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## **E-House (China) Enterprise Holdings Limited**

**易居（中國）企業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2048)**

### **CONNECTED TRANSACTION IN RELATION TO CAPITAL INCREASE IN SHANGHAI WEIJIA**

#### **THE CAPITAL INCREASE AGREEMENT**

The Board is pleased to announce that on 5 March 2019, EHEC, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with Shanghai Vanke and Shanghai Weijia, pursuant to which (i) EHEC agreed to inject RMB25 million in cash for the Capital Increase in Shanghai Weijia and (ii) Shanghai Vanke agreed to inject RMB15 million in cash for the Capital Increase in Shanghai Weijia. Upon completion of the Capital Increase, the registered capital of Shanghai Weijia will be increased from RMB10 million to an aggregate amount of RMB50 million.

Before completion of the Capital Increase, Shanghai Vanke held 100% of the equity interests in Shanghai Weijia. Upon completion of the Capital Increase, each of Shanghai Vanke and EHEC will hold 50% of the equity interests in Shanghai Weijia. Although the Company will only hold a 50% equity interest in Shanghai Weijia (through EHEC) upon completion of the Capital Increase, Shanghai Weijia will become an indirect non-wholly owned subsidiary of the Company through the significant control EHEC will exercise over Shanghai Weijia, by virtue of (1) EHEC's appointment of a majority of the board of directors of Shanghai Weijia and (2) the arrangement that major operating decisions of the Shanghai Weijia will be made by its board of directors, pursuant to the Capital Increase Agreement.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Valley is a substantial shareholder of the Company holding 171,690,000 Shares (representing 11.70% of the issued share capital of the Company) and is a connected person of the Company. As Shanghai Vanke is an indirect holding company of Capital Valley and Shanghai Weijia is a direct wholly-owned subsidiary of Shanghai Vanke, both Shanghai Vanke and Shanghai Weijia are associates of Capital Valley and are also connected persons of the Company. Accordingly, the EHEC Contribution constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the EHEC Contribution exceed 0.1% but are below 5%, the EHEC Contribution is subject to reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 5 March 2019, EHEC, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with Shanghai Vanke and Shanghai Weijia, pursuant to which (i) EHEC agreed to inject RMB25 million in cash for the Capital Increase in Shanghai Weijia and (ii) Shanghai Vanke agreed to inject RMB15 million in cash for the Capital Increase in Shanghai Weijia. Upon completion of the Capital Increase, the registered capital of Shanghai Weijia will be increased from RMB10 million to an aggregate amount of RMB50 million.

## **THE CAPITAL INCREASE AGREEMENT**

### **Date**

5 March 2019

### **Parties**

- (i) EHEC, an indirect wholly-owned subsidiary of the Company;
- (ii) Shanghai Vanke; and
- (iii) Shanghai Weijia.

### **The Capital Increase**

Pursuant to the Capital Increase Agreement, (i) EHEC agreed to inject RMB25 million in cash for the Capital Increase in Shanghai Weijia and (ii) Shanghai Vanke agreed to inject RMB15 million in cash for the Capital Increase in Shanghai Weijia. Upon completion of the Capital Increase, the registered capital of Shanghai Weijia will be increased from RMB10 million to an aggregate amount of RMB50 million.

Before completion of the Capital Increase, Shanghai Vanke held 100% of the equity interests in Shanghai Weijia. Upon completion of the Capital Increase, each of Shanghai Vanke and EHEC will hold 50% of the equity interests in Shanghai Weijia.

The amount of EHEC Contribution will be funded by internal resources of the Group and shall be payable in full and in cash within 10 business days after the date of the Capital Increase Agreement. The amount of Shanghai Vanke Contribution shall be payable in full and in cash within 10 business days after (i) the Completion; (ii) the Capital Increase Agreement and the transaction documents in relation to the Capital Increase are duly executed by EHEC, Shanghai Vanke and Shanghai Weijia and remains in full force and effect; and (iii) the amount of EHEC Contribution has been settled by EHEC and paid to the designated bank account of Shanghai Weijia.

The amount of EHEC Contribution was arrived at after arm's length negotiations among the parties of the Capital Increase Agreement, taking into account various factors, including the net asset value and the market position of Shanghai Weijia, the existing real estate sales team and the existing and historical number of development projects Shanghai Weijia had/have been engaged by China Vanke. The Directors believe that the amount of EHEC Contribution is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## **Completion**

Completion of the Capital Increase shall take place subsequent to the completion of the registration of the Capital Increase with the relevant industry and commerce authorities in the PRC, such that each of Shanghai Vanke and EHEC becoming duly registered as shareholder of Shanghai Weijia holding 50% equity interest in Shanghai Weijia.

