

## **E-House Announces Fourth Quarter and Full Year 2008 Results**

SHANGHAI, China, March 12, 2009 – E-House (China) Holdings Limited (“E-House” or the “Company”) (NYSE: EJ), a leading real estate services company in China, today announced its selected unaudited financial results for the fourth quarter and full year ended December 31, 2008.

### **Financial Highlights**

- ◆ Full-year 2008 total gross floor area (“GFA”) of new properties sold increased to 4.1 million square meters from 4.0 million square meters for 2007. Total value of new properties sold was \$4.5 billion, an increase of 14% from \$3.9 billion for 2007.
- ◆ Fourth quarter total revenues were \$39.0 million, compared to \$50.4 million for the fourth quarter of 2007. Full-year 2008 total revenues were \$154.5 million, an increase of 28% from \$121.0 million for 2007.
- ◆ Fourth quarter revenues from real estate consulting and information services were \$13.2 million, an increase of 207% from \$4.3 million for the fourth quarter of 2007. Full-year 2008 revenues from real estate consulting and information services were \$49.8 million, an increase of 480% from \$8.6 million for 2007.
- ◆ Fourth quarter net income was \$6.0 million, compared to \$22.4 million for the fourth quarter of 2007. Full-year 2008 net income was \$37.3 million, compared to \$41.7 million for 2007.
- ◆ Diluted earnings per ADS were \$0.07 for the fourth quarter of 2008 and \$0.45 for full-year 2008, compared to \$0.29 and \$0.56, respectively, for the same periods in 2007.

“E-House delivered solid results in 2008 despite operating under challenging market conditions,” said Mr. Xin Zhou, E-House’s chairman and chief executive officer. “In 2008, the real estate industry in China suffered its most severe downturn in recent history, with transaction volume in most major cities down more than 40% from 2007. Despite such headwinds, we were able to achieve increases in total GFA and transaction value of new properties sold as well as a substantial increase in total revenues. This was a result of our market share gains and stronger project pipeline achieved through enhanced brand recognition, stronger market leadership and strategic relationships built with major developers. We also achieved strong growth in our real estate consulting and information services revenue as a result of our continued investment in and successful promotion of our proprietary CRIC database system, as well as offering a variety of products and services to developers to suit their needs for better information and intelligence. Overall, our asset-light, low-risk business model proved particularly advantageous in last year’s tough environment.”

Mr. Zhou added, “Looking forward to 2009, we are confident in the prospects of China’s real estate industry as well as our own performance. Along with its macroeconomic stimulus package, the Chinese government issued a series of policy measures in late 2008 to stabilize the real estate industry and encourage real estate purchases. Moreover, developers have been more proactive in recent months in promoting higher sales volume by offering price discounts. The market has responded positively to these government measures and developer initiatives, with sales volume showing a noticeable increase in most major cities for both primary and secondary property transactions. Overall, the increase in sales volume since late 2008 for both the industry as a whole and projects for which we act as the sales agent has substantially exceeded our prior expectations. We are hopeful that the recent pickup in real estate transaction volume will continue as the government strives to stabilize China’s economy and the real estate industry continues to focus on volume as the cornerstone of stability. E-House will be a major beneficiary of increased transaction volume as it will help release the substantial project pipeline we built up in 2008.”

Mr. Li-Lan Cheng, E-House's chief financial officer added, "We are pleased with the strong results we generated in 2008. We not only achieved strong revenue growth and solid profits, but also recorded healthy operating cash flows. Our results demonstrate that our pursuit of strategic relationships with major developers is a sound strategy that helped us achieve revenue growth in 2008 and build up our project pipeline for the future. Our strategic focus for 2009 is to execute our projects more effectively and efficiently. We recently undertook an across-the-board cost cutting initiative, which should help us lower our overall costs and improve our cost structure to increase the portion of total costs and expenses that are tied to our financial performance. With a strong project pipeline, efficient cost structure and a healthy balance sheet, we are well positioned to deliver a solid performance in 2009."

## **Financial Results for Fourth Quarter and Full Year 2008**

### ***Revenues***

Fourth quarter total revenues were \$39.0 million, a decrease of 23% from \$50.4 million for the fourth quarter of 2007. Full-year total revenues were \$154.5 million, an increase of 28% from \$121.0 million for 2007.

