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**E-House (China) Enterprise Holdings Limited**  
**易居(中國)企業控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2048)**

**US\$300 million 7.75% Senior Notes due 2021**  
**(Stock Code: 5818)**

**US\$200 million 7.625% Senior Notes due 2022**  
**(Stock Code: 40024)**

- (1) ACQUISITION OF A MAJORITY EQUITY INTEREST IN LEJU AND  
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE –  
MAJOR AND CONNECTED TRANSACTION**
- (2) SUBSCRIPTION OF SUBSCRIPTION SHARES BY ALIBABA  
SUBSIDIARY AND ISSUE OF SUBSCRIPTION SHARES UNDER SPECIFIC  
MANDATE – DISCLOSABLE TRANSACTION**
- (3) PROPOSED ISSUE OF CONVERTIBLE NOTE TO ALIBABA  
NOTEHOLDER AND ISSUE OF CONVERSION SHARES UNDER SPECIFIC  
MANDATE – DISCLOSABLE TRANSACTION**
- (4) BUSINESS COOPERATION AGREEMENT WITH ALIBABA GROUP**

**THE PROPOSED ACQUISITION OF A MAJORITY EQUITY INTEREST IN LEJU**

The Board is pleased to announce that, on 31 July 2020, the Company entered into the Equity Transfer Agreements pursuant to which it has agreed to acquire an aggregate 56.19% interest in the issued share capital of Leju (or 51.40% on a fully diluted basis assuming all outstanding options and awards under Leju's employee equity schemes are issued and/or vest, as the case may be).

Equity Transfer Agreement I was entered into by and among, the SINA Parties and the Company, pursuant to which the Company conditionally agreed to purchase 24,438,564 ordinary shares and 36,687 ADSs (each representing one ordinary share) of Leju from the SINA Parties for a total consideration of US\$93,600,000 (approximately HK\$725,400,000) which will be satisfied by the Company allotting and issuing 78,676,790 Consideration Shares to the SINA Parties at the Issue Price of HK\$9.22 per Consideration Share.

Equity Transfer Agreement II was entered into by and among, the Zhou Parties and the Company, pursuant to which the Company conditionally agreed to purchase 49,686,192 ordinary shares and 2,239,804 ADSs (each representing one ordinary share) of Leju from the Zhou Parties for a total consideration of US\$198,579,099 (approximately HK\$1,538,988,015) which will be satisfied by the Company allotting and issuing 166,918,440 Consideration Shares to the Zhou Parties at the Issue Price of HK\$9.22 per Consideration Share.

Upon completion of the Equity Transfer Agreements, Leju will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

### **SUBSCRIPTION OF SHARES BY ALIBABA SUBSIDIARY**

The Board is also pleased to announce that on 31 July 2020 (after trading hours of the Stock Exchange), the Company entered into the Share Subscription Agreement with the Alibaba Subsidiary pursuant to which the Alibaba Subsidiary has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 118,300,000 Subscription Shares at the Subscription Price of HK\$7.00 per Subscription Share for a total Subscription Amount of HK\$828,100,000

### **PROPOSED ISSUE OF CONVERTIBLE NOTE TO ALIBABA NOTEHOLDER**

The Board is also pleased to announce that on 31 July 2020 (after trading hours of the Stock Exchange), the Company entered into the Note Subscription Agreement with the Alibaba Noteholder pursuant to which the Alibaba Noteholder has conditionally agreed to subscribe for the Convertible Note in the principal amount of HK\$1,031,900,000. The Convertible Note matures on the third anniversary of the date of issue, carries an interest rate of 2% per annum, and is convertible into the Conversion Shares at the initial Conversion Price of HK\$10.37, subject to customary adjustments.

### **BUSINESS COOPERATION AGREEMENT WITH ALIBABA GROUP**

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

### **SPECIFIC MANDATES**

Each of the Consideration Shares, the Subscription Shares and the Conversion Shares shall be allotted and issued pursuant to Specific Mandates to be obtained from the Independent Shareholders at the EGM. Each of the Consideration Shares, the Subscription Shares and the Conversion Shares when allotted and issued shall rank *pari passu* in all respects with all other issued Shares on the Closing Date and shall be credited as fully paid. Application will be made by the Company to the Stock Exchange for the approval of the listing of, and permission to deal in, the Consideration Shares, Subscription Shares and Conversion Shares.

## **LISTING RULES IMPLICATIONS**

### **Major Transaction**

As the Equity Transfer Agreement I and Equity Transfer Agreement II both relate to the acquisition of equity interests in Leju, the Equity Transfer Agreements will be aggregated pursuant to Rule 14.23 of the Listing Rules. As one or more of the applicable percentage ratios for the Equity Transfer Agreements, on an aggregated basis, are more than 25% but all of the applicable percentage ratios are less than 100%, the Equity Transfer Agreements, on an aggregated basis, constitute a major transaction for the Company and are subject to the reporting, announcement and shareholders' approval requirements as set out in Chapter 14 of the Listing Rules.

### **Connected Transaction**

In addition, as the Zhou Parties are comprised of Mr. Zhou Xin, a substantial shareholder and Director of the Company, and associates of Mr. Zhou Xin, Equity Transfer Agreement II constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Disclosable Transactions**

As the Share Subscription Agreement and Note Subscription Agreement both relate to the issuance of Shares to the wholly-owned subsidiaries of Alibaba, the Share Subscription Agreement and Note Subscription Agreement shall be aggregated pursuant to Rule 14.23 of the Listing Rules. As the highest applicable percentage ratio in respect of the Share Subscription Agreement and Note Subscription Agreement, in aggregate, is more than 5% but less than 25%, the Subscription and Note Issuance constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **SHAREHOLDER APPROVAL**

The EGM will be convened and held for the Independent Shareholders to consider and approve (i) the Equity Transfer Agreements and the transactions contemplated thereunder, including the issue of the Consideration Shares, (ii) the issue of the Subscription Shares to Alibaba Subsidiary pursuant to a Specific Mandate, (iii) the issue of the Convertible Note to Alibaba Noteholder and the possible issue of the Conversion Shares to Alibaba Noteholder pursuant to the Note Subscription Agreement and a Specific Mandate.

The Company expects to despatch a circular on or before 21 August 2020 containing, among others: (i) details of the Equity Transfer Agreements; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreements; (iii) a letter of recommendation from the Independent Board Committee regarding the Equity Transfer Agreements; (iv) details of the Share Subscription Agreement and the Note Subscription Agreement, (v) details of the Specific Mandates, and (vi) the notice of the general meeting to the Shareholders.

**As completion of the Equity Transfer Agreements, Share Subscription Agreement and Note Subscription Agreement are each subject to fulfilment (or waiver) of certain conditions precedent and may or may not proceed, Shareholders and potential investors are urged to exercise caution when dealing in the Shares.**

## **(1) PROPOSED ACQUISITION OF A MAJORITY EQUITY INTEREST IN LEJU**

The Board is pleased to announce that on 31 July 2020 (after trading hours of the Stock Exchange) the Company entered into the Equity Transfer Agreements pursuant to which it has agreed to acquire an aggregate 56.19% interest in the issued share capital of Leju (or 51.40% on a fully diluted basis assuming all outstanding options and awards under Leju's employee equity schemes are issued and/or vest, as the case may be).

Equity Transfer Agreement I was entered into by and among, the SINA Parties and the Company, pursuant to which the Company conditionally agreed to purchase 24,438,564 ordinary shares and 36,687 ADSs (each representing one ordinary share) of Leju from the SINA Parties for a total consideration of US\$93,600,000 (approximately HK\$725,400,000) which will be satisfied by the Company allotting and issuing 78,676,790 Consideration Shares to the SINA Parties at the Issue Price of HK\$9.22 per Consideration Share.

