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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 – ACQUISITION OF TIANJI NETWORK

ACQUISITION OF TIANJI NETWORK

On 27 April 2021, Shanghai Ziyong, an indirect wholly-owned subsidiary of the Company (as buyer) and Tianji Development and Tianji Management (as sellers) entered into the Tianji Network Transfer Agreement for the transfer of the entire equity interests in Tianji Network for the consideration of RMB300,000,000.

Mr. Zhou is a substantial shareholder and director of the Company, and each of Tianji Development and Tianji Management is an associate of Mr. Zhou, and as such, the Tianji Network Acquisition is a connected transaction of the Company. As the highest applicable percentage ratio is more than 0.1% but less than 5%, the Tianji Network Acquisition is subject to the reporting and announcement requirements, but not subject to the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

ACQUISITION OF TIANJI NETWORK

Overview

On 27 April 2021, Shanghai Ziyong, an indirect wholly-owned subsidiary of the Company (as buyer) and Tianji Development and Tianji Management (as sellers) entered into the Tianji Network Transfer Agreement for the transfer of the entire equity interests in Tianji Network for a consideration of RMB300,000,000.

Upon completion of the Tianji Network Acquisition, Tianji Network will become a wholly-owned subsidiary of, and its financial results will be consolidated into the accounts of, the Company.

Tianji Network Transfer Agreement

Set out below are the principal terms of Tianji Network Transfer Agreement:

Date

27 April 2021

Parties

- (i) Shanghai Ziyong (as buyer); and
- (ii) Tianji Development and Tianji Management (as sellers).

As of the date of this announcement, Tianji Development and Tianji Management are each wholly-owned by Mr. Zhou, a substantial shareholder and director of the Company, and accordingly, Tianji Development and Tianji Management are connected persons of the Company.

Transaction

Pursuant to Tianji Network Transfer Agreement, Shanghai Ziyong agreed to acquire the entire equity interests of Tianji Network from Tianji Development and Tianji Management. Prior to the completion of the Tianji Network Acquisition, the equity interests of Tianji Network is held by Tianji Development and Tianji Management as to 70% and 30%, respectively.

Consideration

The total consideration for the Tianji Network Acquisition is RMB300,000,000, which is comprised of (a) the assignment of the existing debts of Tianji Network in the amount of RMB238,325,400 to Shanghai Ziyong, and (b) RMB43,172,200 payable in cash for the 70% equity interest held by Tianji Development and RMB18,502,400 payable in cash for the 30% interest held by Tianji Management.

Upon completion of the business registration of change in shareholding and obtaining the new business license in relation to the Tianji Network Acquisition, Shanghai Ziyong would pay the respective amounts of the consideration for the equity interests of Tianji Network into the bank accounts by Tianji Development and Tianji Management. Shanghai Ziyong would be responsible for repaying the existing external debts of Tianji Network on their respective payment due dates.

Completion

Completion of the Tianji Network Acquisition shall take place subsequent to the completion of the registration with the relevant industry and commerce authorities in the PRC in respect of the transfer of the entire equity interests in Tianji Network from Tianji Development and Tianji Management to Shanghai Ziyong.

Basis of consideration

The consideration payable for the equity interests of Tianji Network were arrived at after arm's length negotiation between the parties with reference to (i) the valuation conducted by an independent third party valuer in relation to the research and development costs incurred to develop the online tools and platform developed by Tianji Network, (ii) functionality and potential user market of the online tools and platform developed by Tianji Network, and (iii) potential synergy to be achieved for the Group to be able to incorporate these tools and platforms into its operations to enhance its online real estate transaction services.

INFORMATION ON THE PARTIES

The Company and Shanghai Ziyong

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.

Shanghai Ziyong is a company established under the laws of China and an indirect wholly-owned subsidiary of the Company. Shanghai Ziyong is an investment holding company.

Tianji Development and Tianji Management

Each of Tianji Development and Tianji Management is a company established under the laws of China and an investment holding company. Tianji Development is wholly-owned by Mr. Zhou, and Tianji Management is 80% owned by Tianji Development and 20% owned by Mr. Zhou and is therefore indirectly wholly-owned by Mr. Zhou. Accordingly, each of Tianji Development and Tianji Management is a connected person of the Company.

Tianji Network

Tianji Network is a technology services provider that specialises in online networks and data analytical services in the real estate industry in China. Tianji Network operates a number of business, including: (a) real estate intermediary and e-commerce services, which provides internet service tools and marketing solutions to businesses and operates an e-commerce platform for offline-merge-online real estate and e-commerce integration; (b) real estate dictionary which offers a database platform (and underlying technology and systems) that stores, catalogues and sorts residential and non-residential real estate information; (c) data mall which provides real estate data, data reports, data services and systems to individuals and enterprises; and (d) EBaaS (or Estate Blockchain as a Service), which focuses on research and development and innovation in blockchain technology and applications with the aim to facilitate the real estate industry in four major areas: real estate transactions, finance, data, and certificate storage and exchange.