### ***Primary Real Estate Agency Services***

Fourth quarter revenues from primary real estate agency services were \$20.2 million, a decrease of 51% from \$41.5 million for the fourth quarter of 2007. Full-year revenues from primary real estate agency services were \$90.5 million, a decrease of 10% from \$100.5 million for 2007. The decrease in revenue from primary real estate agency services was mainly due to a lower average commission rate of 2.0% in 2008, compared to 2.6% in 2007. This was partially offset by increases in both the GFA and total transaction value of new properties sold. (See "Selected Operating Data" below for details.)

### ***Secondary Real Estate Brokerage Services***

Fourth quarter revenues from secondary real estate brokerage services were \$4.2 million, a decrease of 7% from \$4.5 million for the fourth quarter of 2007. Full-year 2008 revenues from secondary real estate brokerage services were \$12.1 million, an increase of 1% from \$11.9 million for 2007. The quarter-over-quarter decrease was mainly due to reduced secondary real estate transaction volume as a result of slower growth in China's economy and deterioration of the demand for real estate purchases. As of December 31, 2008, E-House had a total of 115 secondary real estate brokerage stores in five cities in China, compared to 136 stores as of September 30, 2008 and 160 stores as of December 31, 2007, as a result of the Company's decision to reduce the number of stores in response to deteriorating market conditions and in an effort to decrease operating expenses.

### ***Real Estate Consulting and Information Services***

Fourth quarter revenues from real estate consulting and information services were \$13.2 million, an increase of 207% from \$4.3 million for the fourth quarter of 2007. Full-year 2008 revenues from real estate consulting and information services were \$49.8 million, an increase of 480% from \$8.6 million for 2007. The increase was primarily due to substantial consulting revenues derived from strategic arrangements the Company entered into with major developers covering multiple cities and projects and an increase in the number and size of consulting projects completed for other developers. The increase also resulted from the completion of a number of consulting projects associated with land transfer in 2008.

### ***Cost of Revenues***

Fourth quarter cost of revenues was \$10.4 million, an increase of 27% from \$8.2 million for the

fourth quarter of 2007. Full-year 2008 cost of revenues was \$31.9 million, an increase of 35% from \$23.5 million for 2007. The increase was mainly due to higher salaries paid to the Company's sales staff and higher operating costs incurred at sales offices as a result of increases in both the number of salespeople on the Company's payroll and the number of primary real estate projects for which the Company acted as the sales agent. This was partially offset by lower commission paid to the Company's salespeople and lower project-related advertising and promotion expenses that the Company was contractually obligated to pay for several primary real estate projects. The increase in cost of revenues was also attributable to higher costs associated with developing, maintaining and updating the CRIC database system as a result of the expansion of the Company's real estate consulting and information services.

### ***Selling, General and Administrative Expenses***

Fourth quarter selling, general and administrative expenses were \$22.0 million, an increase of 35% from \$16.4 million for the fourth quarter of 2007. Full-year selling, general and administrative expenses were \$77.0 million, an increase of 69% from \$45.5 million for 2007. The increase was primarily due to an increase in staff salaries, consulting expenses, rental and travel expenses as a result of hiring additional managerial employees and the expansion of consulting and information services. This was partially offset by a decrease in management bonuses, which were tied to the Company's financial performance. The increase was also due to higher share-based compensation expenses as a result of share options granted in 2008.

### ***Income from Operations***

Fourth quarter income from operations was \$6.5 million, a decrease of 75% from \$25.8 million for the fourth quarter of 2007. Full-year income from operations was \$45.6 million, a decrease of 12% from \$52.0 million for 2007.

### ***Net Income***

Fourth quarter net income was \$6.0 million, a decrease of 73% from \$22.4 million for the fourth quarter of 2007. Full-year net income was \$37.3 million, a decrease of 10% from \$41.7 million for 2007.

### ***Cash Flow***

As of December 31, 2008, the Company had a cash balance of \$225.7 million. Fourth quarter 2008 net cash inflow from operating activities was \$77.0 million. Full-year 2008 net cash inflow from operating activities was \$78.6 million, mainly due to net income of \$37.3 million, a decrease in customer deposits and an increase in deposits payable, partially offset by an increase in accounts receivable.