Equity Transfer Agreement II was entered into by and among, the Zhou Parties and the Company, pursuant to which the Company conditionally agreed to purchase 49,686,192 ordinary shares and 2,239,804 ADSs (each representing one ordinary share) of Leju from the Zhou Parties for a total consideration of US\$198,579,099 (approximately HK\$1,538,988,015) which will be satisfied by the Company allotting and issuing 166,918,440 Consideration Shares to the Zhou Parties at the Issue Price of HK\$9.22 per Consideration Share.

Upon completion of the Equity Transfer Agreements, Leju will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

### **Equity Transfer Agreement I**

Set out below are the principal terms of Equity Transfer Agreement I:

#### ***Date***

31 July 2020

#### ***Parties***

- (i) the Company (as purchaser); and
- (ii) the SINA Parties (as vendors)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) as of the date of this announcement, the SINA Parties and its ultimate beneficial owners are Independent Third Parties and not connected with the Company or any of its connected persons, (ii) the SINA Parties has not entered, and does not propose to enter, into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person of the Company (including the Zhou Parties) with respect to the proposed acquisition of interest in Leju. Further, the Zhou Parties were not involved in the negotiations of the terms of the Equity Transfer Agreement I. The Company negotiated the terms of the Equity Transfer Agreement I with the SINA Parties based on arm's length negotiations.

## ***Sale Interest***

Pursuant to Equity Transfer Agreement I, the Company conditionally agreed to purchase 24,438,564 ordinary shares and 36,687 ADSs of Leju from the SINA Parties.

## ***Consideration***

The consideration of US\$93,600,000 (approximately HK\$725,400,000) will be settled by the allotment and issue of 78,676,790 Consideration Shares by the Company to MemeStar or its nominee(s) at the Issue Price of HK\$9.22 per Consideration Share.

## ***Basis of consideration***

The consideration payable for the majority equity interest in Leju and the Issue Price of the Consideration Shares were arrived at after arm's length negotiation between the parties with reference to (i) the prevailing market price and historical performance of the Shares on the Stock Exchange, including that the Issue Price represents a premium of approximately 1.65% to the average of the closing prices of HK\$9.37 per Share as quoted on the Stock Exchange for the last 30 trading days immediately before the date of the Equity Transfer Agreements and a premium of approximately 15.50% to the average of the closing prices of HK\$7.98 per Share as quoted on the Stock Exchange for the last 90 trading days immediately before the date of the Equity Transfer Agreements, (ii) the prevailing market price and historical performance of the ADSs of Leju on the New York Stock Exchange, (iii) the inherent improving business prospects of Leju as reflected in its historical financial performance, (iv) the future synergies to be derived by the Group after the acquisition of a majority of the equity interest of Leju (particularly when multiplied by the additionally proposed business cooperation with Alibaba), and (v) the market practice of attributing an additional premium to the acquisition of a controlling stake, reflecting the higher marketability of a controlling interest compared to a minority interest. The consideration per ordinary share of Leju of US\$3.82 represents a premium of approximately 1.87% to the closing price of US\$3.75 per ADS as quoted on the New York Stock Exchange for the last trading day immediately before the date of the Equity Transfer Agreements and a premium of approximately 25.12% to the closing prices of US\$3.05 per ADS as quoted on the New York Stock Exchange for the last 10 trading days immediately before the date of the Equity Transfer Agreements. The Board considers the premium to the price of the ADSs of Leju fair and reasonable in light of the Company's acquisition of a controlling interest in Leju, Leju's improving financial performance and business prospects, and the potential synergies among Leju, the Company and Alibaba Group upon completion of, *inter alia*, the Equity Transfer Agreements.

## ***Conditions precedent***

Completion of the Equity Transfer Agreement I is conditional upon the fulfilment (or waiver) of the following conditions:

- (a) the approval of the Equity Transfer Agreement I and the transactions and other arrangement (as necessary) contemplated thereunder, including the acquisition of equity interests in Leju from the SINA Parties and allotment and issue of the Consideration Shares to the SINA Parties) by the requisite majority of shareholders or independent shareholders of the Company at the EGM as required under Applicable Laws;
- (b) the granting of the approval for the listing of, and permission to deal in, the Consideration Shares by the Stock Exchange;

- (c) the representations and warranties given by the Company in the Equity Transfer Agreement I continuing to be true, accurate and complete in all material respects as of the Closing Date; and
- (d) the representations and warranties given by the SINA Parties in the Equity Transfer Agreement I continuing to be true, accurate and complete in all material respects as of the Closing Date.

Conditions (a) and (b) above are not waivable. Condition (c) above may be waived by the SINA Parties, and condition (d) above may be waived by the Company.

If the conditions precedent above are not satisfied or waived on or before 31 October 2020 (being the Longstop Date), the Equity Transfer Agreement I shall terminate unless the parties agree to extend such date.

### **Equity Transfer Agreement II**

Set out below are the principal terms of Equity Transfer Agreement II:

#### ***Date***

31 July 2020

#### ***Parties***

- (i) the Company (as purchaser); and
- (ii) the Zhou Parties (as vendors)

The Zhou Parties comprise a substantial shareholder of the Company and entities the ultimate beneficial owner of whom are the substantial shareholder of the Company, therefore the Zhou Parties are connected persons of the Company.

#### ***Sale Interest***

Pursuant to Equity Transfer Agreement II, the Company conditionally agreed to purchase 49,686,192 ordinary shares and 2,239,804 ADSs of Leju from the Zhou Parties.

#### ***Consideration***

The consideration of US\$198,579,099 (approximately HK\$1,538,988,015) will be settled by the allotment and issue of 166,918,440 Consideration Shares by the Company to E-House Holdings or its nominee(s) at the Issue Price of HK\$9.22 per Consideration Share.



### ***Basis of consideration***

The consideration payable for the majority equity interest in Leju and the Issue Price of the Consideration Shares were arrived at after arm's length negotiation between the parties with reference to (i) the prevailing market price and historical performance of the Shares on the Stock Exchange, including that the Issue Price represents a premium of approximately 1.65% to the average of the closing prices of HK\$9.37 per Share as quoted on the Stock Exchange for the last 30 trading days immediately before the date of the Equity Transfer Agreements and a premium of approximately 15.50% to the average of the closing prices of HK\$7.98 per Share as quoted on the Stock Exchange for the last 90 trading days immediately before the date of the Equity Transfer Agreements, (ii) the prevailing market price and historical performance of the ADSs of Leju on the New York Stock Exchange, (iii) the inherent improving business prospects of Leju as reflected in its historical financial performance, (iv) the future synergies to be derived by the Group after the acquisition of a majority of the equity interest of Leju (particularly when multiplied by the additionally proposed business cooperation with Alibaba), and (v) the market practice of attributing an additional premium to the acquisition of a controlling stake, reflecting the higher marketability of a controlling interest compared to a minority interest. The consideration per ordinary share of Leju of US\$3.82 represents a premium of approximately 1.87% to the closing price of US\$3.75 per ADS as quoted on the New York Stock Exchange for the last trading day immediately before the date of the Equity Transfer Agreements and a premium of approximately 25.12% to the closing prices of US\$3.05 per ADS as quoted on the New York Stock Exchange for the last 10 trading days immediately before the date of the Equity Transfer Agreements. The Board considers the premium to the price of the ADSs of Leju fair and reasonable in light of the Company's acquisition of a controlling interest in Leju, Leju's improving financial performance and business prospects, and the potential synergies among Leju, the Company and the Alibaba Group upon completion of, *inter alia*, the Equity Transfer Agreements.