FINANCIAL INFORMATION OF TIANJI NETWORK

Set out below is certain selected financial information of Tianji Network based on its unaudited management accounts for the two years ended 31 December 2019 and 2020:

	For the year ended 31 December/as at 31 December 2019 (unaudited) RMB (thousand)	For the year ended 31 December/as at 31 December 2020 (unaudited) RMB (thousand)
Revenue	63,259	35,596
Gross profit	63,259	35,596
Net loss before tax	(45,984)	(66,873)
Net loss after tax	(45,984)	(66,873)
Total assets	71,187	77,018
Net liability	(155,961)	(222,835)

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

Tianji Network operates a number of technology-oriented businesses through its various subsidiaries, which would complement and support the Company’s online real estate segment. For example, the real estate dictionary (i) virtually manages real estate categorising and authenticates real estate items, (ii) standardises and defines product information, building a common “commercial language” for product information in the real estate sector, and (iii) provides pricing verification and authentication services, which the Company views as valuable to its real estate business overall, and in particular, the online real estate business where trust and methods to verify information remotely is vital.

Additionally, the Company views market data, particularly data that can feed into and be assessed by big data algorithms and contribute towards artificially intelligent systems and outputs as an area of focus. In light of this, Tianji Network’s data mall (i) provides a data storage, sorting and data extraction platform to serve both the Company and its customers with a comprehensive real estate data query and service platform for customer-specific data needs; (ii) services other data service providers with user and traffic information and technological resources; and (iii) provides blockchain technology for real estate data exchange and transactions.

Furthermore, Tianji Network also provides intermediary and e-commerce services, including (i) tools that assist real estate transactions and improve efficiency in various areas (for example, property sharing, reporting and viewing tools); (ii) foster a vertical network from developers to agents and to end-users to assist the whole cycle of real estate transactions; and (iii) providing a platform for brokers to build their digital broker profiles and facilitate resource allocation.

Given that the Company specialises in a range of services for agents and brokers, and offers market data and consulting services, in the real estate industry, it is orientating towards expanding its existing offline business into the online space. More specifically, in relation to Tianji Network, which operates at the intersection of technology and real estate, as the Company expands in the area of online and digitalised real estate services, the tools, technologies and services owned or operated by Tianji Network would be a great asset to the Company and benefit the Group’s existing and developing businesses.

LISTING RULES IMPLICATIONS

Mr. Zhou is a substantial shareholder and director of the Company, and each of Tianji Development and Tianji Management is an associate of Mr. Zhou, and as such, the Tianji Network Acquisition is a connected transaction of the Company. As the highest applicable percentage ratio is more than 0.1% but less than 5%, the Tianji Network Acquisition is subject to the reporting and announcement requirements, but not subject to the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

As Mr. Zhou has a material interest in the Tianji Network Acquisition, he has abstained from voting on the Board resolutions approving the Tianji Network Transfer Agreement. Save for the foregoing, no other Director was required to abstain from voting on the Board resolutions approving the Tianji Network Transfer Agreement.

The Directors (including the independent non-executive Directors) have considered the Tianji Network Acquisition and have determined that it is: (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 its shareholders as a whole.

Reference is made to the announcement of the Company dated 29 December 2020 in relation to (among others) the rental contract (the "**Wenwu Building Lease Agreement**") dated 29 December 2020 between Shanghai Shanglin Property Management Co., Ltd. (上海尚林物業管理有限公司) (an indirect wholly-owned subsidiary of the Company), as lessor, and Tianji Network, as lessee. Upon completion of the Tianji Network Acquisition, Tianji Network will become a subsidiary of the Company, and therefore the Wenwu Building Lease Agreement will no longer be a continuing connected transaction under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"Board"	the board of directors of the Company
"Company"	E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司) (Stock Code: 2048), an exempted company with limited liability incorporated under the laws of the Cayman Islands
"Director"	The director(s) of the Company
"Group"	the Company and its subsidiaries from time to time
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Zhou"	Mr. Zhou Xin (周忻), a substantial shareholder and director of the Company, and a connected person of the Company

“Shanghai Ziyong”	Shanghai Ziyong Information Technology Co., Ltd. (上海孜咏信息技術有限公司), a company established in the PRC on 25 September 2019, and an indirect wholly-owned subsidiary of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianji Development”	Shanghai Tianji Investment Development Co., Ltd. (上海添璣投資發展有限公司), a company incorporated under the laws of the PRC and wholly-owned by Mr. Zhou
“Tianji Management”	Shanghai Tianji Investment Management Co., Ltd. (上海添璣投資管理有限公司), a company incorporated under the laws of the PRC and indirectly wholly-owned by Mr. Zhou
“Tianji Network”	Shanghai Tianji Network Service Co., Ltd. (上海添璣網絡服務有限公司), a company incorporated under the laws of the PRC and the target of the Tianji Network Acquisition. Prior to the completion of the Tianji Network Acquisition, the equity interests of Tianji Network is held by Tianji Development and Tianji Management as to 70% and 30%, respectively
“Tianji Network Acquisition”	the acquisition of the entire equity interests of Tianji Network pursuant to the Tianji Network Transfer Agreement
“Tianji Network Transfer Agreement”	the transfer agreement dated 27 April 2021 entered into between Shanghai Ziyong (as buyer) and Tianji Development and Tianji Management (as sellers) with respect to the Tianji Network Acquisition

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

Hong Kong, 27 April 2021

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