### **Business Outlook**

The Company estimates that its revenues for the first quarter of 2009 will be in the range of \$31 million to \$34 million, a decrease of 7% to an increase of 2% over the same quarter in 2008. This forecast reflects the Company's current and preliminary view, which is subject to change.

### **Conference Call Information**

E-House's management will host an earnings conference call at 8:00 a.m. on March 12, 2009 U.S. Eastern Daylight Time (8:00 p.m. on March 12, 2009 Beijing/Hong Kong time).

Dial-in details for the earnings conference call are as follows:

U.S.:	+1-617-786-2905
Hong Kong:	+852-3002-1672

Mainland China: 10-800-130-0399

Please dial in 10 minutes before the call is scheduled to begin and provide the passcode to join the call. The passcode is “E-House earnings call.”

A replay of the conference call may be accessed by phone at the following number until March 19, 2009:

International: +1-617-801-6888

Passcode: 91155474

Additionally, a live and archived webcast along with the transcript of the conference call will be available at <http://ir.ehousechina.com>.

### **About E-House**

E-House (China) Holdings Limited (“E-House”) (NYSE: EJ) is a leading real estate services company in China. Since its inception in 2000, E-House has experienced rapid growth and is China’s largest real estate agency and consulting services company with a presence in more than 30 cities. E-House provides primary real estate agency services, secondary real estate brokerage services and real estate consulting and information services, and has received numerous awards for its innovative and high-quality services, including “China’s Best Company” from the National Association of Real Estate Brokerage and Appraisal Companies and “China Enterprises with the Best Potential” from Forbes. E-House believes it has the largest and most comprehensive real estate database system in China, providing up-to-date and in-depth information covering residential and commercial real estate properties in all major regions in China. For more information about E-House, please visit [www.ehousechina.com](http://www.ehousechina.com).

### **Safe Harbor: Forward-Looking Statements**

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “may,” “intend,” “is currently reviewing,” “it is possible,” “subject to” and similar statements. Among other things, the Business Outlook section and quotations from management in this press release, as well as E-House’s strategic and operational plans, contain forward-looking statements. E-House may also make written or oral forward-looking statements in its reports with the U.S. Securities and Exchange Commission on Forms 20-F and 6-K, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about E-House’s beliefs and expectations, are forward-looking statements and are subject to change, and such change may be material and may have a material adverse effect on the Company’s financial condition and results of operations for one or more prior periods. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained, either expressly or impliedly, in any of the forward-looking statements in this press release. Potential risks and uncertainties include, but are not limited to, continued low real estate transaction volume in China, a further slowdown in the growth of China’s economy, government measures that may adversely and materially affect E-House’s business, failure of the real estate services industry in China to develop or mature as quickly as expected, diminution of the value of E-House’s brand or image due to E-House’s failure to satisfy customer needs and/or other reasons, E-House’s inability to successfully execute its strategy of expanding into new geographical markets in China or its business plans for strategic alliances and other new business initiatives, E-House’s failure to manage its growth, E-House’s loss of its competitive advantage due to its failure to maintain and improve its proprietary CRIC system and/or other reasons, E-House’s reliance on a concentrated number of real estate developers, and other risks outlined in

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E-House's filings with the U.S. Securities and Exchange Commission. All information provided in this press release and in the attachments is as of the date of this press release, and E-House does not undertake any obligation to update any such information, except as required under applicable law.