### ***Conditions precedent***

Completion of the Equity Transfer Agreement II is conditional upon the fulfilment (or waiver) of the following conditions:

- (a) the approval of the Equity Transfer Agreement II and the transactions and other arrangement (as necessary) contemplated thereunder, including the acquisition of equity interests in Leju from the Zhou Parties and allotment and issue of the Consideration Shares to the Zhou Parties) by the requisite majority of shareholders or independent shareholders of the Company at the EGM as required under Applicable Laws;
- (b) the granting of the approval for the listing of, and permission to deal in, the Consideration Shares by the Stock Exchange;
- (c) the representations and warranties given by the Company in the Equity Transfer Agreement II continuing to be true, accurate and complete in all material respects as of the Closing Date;
- (d) the representations and warranties given by the Zhou Parties in the Equity Transfer Agreement II continuing to be true, accurate and complete in all material respects as of the Closing Date;
- (e) the due completion of the Equity Transfer Agreement I; and

- (f) (A) no obligation having arisen for any of the Zhou Parties or any party acting in concert with any of them to make a mandatory general offer in respect of Shares, as a consequence of the transactions contemplated under the Equity Transfer Agreement II, or (B) in the event of any such obligation having arisen, a Whitewash Waiver having been granted by the Executive in accordance with the Takeovers Code.

Conditions (a), (b), (e) and (f) above are not waivable. Condition (c) above may be waived by the Zhou Parties, and condition (d) above may be waived by the Company.

If the conditions precedents have not been satisfied or waived on or before 31 October 2020 (being the Longstop Date), the Company may, at its sole discretion within five (5) Business Days after the Longstop Date either (i) terminate the Equity Transfer Agreement II (other than certain provisions designated as surviving provisions) with immediate effect by written notice to the Zhou Parties, or (ii) with the agreement of the Zhou Parties, extend the Longstop Date to such later date as the parties may agree (such date being not more than ninety (90) days after the Longstop Date) (being the Extended Longstop Date). If the conditions precedent have not been satisfied or waived by the Extended Longstop Date (if any), then the Equity Transfer Agreement II shall automatically terminate (other than the surviving provisions) with immediate effect. In the event of termination of the Equity Transfer Agreement II in the aforementioned circumstances, the parties shall be released and discharged from their respective obligations under the Equity Transfer Agreement II (without prejudice to the rights or obligations of any party in respect of any antecedent breach).

### ***Lock-up Undertaking***

Each of the Zhou Parties has undertaken to the Company that it will not (and where applicable, will procure that its affiliates will not), except with the prior written consent of the Company (the “**Lock-up Undertaking**”):

- (a) offer, pledge, sell, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell or otherwise dispose of, directly or indirectly, any Shares or any beneficial or economic interest therein,
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the direct or indirect economic consequences of the ownership of any Shares; or
- (c) create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any beneficial or economic interest therein,

for the following periods:

- (x) from the date of the Equity Transfer Agreement II to the expiration of twelve (12) months after the Closing Date (the “**Initial Lock-up Period**”); and
- (y) from the date of the conversion in full of the Convertible Note proposed to be issued by the Company to the expiration of twelve (12) months after the Conversion Date, to the extent that any such actions would result in the Zhou Parties and its affiliates holding in aggregate less than the interest held by the noteholder and its affiliates (the “**Conversion Lock-up Period**”, together with the Initial Lock-up Period, the “**Lock-up Periods**”).



The Zhou Parties and their affiliates, as the case may be, shall, within the Lock-up Periods, be permitted:

- (a) to pledge any Shares, provided that such pledge is in place as at the date of the Equity Transfer Agreement II, or to renew or replace any such pledge; and
- (b) to transfer up to 3% of the issued share capital of the Company as at the Closing Date to a trust or other legal person for the purposes of creating an equity incentive pool for the management of the Group.

### **Completion of the Equity Transfer Agreements**

Completion of each of Equity Transfer Agreement I and Equity Transfer Agreement II shall take place on or before the fifth Business Day from the day on which all conditions precedent in each Equity Transfer Agreements are satisfied or waived, or at such other time and date as mutually agreed between the parties in writing.

Completion of Equity Transfer Agreement II is conditional upon completion of Equity Transfer Agreement I. This is because the Company does not wish to only acquire a significant minority stake in Leju. Therefore, this condition ensures that the Company will acquire a consolidation stake in Leju.

### **Issue of Consideration Shares under Specific Mandate**

The aggregate of 245,595,229 Consideration Shares represent approximately 17.73% of the issued share capital of the Company as at the date of this announcement and approximately 14.04% of the issued share capital of the Company as enlarged by the Consideration Shares and Subscription Shares (assuming there will be no change in the total number of issued Shares of the Company after the date of this announcement other than the allotment and issue of the Consideration Shares and Subscription Shares). The aggregate par value of the Consideration Shares amounts to approximately US\$2,455.95.

The Consideration Shares shall be allotted and issued pursuant to the Specific Mandates to be obtained from the Independent Shareholders at the EGM. The Consideration Shares when allotted and issued shall rank *pari passu* in all respects with all other issued Shares on the Closing Date and shall be credited as fully paid. Application will be made by the Company to the Stock Exchange for the approval of the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK\$9.22 per Consideration Share represents:

- (i) a discount of approximately 15.57% to the closing price of HK\$10.92 per Share as quoted on the Stock Exchange on the last trading day immediately before the date of the Equity Transfer Agreements;
- (ii) a discount of approximately 10.12% to the average of the closing prices of HK\$10.26 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of the Equity Transfer Agreements;
- (iii) a discount of approximately 6.79% to the average of the closing prices of HK\$9.89 per Share as quoted on the Stock Exchange for the last ten trading days immediately before the date of the Equity Transfer Agreements; and

- (iv) a premium of approximately 43.23% to the audited consolidated net asset value per Share of the Company of approximately RMB5.80 (equivalent to approximately HK\$6.44) as at 31 December 2019.

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

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

As set out in the announcement of unaudited annual results for the year ended 31 December 2019 issued by the Company on 31 March 2020, in 2020, the Company will continue to maintain its premier services in the real estate industry by maintaining steady growth while being innovative. As the property market transitions from large-scale development and construction towards management of existing real estate property, the Company is determined to lead the emerging “technology-enabled and smart services-based” real estate industry. In terms of real estate agency services in the primary market, the Company will shift from pursuing high-speed growth to high-quality growth by concentrating its resources on premium projects and by deploying ‘smart services’ to achieve better quality and efficiency. In terms of real estate brokerage network services, the Company will continue to enhance its technology-driven management so that innovative technologies and premium services can be employed to expand its market share.

This strategy is supported by the proposed acquisition of the majority of equity interest in Leju, a leading online-to-offline real estate services provider in China, offering real estate e-commerce, online advertising, and online listing services through its online platform, which comprises local websites covering more than 370 cities and various mobile applications. Leju’s provision of online advertising, online listing services and operation of real estate focused websites complement the Company’s real estate agency services in the primary market and brokerage network services, particularly with the increasing adoption and incorporation of online services, innovative technologies, and smart digital services in the aftermath of the COVID-19 outbreak. In addition to synergies with the Group’s existing business, the Company additionally expects that the acquisition of a majority interest in Leju will be complementary to its proposed cooperation with the Alibaba Group to, among others, build an online real estate transaction platform.

As previously articulated, the Company believes in building upon its core businesses while continuing to innovate, and intend to fully commit and follow through with its business plans. The proposed acquisition of a majority interest in Leju continues the Group’s diversification of its business lines and expanding its ecosystem of real estate services to empower and serve the wider real estate industry.

### **Information on Leju**

Leju is a leading online-to-offline real estate services provider in China, offering real estate e-commerce, online advertising, and online listing services through its online platform, which comprises local websites covering more than 370 cities and various mobile applications. Leju integrates its online platform with complementary offline services to facilitate residential property transactions. Leju has been listed on the New York Stock Exchange with stock ticker LEJU since April 2014.