Although the Company will only hold a 50% equity interest in Shanghai Weijia (through EHEC) upon Completion, Shanghai Weijia will become an indirect non-wholly owned subsidiary of the Company through the significant control EHEC will exercise over Shanghai Weijia, by virtue of (1) EHEC's appointment of a majority of the board of directors of Shanghai Weijia and (2) the arrangement that major operating decisions of the Shanghai Weijia will be made by its board of directors, pursuant to the Capital Increase Agreement. Accordingly, the financial results of Shanghai Weijia will be consolidated in the Company's accounts.

## **INFORMATION OF THE COMPANY**

The Company is an investment holding company. The principal activities of the Group are the provision of real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. The Group serves real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain.

## **INFORMATION OF EHEC**

EHEC is an investment holding company established in the PRC on 3 July 2006, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It is the holding company of certain subsidiaries of the Company through which the Company operates the real estate agency services business in the primary market, the real estate data and consulting services business and the real estate brokerage network services business.

## **INFORMATION OF SHANGHAI VANKE**

Shanghai Vanke is company established in the PRC in 1992 and an indirect wholly-owned subsidiary of China Vanke, principally engaged in real estate development and property services businesses and actively develops other businesses related to daily-life services. China Vanke is a company listed on the Stock Exchange with stock code 2202 and the Shenzhen Stock Exchange with stock code 000002, respectively. China Vanke and its subsidiaries' core businesses include real estate development and property services, meanwhile, the China Vanke group actively develops other businesses related to daily-life services.

As at the date of this announcement, Shanghai Vanke is an indirect holding company of Capital Valley, a substantial shareholder of the Company, therefore an associate of Capital Valley and a connected person of the Company.

## INFORMATION OF SHANGHAI WEIJIA

Shanghai Weijia is a company established in the PRC on 13 April 2016, and a direct wholly-owned subsidiary of Shanghai Vanke, principally engaged in the provision of real estate agency business in the primary market, particularly focusing on the real estate development projects of China Vanke.

As at the date of this announcement, Shanghai Weijia is a direct wholly-owned subsidiary of Shanghai Vanke, therefore an associate of Capital Valley and a connected person of the Company.

Set out below are the net profits/losses (both before and after taxation) of Shanghai Weijia based on the unaudited consolidated accounts of Shanghai Weijia prepared in accordance with PRC GAAP, for the financial year ended 31 December 2016 and 2017:

	<b>For the financial year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net (loss)/profit before taxation	(1,002)	4,520
Net (loss)/profit after taxation	(751)	3,390

As at 30 November 2018, the unaudited total assets of Shanghai Weijia amounted to approximately RMB166 million.

## SHAREHOLDING STRUCTURE OF SHANGHAI WEIJIA

The shareholding structure of Shanghai Weijia (i) prior to the Capital Increase and (ii) immediately upon Capital Increase are set out below:

	<b>Shareholding prior to the</b>		<b>Shareholding immediately</b>	
	<b>Capital Increase</b>		<b>upon Capital Increase</b>	
	<b>Capital</b>	<b>Equity</b>	<b>Capital</b>	<b>Equity</b>
	<b>contribution</b>	<b>interest</b>	<b>contribution</b>	<b>interest</b>
	<i>RMB (million)</i>	<i>%</i>	<i>RMB (million)</i>	<i>%</i>
Shanghai Vanke	10	100	25	50
EHEC	—	—	25	50
	<u>10</u>	<u>100</u>	<u>50</u>	<u>100</u>

## **REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE**

In view of the established real estate agency business of Shanghai Weijia in the primary market in the PRC and factors such as the existing real estate sales team and the existing and historical number of development projects Shanghai Weijia had/have been engaged by China Vanke, the Board believes that the contribution by EHEC to the Capital Increase provides a valuable opportunity to enhance the business collaboration with China Vanke group, and is also in line with the Group's business plan to, among other things, further expand the geographical coverage of the Group's real estate agency services in the primary market in China and enlarge the Group's service capacity.

The business collaboration with China Vanke Group through EHEC Contribution may also generate business synergies and abundant cross-selling opportunities. The expanded operations of its agency and brokerage network services strengthen the Group's proprietary databases and allow the Group to provide better data and consulting services. The Group leverages its data capabilities to provide real estate developers with various services at early stages of real estate development projects, such as market research reports, positioning analysis and feasibility studies, which better positions the Group to serve real estate developers through its real estate agency services in the primary market and its real estate brokerage network services.