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**E-HOUSE (CHINA) HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
(In thousands of U.S. dollars)

	December 31, 2007	December 31, 2008
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents .....	101,148	225,663
Restricted cash .....	3,091	23,931
Marketable securities .....	—	8,096
Customer deposits .....	123,339	71,856
Unbilled accounts receivable, net .....	55,846	83,617
Accounts receivable, net .....	11,167	36,668
Properties held for sale .....	872	1,065
Prepaid expenses and other current assets .....	9,750	29,303
Amounts due from related parties .....	2,774	749
<b>Total current assets</b> .....	<b>307,987</b>	<b>480,948</b>
Property, plant and equipment, net .....	6,502	9,622
Intangible assets, net .....	3,099	3,433
Investment in affiliates .....	—	5,062
Goodwill .....	2,549	7,458
Other non-current assets .....	9,416	13,408
<b>Total assets</b> .....	<b>329,553</b>	<b>519,931</b>
<b>Current liabilities</b>		
Short-term borrowings .....	6,845	21,947
Accounts payable .....	1,557	1,492
Accrued payroll and welfare expenses .....	12,632	11,629
Income tax payable .....	17,880	19,807
Other tax payable .....	5,568	6,638
Amounts due to related parties .....	2,572	622
Deposit payables .....	—	39,212
Other current liabilities .....	7,456	9,572
<b>Total current liabilities</b> .....	<b>54,510</b>	<b>110,919</b>
Deferred tax liabilities .....	751	706
Other non-current liabilities .....	200	3,546
<b>Total liabilities</b> .....	<b>55,461</b>	<b>115,171</b>
<b>Minority interest</b> .....	<b>2,919</b>	<b>3,691</b>
<b>Commitments and contingencies</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary share (\$0.001 par value): 1,000,000,000 and 1,000,000,000 shares authorized, 76,473,759 and 79,769,481 shares issued and outstanding, as of December 31, 2007 and 2008, respectively .....	76	80
Additional paid-in capital .....	209,907	301,812
Retained earnings .....	54,505	83,066
Accumulated other comprehensive income .....	6,685	16,111
<b>Total shareholders' equity</b> .....	<b>271,173</b>	<b>401,069</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> .....	<b>329,553</b>	<b>519,931</b>

**E-HOUSE (CHINA) HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands of U.S. dollars, except share data and per share data)

	Three months ended December 31,		Year ended December 31,	
	2007	2008	2007	2008
<b>Revenues:</b>				
Primary real estate agency services	41,543	20,202	100,541	90,492
Secondary real estate brokerage services	4,522	4,210	11,888	12,059
Real estate consulting and information services	4,286	13,170	8,587	49,816
Others	—	1,371	—	2,121
	<u>50,351</u>	<u>38,953</u>	<u>121,016</u>	<u>154,488</u>
Cost of revenues	(8,197)	(10,431)	(23,510)	(31,856)
Selling, general and administrative expenses	(16,360)	(22,009)	(45,546)	(77,014)
<b>Income from operations</b>	25,794	6,513	51,960	45,618
Interest expenses	(122)	(511)	(622)	(2,421)
Interest income	1,335	447	2,490	3,063
Other income, net	(325)	1,800	199	1,381
Investment income	—	405	—	405
<b>Income before taxes, investment income from associates and minority interest</b>	26,682	8,654	54,027	48,046
Income tax expense	(3,044)	(2,387)	(10,277)	(10,942)
<b>Income before investment income from associates and minority interest</b>	23,638	6,267	43,750	37,104
Income from investment in associates	—	140	—	154
Minority interest	(1,209)	(378)	(2,024)	88
<b>Net income</b>	<u>22,429</u>	<u>6,029</u>	<u>41,726</u>	<u>37,346</u>
Earnings per share:				
Basic	0.29	0.07	0.62	0.46
Diluted	0.29	0.07	0.56	0.45
Shares used in computation:				
Basic	76,378,613	81,964,501	60,386,083	81,818,972
Diluted	77,261,006	82,054,430	74,555,709	82,110,430

**Notes**

Note 1: The conversion of Renminbi (“RMB”) amounts into USD amounts is based on the rate of USD1 = RMB6.8346 on December 31, 2008 and USD1 = RMB6.8284 for the three months ended December 31, 2008.

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3**E-HOUSE (CHINA) HOLDINGS LIMITED**  
**SELECTED OPERATING DATA**

	<b>Three months ended</b>		<b>Year ended</b>	
	<b>December 31.</b>		<b>December 31.</b>	
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
<b>Primary real estate agency service</b>				
Total Gross Floor Area (“GFA”) of new properties sold (thousands of square meters)	1,254	1,550	3,985	4,115
Total value of new properties sold (millions of \$)	1,338	1,566	3,929	4,478

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