Set out below is certain selected financial information of Leju based on its audited combined financial statements for the two years ended 31 December 2018 and 2019, which has been prepared in accordance with U.S. GAAP.

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>
	<i>in US\$</i>	<i>in US\$</i>
Net asset value	241,566,068	252,359,117
Net profit/(loss) before tax	(14,107,089)	19,870,583
Net profit/(loss) after tax	(13,480,527)	11,521,996

## **(2) THE SHARE SUBSCRIPTION AGREEMENT**

The Board is also pleased to announce that on 31 July 2020 (after trading hours of the Stock Exchange), the Company entered into the Share Subscription Agreement.

### **Share Subscription Agreement**

Set out below are the principal terms of the Share Subscription Agreement:

#### ***Date***

31 July 2020

#### ***Parties***

- (i) the Company, as the issuer;
- (ii) the Alibaba Subsidiary, as the subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, Alibaba Subsidiary and its ultimate beneficial owners are Independent Third Parties and not connected with the Company or any of its connected persons.

#### ***Subscription Shares***

Pursuant to the Share Subscription Agreement, the Alibaba Subsidiary has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 118,300,000 Subscription Shares at the Subscription Price of HK\$7.00 per Subscription Share for a total Subscription Amount of HK\$828,100,000.

#### ***Basis of Subscription Price***

The Subscription Price was arrived at after arm's length negotiation between the parties with reference to (i) the prevailing market price and historical performance of the Shares on the Stock Exchange, including that the Subscription Price represents a discount of approximately 25.33% to the average of the closing prices of HK\$9.37 per Share as quoted on the Stock Exchange for the last 30 trading days immediately before the date of the Share Subscription Agreement and

a discount of approximately 12.31% to the average of the closing prices of HK\$7.98 per Share as quoted on the Stock Exchange for the last 90 trading days immediately before the date of the Share Subscription Agreement, (ii) the fact that this is an opportunity to enhance the Group's shareholders' base with a prominent and reputable investor by elevating Alibaba Holding to a strategic investor of the Company and strengthen its capital base by raising additional funds for the Group, (iii) the future synergies and growth to be derived by the Group from the enhanced cooperation with the Alibaba Group and the cascading benefits to the Group's businesses in the long run, including through the proposed collaboration in offline-online real estate transactions, digital marketing and post-transaction services, and (iv) the potential benefits and improvements to the Group's technology, operational efficiency and service quality as a result of cooperating with the Alibaba Group, leveraging the Alibaba Group's strong technological and business capabilities. See also "(4) Business Cooperation Agreement with Alibaba Group" for details of expected business collaborations with the Alibaba Group and "(1) Proposed Acquisition of a majority equity interest in Leju – Reasons for and benefits of the proposed acquisition of the majority of equity interest in Leju" for a discussion of the Company's proposed acquisition of Leju and development of online real estate services.

### ***Conditions precedent***

Completion of the Share Subscription Agreement is conditional upon the fulfillment (or waiver by the Alibaba Subsidiary) of the following conditions:

- (a) the due execution of a deed between the Alibaba Subsidiary and Mr. Zhou Xin and certain entities controlled by him for the granting by Mr. Zhou Xin and such entities in favor of the Alibaba Subsidiary of, among others, a right of first refusal in respect of any future disposal by them of any Shares;
- (b) the completion of the Equity Transfer Agreements;
- (c) the due execution and simultaneous completion of the Note Subscription Agreement;
- (d) there not having occurred at any time before the Closing Date, (A) any adverse change or development in the financial or trading position of the Group which is material to the Group as a whole in the context of the Share Subscription; or (B) the occurrence of any event or the existence of any circumstance which renders any of the warranties set out in the Share Subscription Agreement untrue to such extent as would adversely affect the listing status of the Company on the Stock Exchange in any material respect;
- (e) (A) no obligation having arisen for any of the Alibaba Subsidiary, Mr. Zhou Xin, his affiliates, SINA or any party acting in concert with any of them to make a mandatory general offer in respect of Shares, as a consequence of the transactions contemplated under the Share Subscription Agreement or the Equity Transfer Agreements, or (B) in the event of any such obligation having arisen, a Whitewash Waiver having been granted by the Executive in accordance with the Takeovers Code;
- (f) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before Closing Date (save for any temporary suspension in trading pending the release of an announcement in connection with the Share Subscription Agreement), the Stock Exchange or the SFC not having expressed that it will raise any objection against the listing status of the Shares or require the trading of Shares to be suspended;

- (g) the compliance of any other requirements under the Listing Rules by the Company in relation to the transactions contemplated thereunder (including but not limited to the issue and allotment of the Subscription Shares and the Equity Transfer Agreements), save for any requirements in respect of which the Company has applied for, and the Stock Exchange has agreed to grant, a waiver;
- (h) if required by the Listing Rules or other Applicable Laws, the approval of the following at a general meeting of the Shareholders in accordance with the requirements of the Listing Rules and/or the Takeovers Code:
  - (A) the Share Subscription Agreement and the transactions contemplated thereunder;
  - (B) the business cooperation agreement between the Alibaba Subsidiary and the Company;
  - (C) the Whitewash Waiver mentioned in (f) above; and
  - (D) any matters required by the Stock Exchange, the SFC or any Applicable Laws to be so approved by the Shareholders which are necessary for the purposes of the transaction documents and/or the performance of its obligations thereunder or to otherwise give effect to the Subscription;
- (i) the listing of, and permission to deal in, all the Subscription Shares having been granted by the Stock Exchange and such listing and permission not subsequently being revoked prior to the Closing Date; and
- (j) all the authorisations, approvals, consents, waivers and permits of the relevant authorities of and filings with the relevant jurisdictions (including without limitation the Stock Exchange and the Executive) which are necessary for the entering into of the transactions contemplated therein and/or the performance of its obligations thereunder or otherwise to give effect to the Share Subscription Agreement as required by Applicable Laws (including but not limited to the allotment and issue of the Subscription Shares) having been granted, received, obtained and completed.

Conditions (a), (b), (d) and (f) may be waived by the Alibaba Subsidiary.

If the conditions precedent (i) remains unsatisfied, or has not been waived by the Alibaba Subsidiary, on or before the Longstop Date, or (ii) becomes impossible to satisfy on or before the Longstop Date and has not been waived within five Business Days of such condition becoming impossible to satisfy; the Alibaba Subsidiary may give notice to the Company to terminate (other than the surviving provisions) the Share Subscription Agreement.

### ***Lock-up Undertaking***

The Alibaba Subsidiary undertakes to the Company that it will not, within twelve (12) months after the Closing Date, except with the prior written consent of the Company:

- (a) offer, pledge, sell, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell or otherwise dispose of, directly or indirectly, any Shares or any beneficial or economic interest therein,

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the direct or indirect economic consequences of the ownership of any Shares; or
- (c) create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any beneficial or economic interest therein.

### ***Right to nominate a non-executive Director***

Pursuant to the Share Subscription Agreement, with effect from completion of the Subscription, the Alibaba Subsidiary shall have the right to nominate one person to serve as a non-executive Director of the Company. Any appointment of the person nominated by the Alibaba Subsidiary will remain subject to the recommendation of the Company's nomination committee and approval by the Board, and if the nominee is appointed as a Director he or she shall be subject to re-election at the next annual general meeting of the Company in accordance with the Company's articles of association.

### **Completion of the Share Subscription Agreement**

Completion of the Share Subscription Agreement shall take place on the third Business Day after satisfaction or waiver by the Alibaba Subsidiary of the conditions precedent (except such conditions which shall be satisfied on the date of completion), or at such other time and date as mutually agreed between the parties in writing.