The Directors (including the independent non-executive Directors) consider that the terms of the Capital Increase Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since Dr. Zhu Jiusheng is the president and chief executive officer of China Vanke, a company indirectly holding the entire equity interests of Shanghai Weijia, he has abstained from voting on the Board resolutions in respect of the Capital Increase Agreement and EHEC Contribution. Save for Dr. Zhu Jiusheng, no Director is considered to have a material interest in the Capital Increase and therefore no Director was required to abstain from voting on the Board resolution approving the Capital Increase Agreement and EHEC Contribution.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Valley is a substantial shareholder of the Company holding 171,690,000 Shares (representing 11.70% of the issued share capital of the Company) and is a connected person of the Company. As Shanghai Vanke is an indirect holding company of Capital Valley and Shanghai Weijia is a direct wholly-owned subsidiary of Shanghai Vanke, both Shanghai Vanke and Shanghai Weijia are associates of Capital Valley and are also connected persons of the Company. Accordingly, the EHEC Contribution constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the EHEC Contribution exceed 0.1% but are below 5%, the EHEC Contribution is subject to reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

<b>“associate(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Board”</b>	the Board of Directors
<b>“Capital Increase”</b>	the proposed increase in registered capital of Shanghai Weijia from RMB10 million to an aggregate amount of RMB50 million, of which, RMB15 million to be contributed by Shanghai Vanke and RMB25 million to be contributed by EHEC, pursuant to the Capital Increase Agreement
<b>“Capital Increase Agreement”</b>	the capital increase agreement dated 5 March 2019 entered into among Shanghai Vanke, Shanghai Weijia and EHEC in relation to, among other things, the Capital Increase
<b>“Capital Valley”</b>	Capital Valley (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability, a substantial shareholder of the Company holding 171,690,000 Shares, representing 11.70% of the issued share capital of the Company, as at the date of this announcement
<b>“China Vanke”</b>	China Vanke Co., Ltd. (萬科企業股份有限公司), a limited liability company established in the PRC and listed on the Stock Exchange and the Shenzhen Stock Exchange with stock codes 2202 and 000002, respectively
<b>“Company”</b>	E-House (China) Enterprise Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands whose issued Shares are listed on the Stock Exchange
<b>“Completion”</b>	completion of the Capital Increase pursuant to the Capital Increase Agreement, as described in the paragraph headed “The Capital Increase Agreement – Completion” of this announcement
<b>“connected person(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Directors”</b>	the director(s) of the Company
<b>“EHEC”</b>	E-House Enterprise (China) Group Co., Ltd. (易居企業(中國)集團有限公司), a limited liability company established in the PRC on 3 July 2006, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It is the holding company of certain subsidiaries of the Company through which the Company operates the real estate agency services business in the primary market, the real estate data and consulting services business and the real estate brokerage network services business
<b>“EHEC Contribution”</b>	Capital Increase to Shanghai Weijia by EHEC, being the subscription by EHEC of the increased capital of Shanghai Weijia at a price of RMB25 million pursuant to the Capital Increase Agreement



“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau and Taiwan
“PRC GAAP”	generally accepted accounting principles in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Vanke”	Shanghai Vanke Company Limited* (上海萬科企業有限公司), a limited liability company established in the PRC in 1992, and an indirect holding company of Capital Valley as at the date of this announcement
“Shanghai Vanke Contribution”	Capital Increase to Shanghai Weijia by Shanghai Vanke, being the subscription by Shanghai Vanke of the increased capital of Shanghai Weijia at a price of RMB15 million pursuant to the Capital Increase Agreement
“Shanghai Weijia”	Shanghai Weijia Real Estate Consulting Co., Ltd.* (上海唯家房地產諮詢有限公司), a limited liability company established in the PRC on 13 April 2016, and a direct wholly-owned subsidiary of Shanghai Vanke
“Share(s)”	ordinary share(s) of the Company with a par value of US\$0.00001 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

\* *The English translation in this announcement is for reference only. The official names are in Chinese.*

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

Hong Kong, 5 March 2019

*As at the date of this announcement, the Board comprises Mr. Zhou Xin as Chairman and Executive Director, Mr. Huang Canhao, Dr. Cheng Li-Lan and Dr. Ding Zuyu as Executive Directors, Dr. Xia Hai Jun, Mr. Mo Bin, Dr. Zhu Jiusheng and Ms. Xie Mei as Non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin as Independent Non-executive Directors.*