		The Group				The Company			
	Relationship	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	(note)	2015	2016	2017	2018	2015	2016	2017	2018
Trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Nanzhi Investment Co., Ltd. (上海南志投資有限公司) ("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*

		The Group				The Company			
	Relationship	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	(note)	2015	2016	2017	2018	2015	2016	2017	2018
Trade nature		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	–	–	–	–	–	–
		20,534	78,984	45,188	999,832	–	–	–	–

\# *English name is for identification purpose only*

		The Group				The Company			
	Relationship	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	(note)	2015	2016	2017	2018	2015	2016	2017	2018
Trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disclosed in the statements of financial position as:									
– Current assets		20,534	78,984	45,188	983,964	–	–	–	–
– Non-current assets		–	–	–	15,868	–	–	–	–
		20,534	78,984	45,188	999,832	–	–	–	–
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	–	–	–	–
		20,534	78,984	45,188	999,832	–	–	–	–

* 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
	20,534	78,984	45,188	981,016

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	787	3,540	8,015	43,655

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	–	–	–	2,008

Particulars of the amounts due from related parties of non-trade nature are disclosed as follows:

The Group	Relationship	As at 1 January	As at 31 December			As at 31 March
	(note)	2015	2015	2016	2017	2018
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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	As at 1 January	As at 31 December			As at 31 March
	(note)	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	–
		631,212	520,735	357,601	319,932	321,695
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	–	–
			520,735	357,601	319,932	321,695

\# *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	As at 1 January	As at 31 December			As at 31 March
	(note)	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:

		The Group				The Company			
	Relationship	As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
Trade nature		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.# (上海鋆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	–	–	–
	1,801	82,875	17,823	21,617

Particulars of the amounts due to related parties of non-trade nature are disclosed as follows:

		The Group				The Company			
	Relationship	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	(note)	2015	2016	2017	2018	2015	2016	2017	2018
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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.# (上海太德文化傳播有限公司) ("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	–	–	–	–	–	–
		311,896	380,863	257,077	254,131	–	–	–	–
Disclosed in the statements of financial position as:									
– Current liabilities		311,896	380,863	257,077	254,131	–	–	–	–

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 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
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
	68,484	109,614	174,561	119,493

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
	450,000	390,000	450,000	550,000
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	–	–	–
	450,000	390,000	450,000	550,000
Less: Amounts due within one year shown under current liabilities	(160,000)	(390,000)	(450,000)	(550,000)
	290,000	–	–	–

* 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%

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 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	208,255	350,179	504,234	470,842
Deferred tax liabilities	(513)	(366)	(219)	(182)
	207,742	349,813	504,015	470,660

The following are the major deferred tax movements thereon during the Track Record Period:

	Accrued staff welfare and commission	Allowance for bad and doubtful debts	Tax losses	Other	Total
	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 *(note 10)*	46,574	13,015	(29,025)	(4,285)	26,279
Eliminated on deemed disposal upon Business Transfer *(note i)*	–	(19,450)	–	–	(19,450)
At 31 December 2015	121,670	55,503	29,824	745	207,742
Credit to profit or loss *(note 10)*	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 *(note 10)*	49,225	40,358	53,308	406	143,297
Effect of change in tax rate *(note 10)*	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 *(note 10)*	(87,040)	(432)	54,073	44	(33,355)
At 31 March 2018	190,933	125,222	151,174	3,331	470,660

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 31 March
	2015	**2016**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**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
	131,305	232,738	253,131	270,190

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

	As at 31 December			As at 31 March
Name of the entities	**2015**	**2016**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
The Company *(note i)*	7	7	76	76
PRC Holdco *(note ii)*	226,256	330,000	330,000	–*
	226,263	330,007	330,076	76

Note i:

Details of movements of authorised and issued capital of the Company are as follow:

	Par value per share	Number of shares	Share capital	Share capital presented in RMB
	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:

	Number of shares	Paid in capital
		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	–	–	–	–
	2,440,141	3,817,081	5,715,273	6,925,957	632	676	1,254,507	254,126
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	–
	841,023	1,050,244	2,330,862	2,993,715	726	790	1,254,618	778

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

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

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

High risk type customers	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)
	–	–	–	–

Strategic type customers *(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)	228,962	13,636	2,488	245,086
Lifetime ECL (RMB'000)	(9,575)	(570)	(104)	(10,249)
	219,387	13,066	2,384	234,837

Normal risk type customers	**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	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)
	950,224	158,077	52,800	1,161,101

As at 31 December 2016

High risk type customers	**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)	–	15,180	131,611	146,791
Lifetime ECL (RMB'000)	–	(15,180)	(131,611)	(146,791)
	–	–	–	–

Strategic type customers *(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)	526,499	7,263	10,026	543,788
Lifetime ECL (RMB'000)	(17,411)	(240)	(332)	(17,983)
	509,088	7,023	9,694	525,805

Normal risk type customers	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)
	1,675,439	133,930	28,834	1,838,203

As at 31 December 2017

High risk type customers	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)
	–	–	–	–

Strategic type customers	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			
(note)	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)
	957,306	21,263	6,296	984,865

Normal risk type customers	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)
	2,125,205	213,974	28,312	2,367,491

As at 31 March 2018

High risk type customers	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)	–	21,164	202,637	223,801
Lifetime ECL (RMB'000)	–	(21,164)	(202,637)	(223,801)
	–	–	–	–

Strategic type customers	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			
(note)	Within 1 year	1-2 years	Over 2 years	Total
Estimated total gross carrying amount at default (RMB'000)	887,007	79,673	7,005	973,685
Lifetime ECL (RMB'000)	(27,918)	(2,507)	(221)	(30,646)
	859,089	77,166	6,784	943,039

Normal risk type customers	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	3.99%	27.16%	70.02%	9.29%
Estimated total gross carrying amount at default (RMB'000)	2,116,536	284,265	101,136	2,501,937
Lifetime ECL (RMB'000)	(84,353)	(77,213)	(70,815)	(232,381)
	2,032,183	207,052	30,321	2,269,556

Note: Total expected credit loss rate in respect of the strategic type customers as at 31 December 2015, 2016 and 2017 and 31 March 2018 was amounted to approximately 4.18%, 3.31%, 3.38% and 3.15% over the gross carrying amount of estimated total balances of accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control), respectively.