### **Issue of Subscription Shares under Specific Mandate**

The 118,300,000 Subscription Shares represent approximately 8.54% of the issued share capital of the Company as at the date of this announcement and approximately 6.76% of the issued share capital of the Company as enlarged by the Consideration Shares and Subscription Shares (assuming there will be no change in the total number of issued Shares of the Company after the date of this announcement other than the allotment and issue of the Consideration Shares and Subscription Shares). The aggregate par value of the Subscription Shares amounts to US\$1,183.00.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandates to be obtained from the Independent Shareholders at the EGM. The Subscription Shares when allotted and issued shall rank *pari passu* in all respects with all other issued Shares on the Closing Date and shall be credited as fully paid. Application will be made by the Company to the Stock Exchange for the approval of the listing of, and permission to deal in, the Subscription Shares.

The Subscription Price of HK\$7.00 per Subscription Share represents:

- (i) a discount of approximately 35.90% to the closing price of HK\$10.92 per Share as quoted on the Stock Exchange on the last trading day immediately before the date of the Share Subscription Agreement;
- (ii) a discount of approximately 31.76% to the average of the closing prices of HK\$10.26 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of the Share Subscription Agreement;
- (iii) a discount of approximately 29.24% to the average of the closing prices of HK\$9.89 per Share as quoted on the Stock Exchange for the last ten trading days immediately before the date of the Share Subscription Agreement; and



- (iv) a premium of approximately 8.70% to the audited consolidated net asset value per Share of the Company of approximately RMB5.80 (equivalent to approximately HK\$6.44) as at 31 December 2019.

### **Reasons for and benefits of the Subscription**

The Subscription is expected to enhance the Group's shareholders' base with a prominent and reputable investor by elevating Alibaba Holding to a strategic investor of the Company and strengthen its capital base by raising additional funds for the Group. Moreover, the Board believes the Alibaba Group will be able to support the Group in the implementation of its business strategy and to further penetrate the market in China and widen the Group's coverage, visibility and access to customers.

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

The Board has, after due and careful consideration, determined that the Subscription is an appropriate means by which the Company can increase its capital base and provide additional funds to support its ongoing business development. The Group foresees future synergies and growth to be derived by the Group from the enhanced cooperation with the Alibaba Group and the cascading benefits to the Group's businesses in the long run, including through the proposed collaboration in offline-online real estate transactions, digital marketing and post-transaction services, as well as the potential benefits and improvements to the Group's technology, operational efficiency and service quality as a result of cooperating with Alibaba, leveraging Alibaba's strong technological and business capabilities. This is also consistent with the proposed acquisition of the majority of equity interest in Leju, a leading online-to-offline real estate services provider in China, given the increasing adoption and incorporation of online services, innovative technologies, and smart digital services in the aftermath of the COVID-19 outbreak, the Subscription and potential business cooperation agreement with Alibaba. The proposed acquisition of a majority interest in Leju continues the Group's diversification of its business lines and expanding its ecosystem of real estate services to empower and serve the wider real estate industry.

### **Use of proceeds of the Subscription**

The gross proceeds from the Subscription amount to HK\$828,100,000. The Company intends to apply the net proceeds for the Subscription (after deduction of legal, professional and other costs and expenses associated with the Subscription) towards the Group's general working capital and to expand its existing businesses, or for other purposes considered appropriate by the Directors from time to time. For the avoidance of doubt, the proceeds may not be used to pre-pay any debt, borrowings or indebtedness of the Group with a principal amount of more than RMB10 million.

### **(3) THE PROPOSED NOTE SUBSCRIPTION AGREEMENT**

The Board is also pleased to announce that on 31 July 2020 (after trading hours of the Stock Exchange), the Company entered into the Note Subscription Agreement.

#### **Note Subscription Agreement and the Convertible Note**

Set out below are the principal terms of the Note Subscription Agreement and the Convertible Note. Further details of the terms of the Note Subscription Agreement and the Convertible Note will be set out in the circular to be issued by the Company.

#### ***Parties***

- (i) the Company, as the issuer;
- (ii) the Alibaba Noteholder, as the noteholder

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, Alibaba Noteholder and its ultimate beneficial owners are Independent Third Parties and not connected with the Company or any of its connected persons.

#### ***Principal amount***

HK\$1,031,900,000

#### ***Maturity date***

The third anniversary of the date of issue of the Convertible Note

#### ***Interest***

2% per annum

#### ***Conversion rights***

The noteholder will have the right, during the period commence from the date of issue of the Convertible Note up to the third anniversary of the date of the issue of the Convertible Note to convert all (but not part) of the Convertible Note into Conversion Shares at the Conversion Price (subject to adjustments).

#### ***Conversion Price***

The initial Conversion Price shall be HK\$10.37 per Conversion Share subject to adjustment on (i) consolidation, subdivision or reclassification, (ii) capitalisation of profits or reserves, (iii) distributions, (iv) rights issues of shares or options over shares, (v) rights issues of other securities, (vi) issuance of securities below the Conversion Price, (vii) other issues at less than the Conversion Price, (viii) modification of rights of conversion, (ix) other offers to Shareholders, and (x) certain other events.

### ***Basis of Conversion Price***

The Conversion Price was arrived at after arm's length negotiation between the parties with reference to (i) the prevailing market price and historical performance of the Shares on the Stock Exchange, including that the Conversion Price represents a premium of approximately 10.62% to the average of the closing prices of HK\$9.37 per Share as quoted on the Stock Exchange for the last 30 trading days immediately before the date of the Share Subscription Agreement and a premium of approximately 29.90% to the average of the closing prices of HK\$7.98 per Share as quoted on the Stock Exchange for the last 90 trading days immediately before the date of the Share Subscription Agreement, (ii) the fact that this is an opportunity to enhance the Group's shareholders' base with a prominent and reputable investor by elevating Alibaba Holding to a strategic investor of the Company and strengthen its capital base by raising additional funds for the Group, (iii) the future synergies and growth to be derived by the Group from the enhanced cooperation with the Alibaba Group and the cascading benefits to the Group's businesses in the long run, including through the proposed collaboration in offline-online real estate transactions, digital marketing and post-transaction services, and (iv) the potential benefits and improvements to the Group's technology, operational efficiency and service quality as a result of cooperating with the Alibaba Group, leveraging the Alibaba Group's strong technological and business capabilities. See also "(4) Business Cooperation Agreement with Alibaba Group" for details of expected business collaborations with the Alibaba Group and "(1) Proposed Acquisition of a majority equity interest in Leju – Reasons for and benefits of the proposed acquisition of the majority of equity interest in Leju" for a discussion of the Company's proposed acquisition of Leju and development of online real estate services.

### ***Transferability***

The Convertible Note may not be transferred within twelve (12) months after the issue of the Convertible Note, and after the expiration of twelve (12) months may not be transferred to certain persons who are agreed between the Company and Alibaba Noteholder to represent competitors of the Company.

### ***Lock-up Undertaking***

The Alibaba Noteholder undertakes to the Company that they will not, within twelve (12) months after the issue of the Conversion Shares, except with the prior written consent of the Company:

- (a) offer, pledge, sell, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell or otherwise dispose of, directly or indirectly, any Shares or any beneficial or economic interest therein,
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the direct or indirect economic consequences of the ownership of any Shares; or
- (c) create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any beneficial or economic interest therein.

### ***Events of default***

The Noteholder may give written notice to elect for immediate repayment of the Convertible Note upon an event of default. Events of default include (i) non-payment, (ii) failure to deliver the Conversion Shares, (iii) breach of other obligations, (iv) cross-default, (v) enforcement proceedings, (vi) security enforced, (vii) winding-up, (viii) insolvency, (ix) nationalisation, (x) illegality, or (xi) analogous events in relation to the Company.

### ***Right to nominate an independent non-executive Director***

Upon conversion of the Convertible Note to the extent as provided under the terms of the Convertible Note, the Alibaba Noteholder shall have the right to nominate one additional person to serve as an independent non-executive Director of the Company. Any appointment of the person nominated by the Alibaba Noteholder will remain subject to the recommendation of the Company's nomination committee and approval by the Board, and if the nominee is appointed as a Director he or she shall be subject to re-election at the next annual general meeting of the Company in accordance with the Company's articles of association.

### ***Conditions precedent***

Completion of the Note Subscription Agreement is conditional upon the fulfilment (or waiver) of the following conditions

- (a) the approval of the Specific Mandate for the issuance of the Conversion Shares by the requisite majority of shareholders or independent shareholders of the Company at the EGM as required under Applicable Laws;
- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares (and such listing and permission not having been subsequently revoked by the Stock Exchange);
- (c) the Stock Exchange having approved the issuance of the Convertible Note and such approval not having been subsequently revoked by the Stock Exchange; and
- (d) the simultaneous completion of the Share Subscription Agreement.

If (i) any warranty under the Note Subscription Agreement is untrue, incorrect or inaccurate in any material respects, or (ii) if the Company has failed to perform any of its obligations which it is required to perform prior to completion in any material respect, or (iii) if there is a material adverse effect at any time prior to completion, the Alibaba Noteholder may terminate the Note Subscription Agreement by notice to the Company.

### **Completion of the Note Subscription Agreement**

Completion of the Note Subscription Agreement shall take place on or before the fifth Business Day from the day on which all conditions precedent (except such conditions which shall be satisfied at completion) in the Note Subscription Agreement are satisfied or waived, or at such other time and date as mutually agreed between the parties in writing.

## **Issue of Conversion Shares under Specific Mandate**

The 99,508,197 Conversion Shares (based on the initial Conversion Price) represent approximately 7.18% of the issued share capital of the Company as at the date of this announcement and approximately 5.69% of the issued share capital of the Company as enlarged by the Consideration Shares, Subscription Shares and Conversion Shares (assuming there will be no change in the total number of issued Shares of the Company after the date of this announcement other than the allotment and issue of the Consideration Shares, Subscription Shares and Conversion Shares). The aggregate par value of the Conversion Shares amounts to approximately US\$995.08.

The Conversion Shares shall be allotted and issued pursuant to the Specific Mandates to be obtained from the Independent Shareholders at the EGM. The Conversion Shares when allotted and issued shall rank *pari passu* in all respects with all other Shares and shall be credited as fully paid. Application will be made by the Company to the Stock Exchange for the approval of the listing of, and permission to deal in, the Conversion Shares.

The Conversion Price of HK\$10.37 per Conversion Share represents:

- (i) a premium of approximately 5.04% to the closing price of HK\$10.92 per Share as quoted on the Stock Exchange on the last trading day immediately before the date of the Note Subscription Agreement;
- (ii) a discount of approximately 1.09% to the average of the closing prices of HK\$10.26 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of the Note Subscription Agreement;
- (iii) a discount of approximately 4.83% to the average of the closing prices of HK\$9.89 per Share as quoted on the Stock Exchange for the last ten trading days immediately before the date of the Note Subscription Agreement; and
- (iv) a premium of approximately 61.02% to the audited consolidated net asset value per Share of the Company of approximately RMB5.80 (equivalent to approximately HK\$6.44) as at 31 December 2019.

## **Reasons for and benefits of the Note Issuance**

See “(2) The Share Subscription Agreement-Reasons for and benefits of the Subscription” for details of the reasons for and benefits of the Subscription, which apply equally to the Note Issuance.

In addition, the issue of the Convertible Note will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attached to the Convertible Note are exercised, the capital base of the Company will be enlarged. It will further align the interests of the Alibaba Group directly to the Shareholders in relation to the long term growth and performance of the businesses of the Group without further impacting the commitment or shareholding of existing Shareholders.

## **Use of proceeds of the Note Issuance**

The gross proceeds from the Note Issuance amount to HK\$1,031,900,000. The Company intends to apply the net proceeds for the Note Issuance (after deduction of legal, professional and other costs and expenses associated with the Note Issuance) towards the Group's general working capital and to expand its existing businesses, or for other purposes considered appropriate by the Directors from time to time. For the avoidance of doubt, the proceeds may not be used to pre-pay any debt, borrowings or indebtedness of the Group with a principal amount of more than RMB10 million.

## **(4) BUSINESS COOPERATION AGREEMENT WITH ALIBABA GROUP**

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

## **(5) INFORMATION ON THE PARTIES**

The Company is a real estate transaction service provider in China, mainly offering real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services.

Mr. Zhou Xin is the Company's executive Director and a substantial shareholder, and thus a connected person of the Company.

Kanrich, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, Kanrich is wholly-owned by Mr. Zhou Xin, the Company's substantial shareholder, and thus a connected person of the Company.

On Chance, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, On Chance is wholly-owned by Mr. Zhou Xin, the Company's substantial shareholder, and thus a connected person of the Company.

Jun Heng, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, Jun Heng is wholly-owned by Mr. Zhou Xin, the Company's substantial shareholder, and thus a connected person of the Company.

E-House Holdings, is an investment holding company incorporated in the Cayman Islands with limited liability. As at the date of this announcement, E-House Holdings is wholly-owned by Mr. Zhou Xin, the Company's substantial shareholder, and thus a connected person of the Company.

SINA is a leading online media company serving China and the global Chinese communities and listed on the Nasdaq Global Select Market with stock ticker SINA. SINA's digital media network includes SINA.com (portal), SINA mobile (mobile portal and mobile apps) and Weibo (a social media platform in China itself listed on the Nasdaq Global Select Market with stock ticker WB). As at the date of this announcement, SINA is an Independent Third Party.

MemeStar is a holding company incorporated in the Cayman Islands with limited liability. As at the date of this announcement, MemeStar is wholly-owned by SINA who is an Independent Third Party.



Each of the Alibaba Subsidiary and the Alibaba Noteholder is a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Alibaba Group Holding Limited. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands, with its American depositary shares each representing eight ordinary shares listed on the New York Stock Exchange (Stock Symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988). The businesses of Alibaba Group are comprised of core commerce, cloud computing, digital media and entertainment, and innovation initiatives.

## (6) INFORMATION ON THE GROUP

Set out below is certain selected financial information of the Group based on its audited combined financial statements for the two years ended 31 December 2018 and 2019, which has been prepared in accordance with IFRS.