With reference to the historical settlement patterns from these strategic type customers, the Group assessed that the credit loss arising from them is insignificant. The expected credit loss rate applied for these strategic type customers represented solely the time value of money by taking into account the expected date of settlements to be received from the strategic type customers as at 31 December 2015, 2016 and 2017 and 31 March 2018, accordingly.

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
		391,023	3,733	171,200	318,549	884,505	841,023
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
		660,244	3,265	399,794	–	1,063,303	1,050,244
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	–
		712,313	104,639	353,304	–	1,170,256	1,077,012
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
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	–
		2,495,875	355,434	205,619	–	3,056,928	2,993,715

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

	Asset	**(Liability)**
	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	20,000	(1,253,850)

As at 31 March 2018

	Asset	**(Liability)**
	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	20,000	–

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
Finance 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
	5,000	10,000	3,000	18,000
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	4,996	(265)	2,393	7,124
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)
	4	10,265	607	10,876

\# *English name is for identification purpose only*

	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)
	(4,998)	6,277	1,859	3,138

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
	147,711	117,861	160,326	153,479

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

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

		Year ended 31 December			For the three-month period ended 31 March	
	Relationship	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 Xinchen 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	–	–

English name is for identification purpose only

	Relationship	Year ended 31 December 2015	2016	2017	For the three-month period ended 31 March 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 2015	2016	2017	For the three-month period ended 31 March 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

\# *English name is for identification purpose only*

Consulting service

		Year ended 31 December			For the three-month period ended 31 March	
	Relationship	**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	235
China Vanke Co., Ltd's affiliates	(iii)	–	–	–	–	138
Hangzhou Yisheng	(i)	–	–	66	–	75
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 Leyiju 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

\# *English name is for identification purpose only*

(ii) Service cost incurred (including mainly staff training and development cost)

		Year ended 31 December			For the three-month period ended 31 March	
	Relationship	**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

English name is for identification purpose only

(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	–	–	–
		20,917	27,280	31,633	6,917	7,405

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	–	–
	14,562	16,482	19,163	3,364

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 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
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 premium	Other reserves	Accumulated losses	Total
	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 *(note 27)*	–	(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 31 December 2015	31 December 2016 (note 1)	31 December 2017 (note 1)	31 March 2018	Date of this report	Principal activities	Notes
Directly held									
Fangyou (BVI)	BVI, 8 February 2010	USD1,000	100%	50%	50%	100%	100%	Investment holding	*l*
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	*c*
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	*d*
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	*e*
Tianjin Jinyue	Tianjin, The PRC, 19 February 2008	RMB103,878,000	100%	50%	50%	100%	100%	Real estate marketing, real estate agent	*f*
Shanghai E_House Xiangyue Real Estate Sales Co., Ltd (上海易居祥悦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*
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	*g*
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	*l*
PRC Holdco	Shanghai, The PRC, 3 July 2006	RMB660,000,000	100%	50%	50%	100%	100%	Technology development	*j*
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	*l*
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	*l*
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	*h*
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	*l*
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	*l*
Zhongfangyanxie	Beijing, The PRC, 17 August 2010	RMB30,000,000	51%	25.5%	25.5%	51%	51%	Information development, consulting	*k*

\# *English name is for identification purpose only*

English name is for identification purpose only

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有限公司), 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 (上海宏大東亞會計師事務所), 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. (上海宏大東亞會計師事務所), 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. (上海宏大東亞會計師事務所), 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. (上海宏大東亞會計師事務所), 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. (北京中瑨聯盟會計師事務所), 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			
		31/12/2015	31/12/2016	31/12/2017	31/3/2018	31/12/2015	31/12/2016	31/12/2017	31/3/2017 (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

PRC Holdco and its subsidiaries	For the period from 1 November 2016 to 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
Revenue	986,924	4,633,193	854,794	930,202
Expenses	(854,795)	(3,869,882)	(719,685)	(744,989)
Profit and total comprehensive income for the period/year	132,129	763,311	135,109	185,213
Profit and total comprehensive income attributable to owners of the Company	64,715	350,025	56,011	126,713
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)	64,715	350,025	56,011	32,648
Profit and total comprehensive income attributable to the non-controlling interests of PRC Holdco's non-wholly owned subsidiaries	2,699	63,261	23,087	25,852
Profit and total comprehensive income for the period/year	132,129	763,311	135,109	185,213

PRC Holdco and its subsidiaries	For the period from 1 November 2016 to 31 December 2016	For the year ended 31 December 2017	For the three-month period ended 2017 (unaudited)	For the three-month period ended 31 March 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Dividends paid to non-controlling interests of PRC Holdco	(15,247)	(28,951)	–	–
Net cash inflow (outflow) from operating activities	572,124	(56,809)	174,560	45,563
Net cash inflow (outflow) from investing activities	1,979	4,572	(4,420)	(1,281)
Net cash (outflow) inflow from financing activities	(120,207)	(150,469)	49,960	91,642
Net cash inflow (outflow).	453,896	(202,706)	220,100	135,924

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.