	<b>For the year ended 31 December 2018</b> <i>in RMB'000</i>	<b>For the year ended 31 December 2019</b> <i>in RMB'000</i>
Net asset value	8,064,248	8,015,605
Net profit before tax	1,309,317	1,472,961
Net profit after tax	860,872	950,312

## (7) SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company: (a) as at the date of this announcement; (b) immediately after the allotment and issue of the Consideration Shares in full as contemplated under the Equity Transfer Agreements and the Subscription Shares in full as contemplated under the Share Subscription Agreement; and (c) immediately after the allotment and issue of the Conversion Shares in full as contemplated under the Note Subscription Agreement:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares and Subscription Shares in full		Immediately after the allotment and issue of the Consideration Shares, Subscription Shares and Conversion Shares in full	
	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %
Mr. Zhou Xin <sup>(2)</sup>	307,730,975	22.21	451,091,597	25.79	451,091,597	24.40
Alibaba Group <sup>(3)</sup>	27,288,000	1.97	145,588,000	8.32	245,095,197	13.29
Country Garden <sup>(4)</sup>	171,690,000	12.39	171,690,000	9.81	171,690,000	9.29
Evergrande <sup>(5)</sup>	171,690,000	12.39	171,690,000	9.81	171,690,000	9.29
Vanke <sup>(6)</sup>	171,690,000	12.39	171,690,000	9.81	171,690,000	9.29
MemeStar	–	–	78,676,790	4.50	78,676,790	4.26
Other Shareholders <sup>(7)</sup>	535,285,725	38.64	558,843,542	31.95	525,203,352	30.23
<b>Total</b>	<b><u>1,385,374,700</u></b>	<b><u>100.00</u></b>	<b><u>1,749,269,929</u></b>	<b><u>100.00</u></b>	<b><u>1,848,778,126</u></b>	<b><u>100.00</u></b>

*Notes:*

- (1) The figures above assume that other than the Consideration Shares, Subscription Shares and Conversion Shares (as applicable), no further Shares are issued or repurchased by the Company, and no Shares are sold or purchased by any Shareholder (including Mr. Zhou Xin, Alibaba Subsidiary, Alibaba Noteholder, MemeStar or their associate(s)), in each case on or after the date of this announcement and up to the date the allotment and issue of the Consideration Shares, Subscription Shares and Conversion Shares (as applicable). The percentage figures included in this table are subject to rounding adjustment.
- (2) These 307,730,975 Shares are held as to 228,920,000 Shares by China Real Estate Information Corporation (“**CRE Corp**”) (中國房產信息集團), 45,784,000 Shares by Kanrich and 18,566,975 Shares by Regal Ace Holdings Limited (“**Regal Ace**”), respectively, and represent 14,460,000 Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme. CRE Corp is a wholly-owned subsidiary of E-House Holdings, itself a wholly-owned subsidiary of E-House Holdings Limited. E-House Holdings Limited is held as to 33.13% by On Chance, 14.65% by Jun Heng, and 52.22% by Mr. Zhou Xin. Jun Heng is wholly-owned by Mr. Zhou Xin. Kanrich is wholly owned by Mr. Zhou Xin and Regal Ace is owned as to 51% by On Chance which is in turn wholly-owned by Mr. Zhou Xin. The 228,920,000 Shares held by CRE Corp were pledged in favour of SPD Bank as security for a term loan facility granted by SPD Bank to E-House Holdings. Please refer to the announcement of the Company dated 6 September 2018 for further details.
- (3) Taobao China Holding Limited and Alibaba.com Hong Kong Limited are each a wholly-owned subsidiary of Alibaba Group Holding Limited.
- (4) Country Garden (Hong Kong) Development Company Limited is a wholly-owned subsidiary of Smart World Development Holdings Ltd, itself a wholly-owned subsidiary of Country Garden Holdings Company Limited (“**Country Garden**”). Country Garden is held as to 43.61% by Concrete Win Limited, itself is wholly-owned by Ms. Yang Huiyan. Hence, Smart World Development Holdings Ltd, Country Garden and Concrete Win Limited, Ms. Yang Huiyan and Mr. Chen Chong, spouse of Ms. Yang Huiyan, are deemed to be interested in the Shares held by Country Garden (Hong Kong) Development Company Limited.
- (5) Jovial Idea Developments Limited is wholly-owned by Central Sino Global Limited (中華環球有限公司), which is in turn wholly-owned by Tianji Holding Limited (天基控股有限公司). Tianji Holding Limited is wholly-owned by Hengda Real Estate Group Company Limited (恒大地產集團有限公司), which is owned as to 63.46% by Guangzhou Kailong Real Estate Company Limited (廣州市凱隆置業有限公司), which is in turn wholly-owned by Guangzhou Chaofeng land Company Limited (廣州市超豐置業有限公司). Guangzhou Chaofeng land Company Limited is wholly-owned by Anji (BVI) Limited (安基BVI有限公司), which is wholly-owned by China Evergrande Group (“**Evergrande**”). Evergrande is held as to 71.80% by Xin Xin (BVI) Limited, itself is wholly-owned by Mr. Hui Ka Yan. Hence, Central Sino Global Limited, Tianji Holding Limited, Hengda Real Estate Group Company Limited, Guangzhou Kailong Real Estate Company Limited, Guangzhou Chaofeng land Company Limited, Anji (BVI) Limited, Evergrande, Xin Xin (BVI) Limited and Mr. Hui Ka Yan are deemed to be interested in the Shares held by Jovial Idea Developments Limited.
- (6) Captain Valley (Cayman) Limited is wholly-owned by Climax Fame (BVI) Limited, which is in turn wholly-owned by Vanke Finance (Hong Kong) Limited. Vanke Finance (Hong Kong) Limited is wholly-owned by Vanke Property (Hong Kong) Company Limited, which is in turn wholly-owned by Shanghai Vanke Enterprise Company Limited (上海萬科企業有限公司). Shanghai Vanke Enterprise Company Limited is wholly-owned by Shanghai Vanke Investment and Management Company Limited (上海萬科投資管理有限公司), which is in turn wholly-owned by China Vanke Co., Ltd. (“**Vanke**”). Hence, Climax Fame (BVI) Limited, Vanke Finance (Hong Kong) Company Limited, Vanke Property (Hong Kong) Company Limited, Shanghai Vanke Enterprise Company Limited, Shanghai Vanke Investment and Management Company Limited and Vanke are deemed to be interested in the Shares held by Captain Valley (Cayman) Limited.
- (7) There is no other substantial shareholder who holds 10% or more of the shareholding interest in the Company.

## **(8) EQUITY FUND RAISING ACTIVITIES IN LAST 12 MONTHS**

The Company has not undertaken any equity fund-raising exercise in the 12 months immediately preceding the date of this announcement.

## **(9) LISTING RULES IMPLICATIONS**

### **Major Transaction**

As the Equity Transfer Agreement I and Equity Transfer Agreement II both relate to acquisition of equity interest in Leju, the Equity Transfer Agreements shall be aggregated pursuant to Rule 14.23 of the Listing Rules. As one or more of the applicable percentage ratios for the Equity Transfer Agreements, on an aggregated basis, are more than 25% but all of the applicable percentage ratios are less than 100%, the Equity Transfer Agreements, on an aggregated basis, constitute a major transaction for the Company and are subject to the reporting, announcement and shareholders' approval requirements as set out in Chapter 14 of the Listing Rules.

### **Connected Transaction**

As the Zhou Parties are comprised of Mr. Zhou Xin, a substantial shareholder and Director of the Company, and associates of Mr. Zhou Xin, Equity Transfer Agreement II constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Disclosable Transactions**

As the Share Subscription Agreement and Note Subscription Agreement both relate to the issuance of Shares to the wholly-owned subsidiaries of Alibaba, the Share Subscription Agreement and Note Subscription Agreement shall be aggregated pursuant to Rule 14.23 of the Listing Rules. As the highest applicable percentage ratio in respect of the Share Subscription Agreement and Note Subscription Agreement, in aggregate, is more than 5% but less than 25%, the Subscription and Note Issuance constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **(10) EGM**

The EGM will be convened and held for the Independent Shareholders to consider and approve the Equity Transfer Agreements, the Share Subscription Agreement, the Note Subscription Agreement and the transactions contemplated thereunder, and the Specific Mandates.

Mr. Zhou Xin is a party to Equity Transfer Agreement II, Mr. Zhou Xin and his associates. In addition, Mr. Zhou Xin as a substantial shareholder of the Company and a substantial shareholder of Leju and may be viewed as having a material interest in Equity Transfer Agreement I given that completion of Equity Transfer Agreement II is conditional upon completion of Equity Transfer Agreement I. Therefore, Mr. Zhou Xin and his associates will abstain from voting on resolutions relating to the Equity Transfer Agreements at the EGM.

## (11) GENERAL

An Independent Board Committee consisting of all the independent non-executive Directors has been formed for the purposes of advising the Independent Shareholders in respect of the Equity Transfer Agreements and the transactions contemplated thereunder, and the Specific Mandates and whose views and recommendation will be included in the circular to be despatched by the Company. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Mr. Zhou Xin, Mr. Huang Canhao, Dr Cheng Li-Lan and Mr. Zhu Hongchao are each directors or executive officers of Leju, and as a result have abstained from voting on the Board resolutions approving the Equity Transfer Agreements and the transactions contemplated thereunder. The Directors (excluding the independent non-executive Directors, whose view will be given after considering the advice of the independent financial adviser, and Mr. Zhou Xin, Mr. Huang Canhao, Dr Cheng Li-Lan and Mr. Zhu Hongchao who have each abstained) have considered the Equity Transfer Agreements and have determined that the Equity Transfer Agreements are: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole.

The Company expects to despatch a circular on or before 21 August 2020 containing, among others: (i) details of the Equity Transfer Agreements; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreements; (iii) a letter of recommendation from the Independent Board Committee regarding the Equity Transfer Agreements; (iv) details of the Share Subscription Agreement and the Note Subscription Agreement; (v) details of the Specific Mandates; and (vi) the notice of the general meeting to the Shareholders.

**As completion of the Equity Transfer Agreements, the Share Subscription Agreement, the Note Subscription Agreement and the transactions contemplated thereunder are subject to fulfilment (or waiver) of certain conditions precedent and may or may not proceed, Shareholders and potential investors are urged to exercise caution when dealing in the Shares.**

## (12) DEFINITIONS

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

“ADSs”	American Depositary Shares (each representing 1 ordinary share of Leju)
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American Depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)

“Alibaba Group”	the group of companies comprising Alibaba Holding and its subsidiaries
“Alibaba Noteholder”	Alibaba.com Hong Kong Limited, the proposed subscriber of the Convertible Note and a company incorporated under the laws of Hong Kong with limited liability and indirectly wholly-owned by Alibaba Holding
“Alibaba Subsidiary”	Taobao China Holding Limited, a company incorporated under the laws of Hong Kong with limited liability and indirectly wholly-owned by Alibaba Holding
“Applicable Laws”	with respect to any person, any laws, rules, regulations, directives, treaties, decrees or orders of any governmental or regulatory authority that are applicable to and binding on such person and without limitation to the foregoing, shall, in respect of the Company, include the Listing Rules and the Codes on Takeovers and Mergers and Share Buybacks
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of directors of the Company
“Business Day”	means a day (other than a Saturday or Sunday or public holiday and any other day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong) on which commercial banks are open for business in the city in which the specified office of the registrar is located and in Hong Kong
“China” or “PRC”	the People’s Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Closing Date”	the date on which the Equity Transfer Agreements, the Share Subscription Agreement and the Note Subscription Agreement are expected to complete
“Company”	E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration Shares”	the aggregate of 245,595,229 Shares of US\$0.00001 each in the capital of the Company to be issued at the Issue Price to the Zhou Parties and the SINA Parties pursuant to the Equity Transfer Agreements
“Conversion Date”	a date on which a notice is given for exercising the conversion rights attaching to the Convertible Note
“Convertible Note”	the HK\$1,031,900,000 2% convertible note due 2023 to be issued by the Company pursuant to the Note Subscription Agreement
“Conversion Shares”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note
“Director(s)”	the director(s) of the Company
“E-House Holdings”	E-House (China) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and a substantial Shareholder of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve the Equity Transfer Agreements, the Share Subscription Agreement, the Note Subscription Agreement, the transactions contemplated thereunder and the Specific Mandates
“Equity Transfer Agreements”	Equity Transfer Agreement I and Equity Transfer Agreements II
“Equity Transfer Agreement I”	the equity transfer agreement dated 31 July 2020 entered into between the Company and the SINA Parties in respect of the acquisition of ordinary shares and ADSs in Leju and the issuance of Consideration Shares
“Equity Transfer Agreement II”	the equity transfer agreement dated 31 July 2020 entered into between the Company and the Zhou Parties in respect of the acquisition of ordinary shares and ADSs in Leju and the issuance of Consideration Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of such Executive Directors
“Extended Longstop Date”	a date to which the Company and the Zhou Parties may agree to extend the Longstop Date, being not more than ninety (90) days after the Longstop Date
“Group”	the Company and its subsidiaries from time to time



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Equity Transfer Agreements, the Share Subscription Agreement, the Note Subscription Agreement, the transactions contemplated thereunder and the Specific Mandates
“Independent Third Party”	a third party who is independent of the Company and its connected persons
“Independent Shareholders”	the Shareholders, other than the Alibaba Subsidiary, the Alibaba Noteholder and its associates and Mr. Zhou Xin and his associates
“Issue Price”	the issue price of HK\$9.22 per Consideration Share
“Jun Heng”	Jun Heng Investment Limited, a company incorporated in the British Virgin Islands on 13 June 2002 and a substantial Shareholder of the Company
“Kanrich”	Kanrich Holdings Limited, a company incorporated in the British Virgin Islands on 14 December 2012 and a substantial Shareholder of the Company
“Leju”	Leju Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 20 November 2013 and listed on New York Stock Exchange with stock ticker LEJU
“Listing Committee”	the Listing Committee of The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longstop Date”	31 October 2020
“MemeStar”	MemeStar Limited, a company incorporated in the Cayman Islands and an Independent Third Party

“Note Issuance”	the issuance of the Convertible Note to the Alibaba Noteholder pursuant to the terms and conditions of the Note Subscription Agreement
“Note Subscription Agreement”	the note subscription agreement entered into between the Company and the Alibaba Noteholder on 31 July 2020 in respect of the Note Issuance
“On Chance”	On Chance, Inc., a company incorporated in the British Virgin Islands on 21 January 2002 and a substantial Shareholder of the Company
“RMB”	Renminbi, the lawful currency of China
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Shareholders”	holder(s) of the Share(s)
“SINA”	SINA Corporation, a company incorporated in the Cayman Islands with limited liability and listed on the Nasdaq Global Select Market with stock ticker SINA
“SINA Parties”	SINA and MemeStar
“Specific Mandates”	the specific mandates proposed to be granted by the Independent Shareholders to the directors of the Company at the EGM to allot and issue the Consideration Shares, the Subscription Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Subscription”	the subscription for the Subscription Shares by the Alibaba Subsidiary pursuant to the terms and conditions of the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement entered into between the Company and the Alibaba Subsidiary on 31 July 2020 in respect of the Subscription
“Subscription Amount”	the aggregate cash consideration payable by the Alibaba Subsidiary for the Subscription Shares at the Subscription Price

“Subscription Price”	HK\$7.00 per Subscription Share
“Subscription Shares”	new Shares to be allotted and issued by the Company to the Alibaba Subsidiary pursuant to the Share Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC as amended from time to time
“Unconditional Date”	the date on which all conditions precedent are satisfied or waived in accordance with the provisions of the Share Subscription Agreement
“US\$”	United States dollar, the lawful currency of the United States of America
“U.S. GAAP”	accounting principles generally accepted in the United States
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any potential obligation of a shareholder and parties acting in concert with it to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by such shareholder and parties acting in concert with it which might otherwise arise as a result of such shareholder and parties acting in concert with it subscribing for any Shares
“Zhou Parties”	Kanrich, On Chance, Jun Heng, E-House Holdings and Mr. Zhou Xin
“%”	per cent

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

Hong Kong, 31 July 2020

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